SHIFTING GEARS ON THE PRESUMPTION OF NEXUS FOR SECONDARY CONSIDERATIONS OF NON-OBVIOUSNESS

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U.S. IP Litigation and Post-Grant Patents Alert

The Federal Circuit's decision last week in *Fox Factory, Inc. v. SRAM, LLC* provided clarity regarding the nexus requirement of secondary considerations of non-obviousness, particularly with respect to whether a patentee is entitled to a presumption of nexus. [1] Despite the Patent Trial and Appeal Board ("PTAB") finding that the cited art disclosed all the limitations of the challenged patent—which claimed a bicycle chainring for engagement with a drivetrain—and that a skilled artisan would have been motivated to combine the cited prior art, the PTAB found that, based on an analysis of secondary considerations, the claims of the challenged patent were not obvious. [2] The Federal Circuit focused in on the comparison of the patentee's product and the scope of the challenged claims. [3] In doing so, the panel found that "[a] patent claim is not co-extensive with a product that includes a 'critical' un-claimed feature . . . that materially impacts the product's functionality." [4]

It was undisputed that the patentee's chainrings embody the challenged claims. [5] The PTAB found that the claims and the products were coextensive because "the claims . . . broadly cover the product that is the subject of the secondary considerations evidence." [6] The petitioner argued that the products were not coextensive because the products also embodied claims of other patents that were different in scope than the challenged patent. [7] Nevertheless, the PTAB found that Patentee was entitled to a presumption of nexus between the challenged claims and its chainrings. [8]

It is unquestionable that "[t]he patentee bears the burden of showing that a nexus exists." [9] To do so, the patentee must "show[] that the asserted evidence is tied to a specific product and that the product 'is the invention disclosed and claimed.'" [10] "That is, presuming nexus is appropriate when the patentee shows that the asserted objective evidence is tied to a specific product and that product embodies the claimed features, and is coextensive with them." [11] Notably, these products must not only be coextensive, they must be commercially successful to overcome a prima facie case of obviousness. [12]

The panel spent considerable time analyzing where on the spectrum the patentee's product stood. [13] At one end of this spectrum sits a perfect correspondence between the claimed invention and the commercially successful product. [14] At the opposite end of the spectrum lies, not a complete lack of unity, but instead "where the patented invention is only a component of a commercially successful machine." [15] While perfect unity of product and patent claim is not necessary, the patentee is required to "demonstrate that the product is essentially the claimed invention." [16] In this case, the patentee's product included unclaimed features that it considered "critical" to the product's viability. [17] It was this fact that the panel found doomed the patentee's presumption of nexus because a patent claim cannot be coextensive "with a product that includes a 'critical' unclaimed feature." [18] The panel rejected the patentee's attempt to reduce the coextensiveness requirement to an inquiry into whether the patent claims broadly cover the product, instead noting that coextensiveness requires that a nexus

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can only be presumed "where the evidence of secondary considerations is tied to a specific product that is the claimed invention." [19]

As a result, patentees attempting to rely on a presumption of nexus for secondary considerations of non-obviousness should be prepared to demonstrate that the commercially successful product is close, if not identical, in scope to the challenged claims. This may even begin sooner than litigation with a prosecution strategy designed to capture the full scope of the commercial embodiment contemplated. Particularly in multi-component systems and products, patentees should consider whether they can establish a nexus absent a presumption. If so, patentees may consider presenting the evidence to back up its secondary considerations argument rather than relying exclusively on the presumption.

On the other hand, when countering evidence of secondary considerations, patent challengers can attack the correlation between any commercially successful product and the scope of the claims, zeroing in on the unclaimed features of the product. This is particularly true if the commercial product practices other, non-asserted patents. One strategy in district court litigation would be to tailor discovery requests to seek information regarding the importance of non-claimed product features to refute the patentee's entitlement to a presumption of nexus.

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[1] *Fox Factory, Inc. v. SRAM, LLC*, No. 2018-2024, 2019 WL 6884530, at *1 (Fed. Cir. Dec. 18, 2019).

[2] *Id*. at *6.

[3] *Id.* at *12.

[4] *Id.* at *13.

[5] *Id.* at *5.

[6] *Id.* at *6.

[7] *Id.* at *7.

[8] *Id.* at *6.

[9] *Id.* at *9.

[10] *Id.* at *10 (emphasis in original).

[11] *Id.* (internal quotations omitted).

[12] *Id.*

[13] *Id.* at *12.

[14] *Id.*

[15] *Id.*

[16] *Id.*

[17] *Id.* at *12–13.

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[18] *Id*. at *13.

[19] *Id.* at *17.

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