December 5, 2023

It's Not Always Obvious: A Successful Showing of Substantial Evidence Before the Federal Circuit

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Volvo Penta of the Americas, LLC v. Brunswick Corporation (2022-1765, Decided August 24, 2023)

Patent litigators are well aware of the challenges of overcoming the substantial evidence standard on appeal from an adverse IPR decision by the Patent Trial & Appeal Board (PTAB). One particular challenge is showing nexus between the challenged patent claims and the evidentiary support of secondary considerations such as copying, industry praise, commercial success, skepticism, failure of others, and long-felt but unsolved need. Despite these challenges the Federal Circuit Court of Appeals occasionally does find a showing of nexus where the PTAB has found the supporting evidence to be insufficient. And they did just that in *Volvo Penta v. Brunswick Corporation*, designated precedential.

Volvo Penta, the owner of U.S. Patent No. 9,630,692 (the '692 patent), launched a commercial product called Forward Drive. This product, which includes a steerable tractor-type stern drive for a boat, met with immediate success as the popularity of wakeboarding surged. Brunswick launched Bravo Four S as a competing product, and litigation and this corresponding IPR followed. Brunswick did not dispute that the Forward Drive and Bravo Four S both embody the '692 patent.

In defense of its patent, Volvo Penta argued copying, industry praise, commercial success, skepticism, failure of others, and long-felt but unsolved need as its secondary considerations. Volvo Penta argued that documents from Brunswick "clearly referenced the Forward Drive that … Petitioner does not dispute—practices the claims of the '692 patent" and "discuss[] the objective of delivering a 'comparable forward facing stern drive' with 'capabilities that match the Volvo Penta Forward Drive.'" This documentary evidence indicating Brunswick's plan for copying, in particular, was eventually compelling for the Federal Circuit.

Initially, the PTAB found Volvo Penta had not shown a nexus between its objective evidence of secondary considerations and the claimed invention, explaining that Volvo Penta had "not actually identif[ied] the 'unique characteristics' of the claimed combination" or the "'merits of the claimed invention'" that were tied to the objective evidence. The Federal Circuit found that the PTAB's conclusion was not supported by substantial evidence and that Volvo Penta had demonstrated both nexus and its evidence of secondary considerations. In particular, the Federal Circuit found that the weight assigned to the various arguments, evidence, and their

summation were not explained and therefore, that the PTAB failed to properly consider the evidence of objective indicia of nonobviousness.

This case, which was successfully argued by Kilpatrick's John Alemanni with support from Dean Powell and Andrew Saul, provides valuable insight for patent owners by providing a roadmap for how to present nexus and how to identify strong grounds for appeal from the PTAB.