

## Federal Circuit Patent Bulletin: *ClassCo, Inc. v. Apple, Inc.*

September 22, 2016

*"[Regard secondary considerations of nonobviousness, a] nexus may not exist where, for example, the merits of the claimed invention were 'readily available in the prior art.' Additionally, there is no nexus unless the evidence presented is 'reasonably commensurate with the scope of the claims.'"*

On September 22, 2016, in *ClassCo, Inc. v. Apple, Inc.*, the U.S. Court of Appeals for the Federal Circuit (Taranto, Bryson, Stoll\*) affirmed the Patent Trial and Appeal Board *inter partes* reexamination decision that upheld the examiner's rejection of certain claims of U.S. Patent No. 6,970,695, which related to caller ID technology, as unpatentable for obviousness under 35 U.S.C. § 103. The Federal Circuit stated:

ClassCo argues that the Board's affirmation of the examiner's rejection runs contrary to the Supreme Court's use of the term "combination" in *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398 (2007). According to ClassCo, "[a] basic characteristic of a *KSR* combination is that it 'only unites old elements with no change in their respective functions.'" We find that those contentions do not show that the Board's approach is inconsistent with *KSR*. While neither Fujioka nor Gulick taught a single speaker for announcing both voice signals and identity information, substantial evidence supports the Board's finding that one of ordinary skill in the art would have been motivated to modify Fujioka to use a single speaker given Gulick's disclosure that a speaker in a telephone system can desirably produce audio derived from multiple types of data within a telephone system (e.g., voice signals or tonal ringing call-alerting). The examiner found the motivation when she stated that the modification would "advantageously provide a non-handset, external speaker output for the voice signal from the caller and thereby enable the called person to communicate with the caller in a hands-free (speakerphone) manner." . . .

Contrary to ClassCo's argument, *KSR* does not require that a combination only unite old elements without changing their respective functions. Instead, *KSR* teaches that "[a] person of ordinary skill is also a person of ordinary creativity, not an automaton." And it explains that the ordinary artisan recognizes "that familiar items may have obvious uses beyond their primary purposes, and in many cases a person of ordinary skill will be able to fit the teachings of multiple patents together like pieces of a puzzle." The rationale of *KSR* does not support ClassCo's theory that a person of ordinary skill can only perform combinations of a puzzle element A with a perfectly fitting puzzle element B. To the contrary, *KSR* instructs that the obviousness inquiry requires a flexible approach. Here, the Board faithfully applied this flexible approach to find that the combination of

Fujioka and Gulick “would have resulted in no more than [a] predictable result.”

ClassCo also argues that the Board wrongly “dismissed the patent owner’s objective evidence of nonobviousness on the grounds that there is insufficient nexus between the claimed invention and the objective evidence of nonobviousness.” We agree with ClassCo that the Board erred in dismissing some of its evidence of nonobviousness. Even though it was not dispositive evidence of nonobviousness, the Board should have given some weight and consideration to ClassCo’s evidence of praise and commercial success. “[W]hen secondary considerations are present, though they are not always dispositive, it is error not to consider them.” Moreover, “[a] determination of whether a patent claim is invalid as obvious under § 103 requires consideration of all four *Graham* factors, and it is error to reach a conclusion of obviousness until all those factors are considered.” . . .

The Board correctly determined that much of ClassCo’s evidence of praise deserved no weight because it did not have a nexus to the merits of the claimed invention. “For objective evidence of secondary considerations to be accorded substantial weight, its proponent must establish a nexus between the evidence and the merits of the claimed invention.” A nexus may not exist where, for example, the merits of the claimed invention were “readily available in the prior art.” Additionally, there is no nexus unless the evidence presented is “reasonably commensurate with the scope of the claims.” . . . [T]he Board should have afforded ClassCo’s evidence some weight, taking into account the degree of the connection between the features presented in evidence and the elements recited in the claims. There is no hard-and-fast rule for this calculus, as “[q]uestions of nexus are highly fact-dependent and, as such are not resolvable by appellate-created categorical rules and hierarchies as to the relative weight or significance of proffered evidence.” . . . This evidence deserved some weight in the obviousness analysis, and the Board’s blanket dismissal of it was in error. . . .

After weighing ClassCo’s evidence of nonobviousness in light of the other three *Graham* factors, we find no error in the Board’s ultimate conclusion of obviousness. The examiner and the Board correctly found that the combination of Fujioka and Gulick presents a strong showing that the claims at issue would have been obvious. While the Board erred in giving ClassCo’s evidence of nonobviousness no weight, we nonetheless agree that the value this evidence possesses in establishing nonobviousness is not strong in comparison to the findings and evidence regarding the prior art under the first three *Graham* factors.