

ALERT

Federal Circuit Patent Bulletin: *Outdry Techs. Corp. v. Geox S.p.A.*

June 20, 2017

“The Board is ‘permitted to credit a party’s argument as part of its reasoned explanation of its factual findings’; it simply must ‘explain why it accepts the prevailing argument.’”

On June 16, 2017, in *Outdry Techs. Corp. v. Geox S.p.A.*, the U.S. Court of Appeals for the Federal Circuit (Dyk, Moore,* Reyna) affirmed the U.S. Patent and Trademark Office Patent Trial and Appeal Board inter partes review decision that certain claims of U.S. Patent No. 6,855,171, which related to waterproofing leather particularly for the manufacture of shoes, clothes, or leather accessories, were invalid for obviousness under 35 U.S.C. § 103(a). The Federal Circuit stated:

Outdry also argues that the “process for waterproofing leather” limitation is not disclosed in Thornton [U.S. Patent No. 5,244,716]. This language is in the preamble of the claim. And like most preambles is simply a statement of intended use, not a separate claim limitation. Satisfaction of the claimed steps necessarily results in satisfying a “process for waterproofing leather.” This is not a separate limitation that must be disclosed in Thornton in order to uphold the Board’s obviousness determination. . . .

The Board’s motivation to combine finding is reviewed for substantial evidence. The Board must support its finding that there would have been a motivation to combine with a reasoned explanation to enable our review for substantial evidence. This necessitates that the Board “not only assure that the requisite findings are made, based on evidence of record, but must also explain the reasoning by which the findings are deemed to support the agency’s conclusion.” Under this framework “we will uphold a decision of less than ideal clarity if the

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agency's path may reasonably be discerned," but "we may not supply a reasoned basis for the agency's action that the agency itself has not given."

We have criticized the Board for failing to adequately explain its findings. Missing from those Board decisions were citations to evidence, reasoned explanations, or explicit findings necessary for us to review for substantial evidence. . . . The Board's decision here does not suffer from similar deficiencies. The Board clearly articulated Geox's arguments for why a person of ordinary skill in the art would have been motivated to modify Thornton's process of adhering dots to create waterproof and breathable leather with Hayton and Scott's disclosed glue patterns. The Board recited Geox's argument that "the discontinuous glue pattern is a matter of optimization as taught by Scott [Coated and Laminated Fabrics" in Chemistry of the Textiles Industry], which teaches optimizing the amount of glue necessary to provide sufficient adhesion to bond the two layers while minimizing the area of blocked micropores." It explained Geox's position that Scott and Hayton [U.S. Patent No. 6,139,929] are from the same field of endeavor and that both disclose fabrics that are water impermeable and vapor permeable. It recited Geox's argument for a motivation to combine based on this evidence: "Scott provides a reason for optimizing the amount of adhesive that Thornton and Hayton teach to apply to a semi-permeable membrane, which is to provide good adhesion while maintaining vapor permeability." It then expressly adopted Geox's rationale and found that this provided a motivation to combine Thornton with Scott and Hayton. The Board found that Geox "provided a rational underpinning for combining the disclosures of Scott and Hayton, which provide guidance for the density and size of adhesive dots to adhere a semi-permeable membrane to a porous layer." It found a person of ordinary skill in the art would have looked to Scott and Hayton's teachings "in view of Thornton's disclosure that both leather and fabric material are amenable to its process for waterproofing breathable articles of clothing." The Board thus identified a precise and specific reason why a person of ordinary skill in the art would have been motivated to modify Thornton with Scott and Hayton, explained why one of skill would have been so motivated, and cited evidence in the references to support its reasoning. The Board engaged in reasoned decision making and sufficiently articulated its analysis in its opinion to permit our review. It contains a clear and thorough analysis.

The Board's reliance on Geox's arguments does not undermine its otherwise adequate explanation for finding a motivation to combine. The Board did not reject Outdry's positions without clarity as to why it found Geox's arguments persuasive. It did not incorporate Geox's petition by reference, leaving uncertainty as to which positions the Board was adopting as its own. Nor is this a situation where "a particular fact might be found somewhere amidst the evidence submitted by the parties, without attention being called to it," such that it is unclear what evidence the Board may or may not have relied on to find a motivation to combine. The Board is "permitted to credit a party's argument as part of its reasoned explanation of its factual findings"; it simply must "explain why it accepts the prevailing argument." In this case, the Board articulated Geox's arguments with evidentiary support and expressly adopted them to find there would have been a motivation to combine. The Board sufficiently explained why it found that Geox's arguments supported finding a motivation to combine.