

Federal Circuit Patent Bulletin: *WBIP, LLC v. Kohler Co.*

July 19, 2016

“Where the allegedly obvious patent claim is a combination of prior art elements, . . . the patent owner can show that it is the claimed combination as a whole that serves as a nexus for the objective evidence; proof of nexus is not limited to only when objective evidence is tied to the supposedly ‘new’ feature(s).”

On July 19, 2016, in *WBIP, LLC v. Kohler Co.*, the U.S. Court of Appeals for the Federal Circuit (Moore,* O’Malley, Chen) affirmed-in-part, vacated-in-part and remanded the district court’s judgment as a matter of law that U.S. Patent No. 7,314,044 and No. 7,832,196, which related to reduced carbon monoxide marine engine exhaust systems, were invalid for obviousness and inadequate written description, and that Kohler willfully infringed. The Federal Circuit stated:

Kohler argues that the district court erred in refusing to grant it judgment as a matter of law that the asserted claims would have been obvious in light of U.S. Patent No. 5,832,896 (Phipps) and standard elements that would have been known to an ordinarily skilled artisan. . . . Kohler argues that combining Phipps’ land-based engine with the known coolant related elements necessary for marine engines would yield predictable results and that there were “design incentives and other market forces” prompting one of skill in the art to adapt Phipps to boats. [T]here is evidence of record from both sides regarding the presence or absence of a motivation to convert Phipps into a marine-based environment. . . .

Kohler asserts on appeal that objective considerations of non-obviousness can never overcome a strong prima facie case of obviousness. Kohler misperceives the obviousness inquiry. 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. [W]e disagree with Kohler’s argument that the objective evidence of non-obviousness is entitled to little or no weight in this case. In fact, we find substantial evidence for the jury’s fact findings as to each of the objective considerations of non-obviousness, which we conclude collectively support the jury verdict.

[T]here is a presumption of nexus for objective considerations when the patentee shows that the asserted objective evidence is tied to a specific product and that product “is the invention disclosed and claimed in the patent.” The presumption of nexus is rebuttable: a patent challenger may respond by presenting evidence that shows the proffered objective evidence was “due to extraneous factors other than the patented

invention.” Such extraneous factors include additional unclaimed features and external factors, such as improvements in marketing. . . . Where the allegedly obvious patent claim is a combination of prior art elements, we have explained that the patent owner can show that it is the claimed combination as a whole that serves as a nexus for the objective evidence; proof of nexus is not limited to only when objective evidence is tied to the supposedly “new” feature(s). In such a case, the fact that an isolated feature may be present in the prior art may not render irrelevant objective evidence of non-obviousness of that feature in the claimed combination. . . .

At the time of this decision, proof of willful infringement required “clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent” and that “this objectively-defined risk . . . was either known or so obvious that it should have been known.” The jury found that WBIP had proven by clear and convincing evidence that Kohler’s infringement was willful. And the district court concluded that Kohler’s defenses at trial were objectively unreasonable.

Kohler cannot insulate itself from liability for enhanced damages by creating an (ultimately unsuccessful) invalidity defense for trial after engaging in the culpable conduct of copying, or “plundering,” WBIP’s patented technology prior to litigation. Proof of an objectively reasonable litigation-inspired defense to infringement is no longer a defense to willful infringement. Thus, Kohler’s arguments on appeal that the district court erred in concluding that its obviousness defense was objectively unreasonable is not a basis for concluding that the district court abused its discretion in enhancing damages.