In a final written decision issued on October 2, 2014, the Patent Trial and Appeal Board held that all challenged

**Weak Obviousness Showing**

PTAB Determines that “Weak” Evidence of Secondary Considerations Does Not Overcome Strong Obviousness Showing

In a final written decision issued on October 2, 2014, the Patent Trial and Appeal Board held that all challenged
claims of a patent relating to the use of wear-reducing polymer liners in oil field production equipment were unpatentable. Petitioner, Moore Rod & Pipe, LLC, asserted that 20 claims of the patent-at-issue were unpatentable under 35 U.S.C. § 103(a) as obvious. The prior art at issue included "admitted prior art," which was described and illustrated in the patent. After analyzing the prior art and considering the patent owner's argument that a person of ordinary skill in the art would not have been motivated to combine the references, the PTAB concluded that the Petitioner had provided "strong evidence of obviousness."

The PTAB then considered the patent owner's evidence of secondary considerations of non-obviousness and concluded that it was "weak." First the PTAB considered the patent owner's allegation of long felt need. In conducting this analysis, the PTAB applied the patent owner's own relative definition of "need," which was simply "to more effectively reduce wear." The PTAB determined that the patent owner did not provide "credible evidence" that the prior art failed to meet the alleged "need," as defined by the patent owner. Next the PTAB considered the alleged failure of others, and determined that the patent owner presented insufficient evidence. In particular, the PTAB faulted the patent owner for not submitting evidence that another company attempted to produce equipment that would infringe any of the independent claims, or that another company tried and failed to produce such equipment. The PTAB then considered the patent owner's allegation that the claimed invention had achieved commercial success, and concluded that the patent owner had failed to establish the necessary nexus. The PTAB characterized the patent owner's evidence of a nexus—that consumers buy certain products from the exclusive licensee—as demonstrating commercial success, but not a nexus. The PTAB stated that "[i]f all that was necessary to prove a nexus was to show that customers bought more of the identified product than other products, a nexus would exist for every product that exhibits success in the marketplace." Finally, the PTAB concluded that the patent owner lacked sufficient evidence for its allegation that copying evidenced non-obviousness. According to the PTAB, the only evidence of copying was testimony of the patent owner's declarant asserting that the petitioner's product embodies the claims of the patent. The PTAB stated that it "do[es] not determine infringement in inter partes review," and concluded that the evidence was insufficient to show copying.

After weighing the evidence, the PTAB concluded that the patent owner's "weak" evidence of secondary considerations did not overcome the petitioner's "strong" evidence of obviousness. The PTAB, therefore, found that all of the challenged claims were unpatentable.


- Author: Dan L. Moffett

INTERNATIONAL TRADE COMMISSION

Electronic Data Transmissions Are “Imported Articles” Under Section 337

In Investigation No. 337-TA-833, the United States International Trade Commission (the ITC) recently affirmed former ALJ Robert Rogers' initial determination that "digital datasets" electronically transmitted into the United States were "imported articles" under Section 337(a)(1)(B).

The complainant, Align Technology, Inc., asserted seven patents directed to creating digital models of a person's teeth for dental correction. A U.S.-based respondent, ClearCorrect Operating, LLC (CCUS), transmitted images of a patient's teeth to a foreign respondent, ClearCorrect Pakistan, Ltd. (CCPK). CCPK then created digital models of corrective braces for orthodontic treatment of the patient. Next, CCPK uploaded these models back to CCUS's computers in the United States, where CCUS manufactured the braces for the patient. In the Initial Determination, ALJ Rogers found that the uploading of the digital models from Pakistan to computers within the U.S. constituted the importation into the United States of articles that infringed the asserted patents, thereby violating Section 337.

The ITC considered whether the data transmission of these models into the U.S. was an "importation" of an "article" under Section 337(a)(1)(B). First, the Commission looked to the statutory language, which did not expressly define an "article." However, the Commission noted that its previous decisions had refused to limit the term "article" (e.g., to "articles of foreign manufacture") and determined that the statutory language did not restrict the scope of the "article" in any way. Next, the Commission looked to previous decisions of the United States Court of Appeals for the Federal Circuit and its predecessor court, which held that Section 337 should be broadly interpreted to prohibit unfair methods of competition in importation. Additionally, the Commission reasoned that the legislative history intended the statute to be flexible enough to prevent every form of unfair practice. Finally, the Commission looked at U.S. Customs and Border Protection and Department of Labor policies, which held that software was to be considered an "article" and the transmission of software into the U.S. constituted an "importation."

In view of the foregoing, the Commission held that the intended meaning of "article" broadly covered any item bought and sold in commerce and imported into the U.S., regardless of the manner of importation. Accordingly, it affirmed the ALJ's determination that "digital datasets" electronically transmitted into the United States were "imported articles" under Section 337(a)(1)(B). This decision may expand the scope of articles over which the ITC has jurisdiction to include electronically transmitted articles that may not enter the United States through Customs and Border Protection.

On June 5, 2014, the respondents filed a notice of appeal of the final determination of the Commission. The opening brief was filed under seal on October 9, 2014.

- Author: Joseph E. Young

CONTACT INFORMATION