

Volvo Penta of the Americas, LLC v. Brunswick Corp., 22-1765, — F.4th — (Fed. Cir. 8/24/2022).

This is a decision on an appeal from PTAB case IPR2020-01512. The PTAB held the claims unpatentable for obviousness. Volvo appealed. The Federal Circuit vacated and remanded.

Legal issue: 35 USC 103, obviousness, secondary indicia, proof of nexus.

The Federal Circuit concluded that the Board’s conclusion that “Volvo Penta had not shown a nexus between its objective evidence of secondary considerations and the claimed invention,” was not supported by substantial evidence, and held that in fact the Volvo had shown that the “steerable tractor-type drive as recited in each of the challenged claims” drove the success of the Volvo’s corresponding “Forward Drive” product.

The Federal Circuit found that Volvo had identified “certain benefits praised in the industry and not achieved by drives in the prior art” that were provided by the claimed combination of propeller arrangement and steering axis location provided, and that this was proof of nexus.

The Federal Circuit first restated the law relating to proof of nexus.

For objective evidence of secondary considerations to be relevant, there must be a nexus between the merits of the claimed invention and the objective evidence. *See In re GPAC*, 57 F.3d 1573, 1580 (Fed. Cir. 1995). A showing of nexus can be made in two ways: (1) via a presumption of nexus, or (2) via a showing that the evidence is a direct result of the unique characteristics of the claimed invention. [Volvo Penta of the Americas, LLC v. Brunswick Corp., 22-1765, — F.4th — (Fed. Cir. 8/24/2022).]

A patent owner is entitled to a presumption of nexus when it shows that the asserted objective evidence is tied to a specific product that “embodies the claimed features, and is coextensive with them.” *Brown & Williamson Tobacco Corp. v. Philip Morris, Inc.*, 229 F.3d 1120, 1130 (Fed. Cir. 2000). When a nexus is presumed, “the burden shifts to the party asserting obviousness to present evidence to rebut the presumed nexus.” *Id.*; *see also Yita LLC v. MacNeil IP LLC*, 69 F.4th 1356, 1365 (Fed. Cir. 2023). The inclusion of noncritical features does not defeat a finding of a presumption of nexus. *See, e.g., PPC Broadband, Inc. v. Corning Optical Commc’ns RF, LLC*, 815 F.3d 734, 747 (Fed. Cir. 2016) (stating that a nexus may exist “even when the product has additional, unclaimed features”). [Volvo Penta of the Americas, LLC v. Brunswick Corp., 22-1765, — F.4th — (Fed. Cir. 8/24/2022).]

However, even absent a presumption of nexus, “the patent owner is still afforded an opportunity to prove nexus by showing that the evidence of secondary considerations is the ‘direct result of the unique characteristics of the claimed invention.’” *Fox Factory, Inc. v. SRAM, LLC*, 944 F.3d 1366, 1373–74 (Fed. Cir. 2019) (quoting *In re Huang*, 100 F.3d 135, 140 (Fed. Cir. 1996)). [Volvo Penta of

the Americas, LLC v. Brunswick Corp., 22-1765, — F.4th — (Fed. Cir. 8/24/2022).]

Addressing a PTO appeal argument, the Federal Circuit also restated that:

Further, as the Board found and we have previously articulated, a nexus analysis need not be limited to a discussion of only novel features. Decision at *27–28 (citing *WBIP, LLC v. Kohler Co.*, 829 F.3d 1317, 1330 (Fed. Cir. 2016) (stating that “proof of nexus is not limited to only when objective evidence is tied to the supposedly ‘new’ feature(s)”). It is instead important to consider “the invention as a whole,” rather than on a “limitation-by-limitation” basis. *Chemours Co. FC, LLC v. Daikin Indus., Ltd.*, 4 F.4th 1370, 1377 (Fed. Cir. 2021); *see also Yita*, 69 F.4th at 1364 (discussing WBIP). [Volvo Penta of the Americas, LLC v. Brunswick Corp., 22-1765, — F.4th — (Fed. Cir. 8/24/2022).]

The Federal Circuit then explained why the Board’s conclusion of lack of nexus was not supported by substantial evidence.

Our inquiry does not end there, however. We may also consider whether the patent owner proved a nexus independently of a presumption. Volvo Penta’s arguments that its evidence of secondary considerations of nonobviousness is the direct result of the unique characteristics of the claimed invention is likewise brief, but carries more substance. In its Patent Owner Response, Volvo Penta argued that “Brunswick recognized that the success of Volvo Penta’s Forward Drive was tied directly to the claimed features, namely a steerable tractor-type drive as recited in each of the challenged claims,” citing internal Brunswick documents in support. Patent Owner Resp. at 53 (citing J.A. 4521–23). As the Board found, these documents “clearly reference[] the Forward Drive that Patent Owner argues—and 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.’” Decision at *28; Conf. J.A. 1292. However, the Board criticized Volvo Penta for “not actually identify[ing] the ‘unique characteristics’ of the claimed combination” or the “‘merits of the claimed invention’” that were tied to the objective evidence. Decision at *28 (quoting *In re Huang*, 100 F.3d at 140). For this reason, it found that Volvo Penta had not shown a nexus between its objective evidence of secondary considerations and the claimed invention. *Id.* [Volvo Penta of the Americas, LLC v. Brunswick Corp., 22-1765, — F.4th — (Fed. Cir. 8/24/2022).]

That finding was not supported by substantial evidence. It ignores the crux of Volvo Penta’s argument and its evidence cited in support. Volvo Penta expressly argued that the “steerable tractor-type drive as recited in each of the challenged claims” was shown to drive the success of the Forward Drive. Patent

Owner Resp. at 53. The documents cited in its Response further demonstrate the connection between these claim elements and the objective evidence of nonobviousness. For example, the cited Brunswick documents state the need for a “comparable forward facing sterndrive” with “capabilities that match the Volvo Penta Forward Drive,” going on to recite unique characteristics that made “a forward-facing drive [] valuable in wake-surfing.” Conf. J.A. 4521–22; ECF 46. To the extent that there was any confusion over the characteristics and capabilities Volvo Penta was pointing to, it clarified in its Sur-Reply, arguing that “[t]he inventive combination of propeller arrangement and steering axis location provided certain benefits praised in the industry and not achieved by drives in the prior art.” Patent Owner Sur-Reply at 23. Indeed, the undisputed evidence, as the Board found, shows that boat manufacturers strongly desired Volvo Penta’s Forward Drive and were urging Brunswick to bring a forward drive to market. Conf. J.A. 1300; ECF 46. The Board went on to find that Brunswick’s development of the Bravo Four S was “akin to ‘copying,’” and that its “own internal documents indicate that the Forward Drive product guided [Brunswick] to design the Bravo Four S in the first place.” Conf. J.A. 1297. There is therefore a nexus between the unique features of the claimed invention, a tractor-type stern drive, and the evidence of secondary considerations. [Volvo Penta of the Americas, LLC v. Brunswick Corp., 22-1765, — F.4th — (Fed. Cir. 8/24/2022).]

The Federal Circuit also addressed and ignored the USPTO’s argument in support of the Board decision, because that argument was procedurally improper.

At oral argument, counsel for the USPTO argued that to the extent Volvo Penta identified these claim elements as unique characteristics of the claimed invention, they already existed in the prior art. Oral Arg. at 18:55–20:43 (available at <https://cafc.uscourts.gov/home/oral-argument/listen-to-oral-arguments/>). But the Board did not rely on this argument in reaching its decision. *See generally* Decision at *26–28. We therefore cannot adopt it as a basis to affirm. “The Board’s judgment must be reviewed on the grounds upon which the Board actually relied,” and “[a]lternative grounds supporting the Board’s decision generally are not considered.” *In re Applied Materials, Inc.*, 692 F.3d 1289, 1294 (Fed. Cir. 2012). Further, as the Board found and we have previously articulated, a nexus analysis need not be limited to a discussion of only novel features. Decision at *27–28 (citing *WBIP, LLC v. Kohler Co.*, 829 F.3d 1317, 1330 (Fed. Cir. 2016) (stating that “proof of nexus is not limited to only when objective evidence is tied to the supposedly ‘new’ feature(s)”). It is instead important to consider “the invention as a whole,” rather than on a “limitation-by-limitation” basis. *Chemours Co. FC, LLC v. Daikin Indus., Ltd.*, 4 F.4th 1370, 1377 (Fed. Cir. 2021); *see also Yita*, 69 F.4th at 1364 (discussing *WBIP*). The Board’s finding of a lack of nexus is therefore not supported by substantial evidence. We hold that Volvo Penta demonstrated a nexus between the claims and its evidence of secondary

considerations. [Volvo Penta of the Americas, LLC v. Brunswick Corp., 22-1765, — F.4th — (Fed. Cir. 8/24/2022).]

And the Federal Circuit concluded that Volvo Penta demonstrated a nexus between the claims and its evidence of secondary considerations.

The Board's finding of a lack of nexus is therefore not supported by substantial evidence. We hold that Volvo Penta demonstrated a nexus between the claims and its evidence of secondary considerations. [Volvo Penta of the Americas, LLC v. Brunswick Corp., 22-1765, — F.4th — (Fed. Cir. 8/24/2022).]