

# 2023 SUMMER NEWSLETTER

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## U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT

**APPLE INC. V. COREPHOTONICS, LTD.****2022-1350, 2022-1351****Decided September 11, 2023**

By: Gene M. Garner II, Partner

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Apple Inc. (“Apple”) appealed two final written decisions of the United States Patent and Trademark Office (“USPTO”) Patent Trial and Appeal Board (“the Board”). In two petitions to the Board for *inter partes* review, Apple had challenged the validity of various patent claims of U.S. Patent No. 10,225,479 (“the ‘479 patent”) owned by Corephotonics, LTD. (“Corephotonics”). In both decisions, the Board had determined that Apple had not shown that the challenged patent claims of the ‘479 patent were obvious. The CAFC found that the intrinsic evidence supports a different claim construction than the claim construction adopted by the Board in the first decision. Moreover, the CAFC found that the Board based its second decisions on a ground not raised by any party in violation of the Administrative Procedure Act (“APA”)

On September 11, 2023, the CAFC vacated and remanded both final written decisions to the Board.

**Background**

Apple Inc. (“Apple”) filed two petitions with the Patent Trial and Appeal Board (“the Board”) for *inter partes* review of patent claims of U.S. Patent No. 10,225,479 (“the ‘479 patent”) owned by Corephotonics, LTD. (“Corephotonics”). Apple challenged the validity of various claims of the ‘479 patent as obvious in view of multiple priority art references, including Parulski (U.S. Patent No. 7,859,588).

The ‘479 patent is directed to creating “portrait photos” using a thin dual-aperture zoom digital camera that combines images taken by a wide lens and a tele lens to create a fused still image. The fused still image is created by incorporating an out-of-focus blurred background in a Wide image with the original Tele image.

At issue before the Board and, subsequently, the CAFC was the limitation set forth in representative claim 1 of the ‘479 patent: *wherein the camera controller is further operative to output the fused image with a point of view (POV) of the Wide camera by mapping Tele image pixels to matching pixels within the Wide image.*

**First Board Proceedings**

At issue was the construction of the claim term requiring a “fused image with a point of view (POV) of the Wide camera”. More particularly, Apple and Corephotonics disputed what “a point of view (POV) of the Wide camera” requires.

Both Apple and Corephotonics relied upon intrinsic evidence of the specification to support their respective arguments. The Board described the specification’s disclosure regarding “fused image with a point of view (POV) of the Wide camera” as “not a model of clarity”.

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**APPLE INC. V. COREPHOTONICS, LTD.****2022-1350, 2022-1351 (cont.)**

Apple contended that, in view of the specification, “a point of view (POV) of the Wide camera” required only that the fused image retain Wide perspective *or* Wide position POV – that is, retain the shape of the Wide image (perspective POV) *or* the position of the Wide image (position POV). In contrast, Corephotonics contended that the specification defined “point of view” such that “a point of view (POV) of the Wide camera” meant that the fused image must maintain *both* Wide perspective and Wide position POV.

The CAFC noted that the claim refers to “a” point of view instead of “the” point of view.

The CAFC then turned to the patent specification in accordance with *Phillips*. The CAFC noted, as the Board observed, that the specification is “not a model of clarity”. However, the CAFC asserted that specification appears to contemplate what the patent means by “point of view”.

Moreover, the CAFC also asserted that the claim term requires only that the fused image maintain “a point of view of the Wide camera”, and that “We have explained that the indefinite article ‘a’ means ‘one or more’” (*Salazar v. AT&T Mobility LLC*, 64 F.4th 1311, 1315 (Fed. Cir. 2023)). The CAFC also asserted that “there is no indication in the claims, specification, or otherwise that the patentee meant to claim their invention more narrowly”. The CAFC also refers to *Convolve, Inc. v. Compaq Comput. Corp.*, 812 F.3d 1313, 1321 (Fed. Cir. 2016) (“[A]bsent a clear intent in the claims themselves, the specification or the prosecution history, we interpret ‘a processor’ to mean ‘one or more processors.’”).

The CAFC held that “the intrinsic evidence supports that the claim term requiring a fused image maintaining “a point of view of the Wide camera” requires only that the fused image maintain Wide perspective point of view *or* Wide position point of view, but does not require both” and that Apple’s proposed claim constructions is more in line with the intrinsic evidence.

Therefore, the CAFC vacated and remanded the Board’s final written decision in the first IPR for further proceedings in view of this claim construction.

Appeal of the second Board IPR Proceeding – the Administrative Procedures Act (APA)

The CAFC noted that the Board based its decision almost entirely on its determination that the declaration submitted by Apple’s expert was unreliable because of a typographical error he made regarding the lens data. Apple challenged the Board’s written decision as violating the APA.

The CAFC noted that while the Board is entitled to set aside technical expert testimony it finds not scientifically reliable on the record, the Board violated the APA by not comporting with the notice requirements of the APA. That is, the APA imposes limits on the Board’s authority during inter partes reviews. Under the APA, “[p]ersons entitled to notice of an agency hearing shall be timely informed of...the matters of fact and law asserted, “ 5 U.S.C. 554(b)(3). The CAFC further asserted that the Board “must base its decision on arguments that were advanced by a party, and to which the opposing party was given a change to respond” (In re Magnum Oil Tools Int’l, Ltd., 829 F.3d 1364, 1381 (Fed. Cir. 2016)).

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***APPLE INC. V. COREPHOTONICS, LTD.***

**2022-1350, 2022-1351 (cont.)**

Significantly, the CAFC asserted that the arguments presented by Apple and by Corephotonics regarding obviousness focused entirely on questions of manufacturability and scalability and did not identify the typographical error made by Apple's expert as dispositive.

The CAFC further asserted that the Board's analysis was focused on the typographical error made by Apple's expert without thoroughly assessing the critical issues outlined by the parties of whether there would have been a reasonable expectation of success in combining Parulski and Ogata considering the manufacturing and scalability concerns.

The CAFC held that the Board based its decision on a typographical error without explaining its significance, made *sua sponte* findings that lacked substantial evidence, and did not resolve the issue the parties presented.

Therefore, the CAFC vacated the Board's final written decision and remanded to the Board for further proceedings that meet the APA's requirements for notice and the opportunity to respond.

**Analysis**

Care should be exercised to ensure that the claim language is clear and that specification supports the claim interpretation desired by the patentee. In this case, the patentee desired a relatively more narrow interpretation of the claims to avoid rendering the claims unpatentable for obviousness. Therefore, a patent with a set of claims of varying scope and alternate recitations would provide the patentee with a relatively better chance of success in asserting the patent against potential infringers.



## U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT

***VOLVA PENTA OF THE AMERICAS, LLC V. BRUNSWICK CORPORATION*****2022-1765****Decided August 4, 2023**

By: Gene M. Garner II, Partner

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Volvo Penta of the Americas, LLC (“Volvo Penta”) appealed from a final written decision of the United States Patent and Trademark Office (“USPTO”) Patent Trial and Appeal Board (“the Board”) holding all claims 1-18 of U.S. Patent No. 9,630,692 (“the ‘692 patent”) unpatentable as obvious.

On August 4, 2023, the CAFC vacated and remanded the final written decisions.

**Background**

The ‘692 patent is assigned to Volvo Penta and is directed to a tractor-type stern drive for a boat. A stern drive is also referred to as an “inboard/outboard drive”. A tractor-type drive refers to one or more forward, bow-facing propellers that pull the boat through the water, and may also be referred to as a “pulling-type” of “forward-facing drive”.

Volvo Penta’s commercial embodiment of the ‘692 patent is referred to as the Forward Drive. Brunswick Corporation’s (“Brunswick”) drive system that also embodies the ‘692 patent is referred to as Bravo Four S. Brunswick does not dispute that the Forward Drive and the Bravo Four S both embody the ‘692 patent.

Brunswick launched the Bravo Four S and filed a petition for *inter partes* review of all claims of the ‘692 patent on the same day. Brunswick asserted that the claims of the ‘692 patent would have been anticipated or obvious based on Kiekhaefer (U.S. Patent No. 2,616,387, assigned to Brunswick) and Brandt (U.S. Patent No. 4,840,136, assigned to Volvo Penta) and other references.

Kiekhaefer is assigned to Brunswick and is directed to an outboard motor that could have either rear-facing or forward-facing propellers. Brandt is assigned to Volvo Penta and is directed to a stern drive with rear-facing propellers.



**U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT*****VOLVA PENTA OF THE AMERICAS, LLC V. BRUNSWICK CORPORATION*****2022-1765 (cont.)****Arguments Before the Board**

Before the Board, Volvo Penta argued that a person of ordinary skill in the art would not have been motivated to combine the references with a reasonable expectation of success and that the objective indicia of nonobviousness overcame any *prima facie* case of obviousness.

Volvo Penta offered evidence of six objective indicia:

- A. Copying
- B. Industry praise
- C. Commercial success
- D. Skepticism
- E. Failure of others
- F. Long-felt but unsolved need

Volvo Penta also argued that Volvo Penta was entitled to a presumption of nexus between the objective indicia and the claimed invention, and, even if there was no presumption, that there was still nexus.

While the Board found that Kiekhaefer did not anticipate any claims of the '692 patent, the Board found that there was a motivation to combine Kiekhaefer and Brandt based on a sentence in the disclosure of Kiekhaefer, the testimony of a Volvo Penta employee, and the testimony of Brunswick's expert witness.

The Board then considered Volvo Penta's arguments on the secondary considerations. The Board found that Volvo Penta was not entitled to a presumption of nexus since Volvo Penta's marketing material referred to advantages of the Forward Drive not claimed in the '692 patent and Volvo Penta did not identify unique characteristics or merits of the claimed invention.

The Board then considered the above-mentioned six objective indicia. The Board assigned some weight to (A) copying, (B) industry praise, and (C) commercial success and very little weight to (D) skepticism, (E) failure of others, and (F) long-felt but unsolved need. The Board also found that Volvo Penta's objective evidence weighs somewhat in favor of nonobviousness.

However, the Board found that Brunswick's evidence of obviousness outweighed Volvo Penta's objective evidence of nonobviousness, and concluded that Brunswick had demonstrated by a preponderance of the evidence that claims 1-18 of the '692 patent would have been obvious over Brandt and Kiekhaefer.

**Appeal to the CAFC**

Volvo Penta then appealed to the CAFC. In the meantime, Brunswick settled with Volvo Penta and informed the CAFC that Brunswick no longer opposed the appeal and waived its oral argument.

**U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT*****VOLVA PENTA OF THE AMERICAS, LLC V. BRUNSWICK CORPORATION*****2022-1765 (cont.)**

The USPTO intervened and participated in the oral argument. The USPTO defended the Board's decision by adopting the arguments of Brunswick.

**Discussion by the CAFC**

Volvo raised three main arguments:

- (1) The Board's finding of motivation to combine was not supported by substantial evidence
- (2) The Board erred in its determination that there was no nexus
- (3) The Board erred in its consideration of Volvo Penta's objective evidence of secondary considerations of nonobviousness

(1) Motivation to Combine

The CAFC asserted that "the conclusion of obviousness is a legal determination based on underlying factual findings, including whether or not a relevant artisan would have had a motivation to combine the references in the way required to achieve the claimed invention."

The CAFC reviewed the Board's obviousness determination *de novo* and its factual findings for substantial evidence.

The CAFC found that the Board's finding of a motivation to combine is supported by substantial evidence.

(2) Nexus

The CAFC then considered whether there was a nexus. The CAFC asserted "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." The CAFC further asserted that "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'".

The CAFC asserted that "[A] presumption of nexus requires both that the product embodies the invention and is coextensive with it" (*Brown & Williamson*, 229 F.3d at 1130).

Neither Volvo Penta nor Brunswick disputes that both the Forward Drive and the Bravo Four S embody the claimed invention.

However, the CAFC asserted that Volvo Penta failed to show coextensiveness between either the Forward Drive or the Bravo Four S and the '692 patent claims. Therefore, the CAFC upheld the Board's finding that it is insufficient to show a presumption of nexus for the Bravo Four S.

**U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT*****VOLVA PENTA OF THE AMERICAS, LLC V. BRUNSWICK CORPORATION*****2022-1765 (cont.)**

The CAFC overturned the Board's findings and held that there is nexus between the unique features of the claimed invention and the evidence of secondary considerations.

(3) Objective Indicia

The CAFC asserted that objective evidence of nonobviousness includes:

- A. Copying
- B. Industry praise
- C. Commercial success
- D. Skepticism
- E. Failure of others
- F. Long-felt but unsolved need

The CAFC then reviewed for substantial evidence the weight to be given to evidence of secondary considerations which involve factual determinations.

The CAFC agreed with Volvo Penta that the Board's analysis of objective indicia of nonobviousness, including its assignment of weight to different considerations, was overlay vague and ambiguous.

After providing detailed analysis, the CAFC held that the Board failed to properly consider the evidence of objective indicia of nonobviousness.

Therefore, the CAFC vacated and remanded the Board's decision.

**Analysis**

A finding of obviousness can be overcome by secondary considerations of copying, industry praise, commercial success, skepticism, failure of others, and long-felt but unsolved need. These secondary considerations should be considered when challenging rejections based on obviousness. Internal documents of the maker of the accused device can influence the interpretation of secondary considerations.



## USPTO NEWS

### USPTO News Briefs

By: Gene M. Garner II, Partner

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The United States Patent and Trademark Office (USPTO) recently announced:

- (1) a decrease from \$1,277 to \$1,167 in PCT fees for designating the Japan Patent Office (JPO) as the International Search Authority (ISA) for an international search;
- (2) the introduction of a new Patents Petitions webpage ([Patent petitions | USPTO](#)) which includes detailed information about petitions as well as statistics and data; and
- (3) the publication by the Patent Trial and Appeal Board of an updated Oral Hearing Guide. According to the USPTO, the changes to the Oral Hearing Guide include:
  - a. the addition of an all-virtual hearing option for America Invents Act (AIA) trials,
  - b. updated information on how the public may request to view a PTAB hearing, either in person or remotely,
  - c. clarification of procedures for submitting demonstratives for ex parte appeals hearings, and
  - d. clarification on how parties may request pro hac vice admission



USPTO NEWS

USPTO Petition Data for July 2023 - Frequently Filed Petitions in the Office of Petitions

<u>Petition Type</u>	<u>Avg Days Pending of Decided Petitions in the Past 12 Months</u>	<u>Grant Rate Percent of Total Petitions Decided in the Past 12 Months</u>
To Make Entity Status Large from Small	125	81%
To Join Track One (Prioritized Examination)	62	94%
To Join Patent Prosecution Highway (PPH)	40	80%
To Make Application Special on Grounds of Age or Health	40	95%
Revival Based on Unintentional Delay in Abandoned Application	80	65%
To Accept Unintentionally Delayed Claim for Priority	72	59%
Withdrawal of Attorney From Application	36	40%
Issue Patent in the Name of Assignee After the Issue fee is Paid	158	72%
To Accept Unintentional Delayed Payment of the Maintenance Fee	115	53%
Patent Term Adjustment After Patent Issued	136	69%

The patent term adjustment petitions were delayed due to the Federal Circuit deciding *Novartis AG v. Lee* and these petitions are currently being processed.

Source: [Petition Data](#) | [Patents Dashboard](#) | [USPTO](#)

**S&H FIRM NEWS*****StaaS & Halsey LLP Has Gone Paperless!***[Back to Top](#)

Since about the year 2010, our firm has maintained duplicative paper and electronic “official” files for each of our client’s matters. Effective January 1, 2020, our firm discontinued maintenance and use of our “official” paper client files, and instead relies only on our electronic official client files. This change in procedure takes advantage of advances in technology to reduce costs and improve efficiency.



**S&H FIRM NEWS**



**STAAS & HALSEY LLP CELEBRATED 50 PLUS YEARS IN 2022**

Specializing exclusively in intellectual property, Staas & Halsey LLP brings together technical and legal expertise in our commitment to provide quality legal representation.

Since 1971, we have provided clients with technical expertise and intellectual property protection.

We provide our clients with high quality and high value intellectual property protection through patent application and trademark application preparation and prosecution services before the United States Patent and Trademark Office, understand and care for our clients' concerns by developing long-term and close relationships with our clients, and provide our clients with training to understand the complexities and nuances of U.S. patent prosecution.

We thank all of our clients for being part of our journey!

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