No Need to Neglect Nexus: Prosecution Lessons from *FOX Factory v. SRAM*

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On December 18, 2019, in *FOX Factory, Inc. v. SRAM, LLC*[1] ("*Fox Factory*"), the U.S. Court of Appeals for the Federal Circuit addressed the conditions under which a patent owner is entitled to the presumption of a nexus between a claimed invention and evidence of secondary considerations. Secondary considerations or objective indicia of non-obviousness, if present, must be considered in determining whether a patent claim is obvious.[2] Evidence of secondary considerations may help demonstrate that the claim is not obvious, even when the prior art would have suggested that the claim is obvious.[3] Secondary considerations include long-felt but unsolved needs, failure of others, unexpected results, commercial success, copying, licensing, and praise.[4]

To be relevant, secondary considerations evidence must be commensurate in scope with the claimed invention.[5] In that regard, there must be a "nexus," or sufficient connection, between the claimed invention and the evidence of secondary considerations.[6] In some circumstances, the patent owner is entitled to a presumption of nexus, which makes it easier for the patent owner to demonstrate that a nexus exists between the claims and the evidence.[7]

In *Fox Factory*, the Federal Circuit reversed the holding by the Patent Trial and Appeal Board that the challenged claims in an *inter partes* review ("IPR") were entitled to a presumption of nexus based on the commercial success of the patent owner's product, because the patent owner had other patents directed to "critical" aspects of the product that were not recited in the challenged claims.[8]

The question of whether a patent owner is entitled to a presumption of nexus and the related question of whether the patent owner has established such a nexus, even without the presumption, typically arises when the validity of the patent is being challenged in an IPR (as in *FOX Factory*) or during litigation.[9]

While *FOX Factory* is instructive mostly for those forums, there are also prosecution lessons to be learned. In particular, *FOX Factory* suggests pursuing claims of different scope that cover different combinations of product features, keeping patent families alive long enough for there to be evidence of commercial success, and maintaining good communication with the patent owner about the product features. Such strategies may afford the patent owner flexibility to select during IPR or litigation which claims have better facts to demonstrate nexus.

PROSECUTION STRATEGY

Obtaining multiple patents that cover different features in the same commercial product is a common prosecution strategy. For example, a commercial product may have multiple components, which will be referred to here as Features A and B for ease of reference. For a variety of practical and legal reasons, an applicant may wish to pursue different patent applications or different claims in the same patent application covering Features A and B, respectively.

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For example, the reality of R&D is that engineers may develop Features A and B at different times. If a patent application is filed as each product feature is developed, the specification and claims in that application will be directed to only the respective product feature developed at the time of filing.

Furthermore, an applicant is often motivated to file as soon as each product feature is developed in

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order to be the first to file for protection on that feature. Further still, prior to commercial launch, it may be unclear whether Feature A, Feature B, or a combination of the two will make the product a commercial success.[10]

With applications typically drafted before commercial launch, the applicant may not be able to plan for nexus arguments at this early stage, and ensuring the patent owner has any infringement case at all is usually a higher priority than setting up good nexus arguments.

Patent owners often prefer independent claims directed to one product feature because a claim directed only to Feature A has a broader scope and may encompass more competitor products than a claim that requires both Features A and B.

How then can prosecution be tailored to help the patent owner both obtain broad coverage and make winning nexus arguments?

Many applicants also prefer to file targeted applications directed to one product feature rather than an omnibus application that covers multiple product features because targeted applications are cheaper and faster to prepare.

Finally, even when omnibus applications are filed, restriction requirements have become so common that it may be harder for the applicant to pursue claims directed to multiple features in the same application.

CONSEQUENCES OF *FOX FACTORY* FOR PROSECUTION STRATEGY

Tension has been introduced between how applicants typically approach prosecution to cover a commercial product and the ability to establish a presumption of nexus for patent claims directed to that product under *FOX Factory*. *FOX Factory* reaffirmed that a patent owner is entitled to the presumption of nexus only by demonstrating that the product is "coextensive" with the claimed invention.[11] "'[I]f the patented invention is only a component of a commercially successful machine or process,' the patentee is not entitled to a presumption of nexus" because the product and the claimed invention are not coextensive.[12] Nexus may be presumed even if the product includes "additional insignificant features" that are not in the claimed invention.[13]

That is, the presumption of nexus could still apply to a patent directed to Feature A if Feature B is an insignificant feature. However, the fact that there is another patent directed to Feature B favors the conclusion that Feature B is not an insignificant feature.[14]

Thus, prosecution resulting in multiple patents covering different product features may harm the patent owner's ability to argue for a presumption of nexus.

Pursuing different applications directed to different product features may also make it harder for the patent owner on the ultimate question of whether the nexus between evidence of secondary considerations and the claimed invention has been established, even without the presumption.

Proving nexus requires "showing that the evidence of secondary considerations is the 'direct result of the unique characteristics of the claimed invention.'"[15] If the claimed invention is directed to Feature A, the evidence of secondary considerations must also be attributable to Feature A (not Feature B or a combination of Features A and B).[16] This prevents the patent owner from relying on the same evidence of commercial success for a first patent directed to Feature A, a second patent directed to Feature B, and a third patent directed to the combination of Features A and B.[17]

While a patent owner may be more likely to cover competitors with a relatively broader patent directed only to Feature A, obtaining evidence of commercial success specifically attributable to Feature A will be an obstacle in establishing a nexus between the commercial success and that patent.

PROSECUTION LESSONS FROM *FOX FACTORY*

How then can prosecution be tailored to help the patent owner both obtain broad coverage and make winning nexus arguments?

One lesson from *FOX Factory* is to pursue claims that cover different combinations of features. If a patent owner obtains claims directed to Feature A, claims directed to Feature B, and claims directed the combination of Features A and B, then the patent owner can be strategic about which claims to assert. With respect to the presumption of nexus, the patent owner can then assert the claims it is confident

can be shown to be coextensive with its product. *FOX Factory* suggests that the strongest case for the presumption of nexus is with claims directed to the combination of Features A and B for a product that has both Features A and B.[18]

On the ultimate question of nexus, even without the presumption, the patent owner can evaluate the evidence of commercial success and determine which product feature (or combination of product features) the evidence may be attributed to. This allows the patent owner to make nexus arguments about the particular claims that are best supported by the evidence, and if nexus arguments are less of a priority than building an infringement case against a competitor, the patent owner still has relatively broader claims that individually cover Features A and B to assert.

Pursuing claims of different scope depends on what is described in the specification, and varying claim scope becomes easier to pursue if the applicant files an omnibus application that describes all of its product features.

For example, in the first application and/or later-filed continuing applications, the applicant has maximum flexibility to choose independent and dependent claims directed to Feature A, Feature B, and the combination of Features A and B (e.g., the applicant may pursue an independent claim directed to Feature A and an independent claim directed to Feature B to cover each feature individually). In order to cover the combination of features, the application can include an independent claim directed to Features A and B, or one or more dependent claims directed to Feature B that depend from the independent claim directed individually to Feature A (or vice versa).

However, covering different combinations of product features with different applications is more challenging. Assuming the earliest application is directed to Feature A, the applicant will only be able to pursue claims directed to Feature A in that application.

However, if a later filed application directed to Feature B also includes a description of Feature A (e.g., a continuation-in-part or a completely separate application that incorporates the earlier application by reference[19]), the applicant may use the later filed application to pursue claims directed to Feature B alone and/or the combination of Features A and B.

FOX Factory also reaffirms the importance of keeping patent families alive with continuations or divisionals that are pending at least until after a product launches and preferably, until after there is evidence of commercial success. The applicant can use these continuing applications to pursue claims that are specifically directed to the product feature (or combination of product features) to make the claim "coextensive" with the product (i.e., for the presumption of nexus argument) and/or that the evidence of commercial success is attributable to (i.e., for a nexus argument, even without the presumption). Applicants typically keep continuing applications pending in order to pursue claims covering competitor products with one or more of the product features, and the ability to use those continuing applications to establish good nexus arguments is yet another reason to keep patent families alive.

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For example, during R&D, the applicant should be asked which combination of features is being considered for a product, as that information may be used to draft a specification that describes the combination of features (e.g., in an omnibus application or a continuation-in-part, or with an incorporation by reference to earlier applications), and the applicant is typically willing to share this information prior to launch (e.g., as part of a freedom to operate analysis).

The patent owner should also be intentional about gathering and maintaining specific evidence that tracks which product feature is driving commercial success, including, for example, customer surveys targeted to the product feature (or combination of product features) that is provided by an issued claim or for which protection is being pursued in a continuing application(s). After launch, prosecutors should inquire about

product sales to learn what feature or combination of features is making the product a commercial success, which allows prosecutors to verify that claims directed to these feature(s) have already been obtained, or pursue such claims in continuations or divisionals.

During prosecution, nexus arguments can seem far off and be eclipsed by more imminent concerns. However, as discussed above, support for nexus arguments may still be obtained by taking steps that are good practice for other reasons.

As such, without much extra effort, applicants and prosecution counsel can work together to preserve the flexibility during IPR or litigation to make winning nexus arguments by pursuing claims directed to different combinations of product features, keeping continuing applications pending, and maintaining good communication.

Notes

1. 944 F.3d 1366 (Fed. Cir. 2019).
2. *See Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966); *Ormco Corp. v. Align Technology, Inc.*, 463 F. 3d 1299, 1311 (Fed. Cir. 2006).
3. *See Graham*, 383 U.S. at 17-18.
4. *Id.*; *see also Leapfrog Enters., Inc. v. Fisher-Price, Inc.*, 485 F.3d 1157, 1162 (Fed. Cir. 2007).
5. *See In re Kao*, 639 F.3d 1057, 1068 (Fed. Cir. 2011).
6. *See In re GPAC Inc.*, 57 F.3d 1573, 1580 (Fed. Cir. 1995); *Demaco Corp. v. F. Von Langsdorff Licensing Ltd.*, 851 F.2d 1387, 1392 (Fed. Cir. 1988) (explaining that the term "nexus" "designate[s] a legally and factually sufficient connection between the proven success and the patented invention, such that the objective evidence should be considered in the determination of nonobviousness").
7. *See* Fed. R. Evid. 301.
8. 944 F.3d at 1376-78.
9. The nexus between claims and secondary considerations in the obviousness analysis can also come up during prosecution, but this is less common. *See* Manual of Patent Examination Procedure ("MPEP") §§ 716.03, 2145.
10. Applicants may have some idea because those features are usually the ones worth the expense of preparing and prosecuting patent applications, but they cannot know definitively before the product is sold.
11. *Fox Factory*, 944 F.3d at 1373 (*quoting Polaris Indus., Inc. v. Arctic Cat, Inc.*, 882 F.3d 1056, 1072 (Fed. Cir. 2018)).
12. *Id.* (*quoting Demaco*, 851 F.2d at 1392).
13. *Id.* at 1374.
14. *Id.* at 1375.
15. *Id.* at 1374 (*quoting In re Huang*, 100 F.3d 135, 140 (Fed. Cir. 1996)).
16. *See id.* at 1373-74, 1378.
17. *See id.* at 1378.
18. *See id.* at 1373.
19. *See* MPEP § 608.01(p)(I).