

19-1649

**UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT**

HVLPO2, LLC,

Plaintiff-Appellant,

v.

OXYGEN FROG, LLC, and SCOTT D. FLEISCHMAN,

Defendants-Appellees.

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**PETITION FOR REHEARING EN BANC  
OF APPELLEES OXYGEN FROG, LLC and SCOTT D. FLEISCHMAN**

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Appeal from the U.S. District Court for the Northern District of Florida in 4:16-CV-336-MW/CAS, Chief Judge Mark Walker.

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and Scott D. Fleischman*

## **CERTIFICATE OF INTERESTED PERSONS**

Counsel for appellees, Oxygen Frog, LLC and Scott D. Fleischman certifies the following:

1. The full names of every party represented by me in this appeal are Defendants/Appellees Oxygen Frog, LLC and Scott D. Fleischman.
2. Oxygen Frog, LLC and Scott D. Fleischman are the real parties in interest.
3. There are no parent corporations or any publicly held affiliates or associates that own 10 percent or more of the stock of the party represented by me.
4. The names of all law firms and the partners or associates that appeared for the parties now represented by me in the trial court or are expected to appear in this court are:

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5. There are no cases known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal.

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### **RULE 35(b) STATEMENT OF COUNSEL**

Robert A. Huntsman, counsel for Appellees Oxygen Frog LLC and Scott D. Fleischman (hereafter collectively “Oxy”) states as follows:

Based on my professional judgment, I believe the panel decision is contrary to the following decisions of the Supreme Court of the United States: *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 421 (2007) and *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579 (1993).

Based on my professional judgment, I believe the panel decision is contrary to the following decisions of the Federal Circuit: *Chore-Time Equipment, Inc. v. Cumberland Corp.*, 713 F.2d 774, 695 (Fed. Cir. 1983), and *Arctic Cat Inc. v. Bombardier Recreational Prods. Inc.*, 876 F.3d 1350 (Fed. Cir. 2017).

Based on my professional judgment, I believe this appeal requires an answer to one or more precedent-setting questions of exceptional importance: Whether or not the Panel’s decision that allowing any witness testimony on any aspect of obviousness, even using the standard dictionary definition of the commonly used word “obvious,” by a non – Fed. R. Evid. 702 (“Rule 702”) witness by a trial judge constitutes abuse of discretion.

/s/ Robert A. Huntsman,  
ATTORNEY OF RECORD FOR Appellees Oxygen Frog LLC and Scott D.  
Fleischman.

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## **RELIEF SOUGHT**

For its relief, the Appellees ask that the Panel Opinion and Remand be vacated and withdrawn, and that the judgment of § 103 Obviousness in the Court below be affirmed.

## **ARGUMENT**

During the trial in the Court below, a significant portion of the trial testimony was derived from video depositions of two fact witnesses that were edited and then shown at trial. Because the testimony was recorded, the Court below had opportunity to carefully review the testimony line-by-line before the testimony was presented to the jury. Despite the best efforts of Chief Judge Walker, a seasoned jurist exercising discretionary power granted under Fed. R. Evid. 403, the Panel concluded Judge Walker abused his discretionary power by not excluding allegedly prejudicial testimony. The verdict of the Court below was vacated, and the case was remanded for a new trial. The Panel requires that all testimony regarding obviousness is inherently expert testimony and thus is to be offered *only* by properly qualified Fed. R. Evid. 702 witnesses.

### **A. Review by the Federal Circuit *En Banc* Here is Both Necessary and Appropriate**

Review of the Panel's decision and opinion is appropriate for the following reasons:

- The Panel implicitly announces a new, rigid black letter rule excluding lay, personal testimony on any aspect of obviousness<sup>1</sup>. The new rule will have significant and substantial consequences to future patent litigation proceedings. If such a rigid and limiting evidentiary rule is indeed to be adopted by the Federal Circuit, it should be adopted after review by the entire body rather than a single panel.
- The Panel’s opinion is based on a clearly erroneous mischaracterization of the lay testimony in the Court below. Any evidentiary decision of this significance needs to be based on an accurate characterization of the actual evidence at issue in order for the Court below as well as other courts bound by the precedents of the Federal Circuit to clearly and correctly understand the line between proper and improper testimony during future trials.
- The Panel’s opinion facially conflicts with a number of Federal Rules of Evidence. A Federal Circuit evidentiary opinion of this significance needs exposition and analysis to demonstrate its congruence with the applicable Federal Rules of Evidence.
- The Panel’s opinion facially conflicts with both Supreme Court and Federal Circuit precedent. A Federal Circuit opinion of this significance needs

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<sup>1</sup> The Panel concluded “the district court abused its discretion by admitting lay witness testimony regarding obviousness”, implying a new rule that allowing any lay testimony regarding obviousness is always an abuse of discretion.

exposition and analysis to demonstrate its congruence with controlling precedents.

- The Panel’s opinion lacks any of the requisite harmless error analysis required by *United States v. Hands*, 184 F.3d 1322, 1329 (11th Cir. 2006).

### **B. The Panel Mischaracterized Lay Testimony**

Words matter. The Panel makes an improper “straw man” argument by recasting lay testimony into legal-sounding testimony and then criticizing its legal-sounding substitute testimony instead of the actual testimony proffered by the witnesses. The Opinion states that glass-blowing artisan Tyler Piebes opined that “it would be ‘obvious’ to modify a prior art system in a particular way that would match the claimed invention.” But that is simply not true:

*Question: “Did you think that modifying the Cornette system to support two circuits to be obvious?”*

*Answer: “Yes, I did.”* Opinion at 7.

Mr. Piebes said nothing about “prior art” or the “claimed invention” as the Panel suggests. He was simply opining about real-world systems he was personally familiar with, not the hypothetical world of legal experts. The distinction is critical to the Panel’s decision. If the lay witness was talking about “prior art” and “the claimed invention”, terminology of invalidity, then that would be an entirely different matter. But that is not what happened in this case. Just because the Panel



hears lay testimony “A” but then thinks of legal testimony “B”, it does not make “A” unfairly prejudicial. It simply identifies testimony “A” as appropriate, clear, and convincing relevant lay testimony. Compelling lay testimony, when properly weighed and evaluated during deliberations: (i) is likely to help the fact finder correctly decide a larger ultimate fact; and (ii) comports with both the intent and the purpose of Fed. R. Evid. 401, Fed. R. Evid. 403, and Rule 701.

The Panel Opinion does not even comment on the probative value of the excluded testimony. Rule 403 requires the Court to accurately weigh the probative value of the testimony, and the more probable the testimony, the less likely it is that the proffered testimony should be excluded as prejudicial. Judge Walker was well within his discretion to conclude that the probative value was extremely high and the danger of prejudice was extremely low.

According to the Panel: “Mr. Piebes’ testimony, which is directed to the conclusion of obviousness and its underlying technical questions, is the province of qualified experts, not lay witnesses. . . Mr. Piebes’ testimony was therefore inadmissible.”

Again, the Panel badly mischaracterizes the actual testimony. The testimony was directed towards a purely technical underlying fact as to whether or not it was obvious to Mr. Piebes, *from a layman’s perspective*, to add an off-the-shelf pressure switch to his system. Such testimony is *not* directed toward whether or

not the patents are ultimately invalid, it is directed instead towards the single underlying fact as to what was obvious for Mr. Piebes to try based on his own personal technical experience. The Court opinion language in the vein of “the testimony was directed to X” is imprecise and for that reason, misleading.

Directed by whom? Not by the witness. Classification of testimony as lay or expert is a function of the testimony itself<sup>2</sup>, and is not decided based on the purpose for which it is offered. Mr. Piebes could not possibly be directing his testimony at the invalidity of patents because he explicitly testified that he knows nothing about patent invalidity<sup>3</sup>. Testimony that leads the fact-finder to the ultimate question is the precise purpose of relevant testimony and a Court cannot properly exclude evidence on the grounds that the testimony was directed to “X” as articulated by counsel. This convoluted analysis is precisely why ultimate question analysis was abolished by Rule 704.

### **C. Excluded as Unreliable or Excluded as Confusing to the Jury?**

The Panel Opinion basis for excluding Mr. Piebes obviousness testimony appears to be a hybrid of reliability and confusion. The Panel complains that Mr. Piebes was not required to do a Rule 702 report<sup>4</sup> which suggests that the Panel

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<sup>2</sup> See Committee notes of Rule 701 (“[Rule 701 as amended] does not distinguish between expert and lay witnesses, but rather between expert and lay testimony.”)

<sup>3</sup> Appx636, Appx668

<sup>4</sup> Opinion at 8

concludes that all lay opinions regarding obviousness are unreliable. The Panel also characterized the testimony as “substantial prejudicial” which suggests it decided the testimony is unfairly prejudicial in a Rule 403 sense.. It is well within the province of the jury to decide the reliability of perception testimony under Fed R. Evid. 401 and Rule 701 based on personal perception rather than scientific training.

The Panel’s unwarranted recharacterization/mischaracterization of the actual words in the testimony matters. An accurate recharacterization is simply that Mr. Piebes testified it was obvious to him to modify a system he was personally familiar with to include a feature he personally taught in his YouTube video. This is important because the Panel’s reversal turns on the nature of the evidence given by Mr. Piebes and the Panel’s recharacterization. If left to stand, the mischaracterization by the Panel transforms Mr. Piebes testimony from testimony that is properly governed by Rule 701 into testimony possibly not governed by Rule 701.

**D. The Danger of Unfair Prejudice by Allowing A Jury to Hear the Word “Obvious” From a Lay Witness is Extremely Low**

The Panel’s concern, as best understood, is that upon hearing the word “obvious” from a lay witness, the jury will mistakenly apply the 35 U.S.C § 103 definition of obviousness instead of the lay definition. With all due respect, it appears that the Panel has it exactly backwards. While an attorney or the Panel

may envision § 103 connotations in reaction to the word “obvious”, if jury confusion was truly the concern, the reality is a lay jury is far more likely to be confused about the § 103 legal definition. Such hypothetical confusion is not resolved by excluding lay testimony, nor would it be resolved if the testimony comes from a Rule 702 expert as per the Panel’s opinion. The problem of a juror not fully understanding legal obviousness is inherent in every jury trial involving obviousness under § 103. Striking probative, relevant lay testimony on matters of obviousness is always unfair to the accused. On the other hand, allowing such testimony is not unfair simply because a jury might misunderstand it. Such hypothetical confused jurors are confused by the law, not the testimony.

It is for reasons such as this that Fed. R. Evid. 704 abolished the old “ultimate issue” rule that the Panel now is embracing. According to the advisory notes on Rule 704:

The rule was unduly restrictive, difficult of application, and generally served only to deprive the trier of fact of useful information. The basis usually assigned for the rule, to prevent the witness from “usurping the province of the jury,” is aptly characterized as “empty rhetoric.” Efforts to meet the felt needs of particular situations led to odd verbal circumlocutions which were said not to violate the rule.

The Panel’s opinion violates for the letter and the spirit of Rule 704 and, if adopted, will lead to the miscarriages of justice Rule 704 purposefully strives to avoid.

### **E. The Opinion Contains No “Harmless Error” Analysis**

Even where there is error, reversal is not automatic. Reversal is not warranted if the error had no substantial influence on the outcome and sufficient evidence error supports the verdict. *United States v. Hands*, 184 F.3d 1322, 1329 (11th Cir. 2006) (internal quotation marks omitted). ”We determine whether an error had substantial influence on the outcome by weighing the record as a whole, examining "the facts, the trial context of the error, and the prejudice create thereby as juxtaposed against the strength of the evidence . . .” *ibid.* at 1329.

Here, the record as a whole shows a strong obviousness case with on-point prior art references, testimony from the authors of the prior arts references, convincing trial testimony from the accused cited favorable by the Court below, and a jury verdict form indicating the jury evaluated the prior art itself in reaching its verdict with no evidence that the jury gave improper weight to Mr. Piebes’ testimony. The context of the error was Mr. Piebes articulately testifying from his own experiences using ”non-legalese” language familiar to the jury members. Any finding of “unfair prejudice” from Mr. Piebes’ testimony is speculative at best while the probative value of the evidence is not seriously disputed<sup>5</sup>. Under the

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<sup>5</sup> The visceral reaction to and attempts to discredit the evidence by counsel for the patent holder shows how probative they think the prior art evidence is. HVO attacked the authenticity of the references, attacked YouTube publication as an ineffective means of publications, located and cross examined the authors, and argued that non-written references, such as the Piebes video, do not count as prior

controlling statute<sup>6</sup>, reversal is not warranted without analysis showing that the error was not harmless.

“Even where there is error, however, reversal is not automatic. Reversal is not warranted ‘if the error had no substantial influence on the outcome and sufficient evidence error supports the verdict.’” *United States v. Hands* at 1329.

The verdict form<sup>7</sup> shows the jury’s decision was based on consideration of the prior art as a whole and on the total lack of non-obviousness factors. There is no evidence of record whatsoever that the verdict was based on confusion of witness testimony as the Panel suggests.

The jury found ZERO non-obvious factors despite HVO’s attempts at trial. An examination of the record shows that a retrial here, even without the disputed opinion, would in all likelihood produce the exact same result albeit at significant additional expense to both small, cost-conscious parties. The error, if an error at all, was certainly harmless error.

**F. The Error is at Most Harmless Because the Jury is NOT Authorized to Decide the Ultimate Question of Obviousness**

The jury’s decision on obviousness is only an advisory opinion because the Court, not the jury, decides the ultimate issue of obviousness. *KSR* at 427. After

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art because they were not “printed material”, all to no avail.

<sup>6</sup> 28 U.S.C. § 2111

<sup>7</sup> Appx027-028

the jury rendered its verdict, the Court did its own independent analysis and renders its own verdict of obviousness. Accordingly, even in the unlikely event that the jury was confused about the ultimate issue of obviousness, it would be moot. The Court properly relied on the jury's findings on the ultimate underlying factual issues of the content of the prior art, the scope of the patent, and the level of ordinary skill before rendering the Court's decision on the ultimate legal issue of obviousness under § 103.

Neither Mr. Piebes, the jury, or any witness, including the Rule 702 witnesses the Panel is embracing are authorized to decide legal obviousness. Even in the highly unlikely scenario that the jury was improperly confused by Mr. Piebes' testimony, the result is, at most, harmless error.

#### **G. The Panel's Decision Conflicts with Controlling Supreme Court Precedent**

The trial below should not be vacated because the Panel's opinion in this appeal is in direct conflict with the precedent of the United States Supreme Court, specifically *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 421 (2007). *KSR* demands that obviousness analysis be flexible and that rigid rules are to be avoided. The Panel's new rule that all testimonial obviousness evidence requires a Rule 702 expert, even lay factual percipient testimony and opinion, is far too rigid and goes too far. It fails to properly distinguish between the layman's use of the common word "obvious" and the statutory construction of the term "obvious" in

harmony with *KSR*. *KSR* specifically recognizes the lay use of the word “obvious” as distinct from the § 103 legal term “obvious” as a term of art<sup>8</sup> and authorizes a showing of “obvious<sup>9</sup> to try” as a legitimate defense. One very good, straightforward way for a party to establish whether a combination was “obvious to try” is to simply ask skilled artisans familiar with the elements if the combination was obvious to them. The fact-finder can then apply whatever weight it deems appropriate just as with any other factual testimony.

The Panel’s opinion is also in direct conflict with *Daubert v. Merrell Dow Pharmaceuticals, Inc*, 509 U.S. 579 (1993). *Daubert* makes it clear that the Federal Rules of Evidence are enforceable as statutory authority on Federal Court trial including the present case. According to *Daubert* (and Fed. R. Evid. 402) the presumption is all relevant testimony is admissible subjects to very specific exceptions. Under *Daubert*, the rules applicable to a particular piece of evidence is decided on a case-by-case basis, depending on the precise nature of the evidence. The new rule articulated by the Panel in this case rigidly and arbitrarily requires all lay testimony about any aspect of obviousness to be excluded, even testimony conforming to Rules 701 and 403<sup>10</sup>. Accordingly, the new rule seemingly created

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<sup>8</sup> *KSR* at 421 (“*the fact that a combination was obvious to try might show that it was obvious under § 103*”)

<sup>9</sup> “obvious” in the lay, factual sense

<sup>10</sup> The Panel apparently believes that a lay opinion about any aspect of obviousness in a patent case is always “unfairly prejudicial” and its danger always



ex nihilo by the Panel appears to be a significant exclusionary rule not authorized by any rule or statute.

The Opinion takes the view that the jury is very easily confused and is incapable of properly applying Judge Walker’s very clear limiting instruction and jury instructions. This contradicts the Supreme Court’s view of juries when it said “[With] regard [to the likelihood of a befuddled jury], the respondent seems to us to be overly pessimistic about the capabilities of the jury, and of the adversary system generally.” *Daubert* at 596.

#### **H. The Panel’s Exclusion of Non-Rule 702 Testimonial Contradicts Federal Circuit Precedent**

“As is or should be true with every performance of the judicial process, all relevant evidence on each dispositive issue must be fully considered and evaluated. When a patent is challenged on the ground that the claimed invention would have been obvious, *all evidence relevant to the obvious-nonobvious issue must be considered.*” *Chore-Time Equipment, Inc. v. Cumberland Corp.*, 713 F.2d 774, 695 (Fed. Cir. 1983)(emphasis added). “Once *all* relevant facts are found, the ultimate legal determination involves the weighing of the fact findings to conclude whether the claimed combination would have been obvious to an ordinary artisan.”

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outweighs its probative value and thus does not require a case-by-case evaluation under Rule 403. Alternatively, the Panel believes Rule 403 as written is inapplicable here. Either position is contrary to *Daubert*.

*Arctic Cat Inc. v. Bombardier Recreational Prods. Inc.*, 876 F.3d 1350, 1361 (Fed. Cir. 2017).

These two Federal Circuit precedents, particularly in light of the language of *KSR*, make it clear that obviousness inquiries require the consideration of ALL relevant obviousness evidence. The Panel's rigid exclusion of all relevant lay opinion testimony contradicts extensive precedent.

### **I. The Panel Misapplied *Sundance, Inc. v. Demonte***

The Panel adopts the position that its new rule is in harmony with *Sundance, Inc. v. Demonte Fabricating Ltd.*, 550 F.3d 1356, (Fed. Cir. 2008 ). *Sundance* stands for the proposition that an expert who is qualified as a patent expert cannot then testify as a validity expert unless he also has the appropriate technical credentials. *Sundance* is totally inapplicable to the present case because in the present case, the disputed witness did not hold himself out as an expert, nor was he ever qualified as a Rule 702 witness, nor was he ever expected to be a Rule 702 witness. It is legal error for the Panel to apply various provisions of Rule 702 to a lay witness and condemn his qualifications on Rule 702 grounds when he is fully qualified as, and testified as, a Rule 701 witness.

The Panel also engages in grave legal error to the extent it relies on *Sundance* for the proposition that *only* 702 experts can utter the word obvious when providing testimony. *Sundance* simply limits what a qualified expert may

testify to and it does not address or apply to testimony complaint with the Rules outside of Rule 702.

**J. The Panel's Reliance on *Railroad Dynamics, Inc. v. A. Stucki Co* is Misplaced**

The Panel relies on pre-KSR *Railroad Dynamics, Inc. v. A. Stucki Co.*, 727 F.2d 1506, (Fed. Cir. 1984) for the proposition that if the ultimate question of obviousness is submitted to a jury, the trial judge thereafter is not the ultimate decider of the issue. Judge Walker specifically stated: **This Court hereby explicitly clarifies that it independently reached a conclusion of obviousness.**"

<sup>11</sup> But the Panel challenges Judge Walker's clear and unambiguous ruling when it says "A district court's decision on a motion for judgment as a matter of law after a jury verdict of obviousness **is not an independent inquiry.**"<sup>12</sup> According to the panel, Judge Walker's action is tantamount to converting a jury trial into a bench trial. The Panel is wrong however, because the Court always was and is the ultimate arbiter of obviousness under § 103 and thus Judge Walker's actions was not a conversion; he properly performed his gatekeeper function. *KSR* makes it clear the jury's role is limited to the factual underpinnings and the Court from beginning to end is the ultimate decider of § 103 obviousness. Judge Walker's independent inquiry was not discretionary, it is mandatory and thus it cannot be an abuse of

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<sup>11</sup> Appx025 (emphasis added)

<sup>12</sup> Opinion at 7, fn. 1

discretion if a trial judge ends all doubt of jury confusion by exercising the Court's ultimate authority on a matter of law. The Court action for the Federal Circuit is to uphold the verdict of obviousness, consistent with the trial Court's explicit decision.

### CONCLUSION

The Panel fails to give the jury the respect and deference it deserves. The Panel fails to give Judge Walker the respect his explicit § 103 obviousness decision deserves. The Panel's new rule requiring all obviousness testimony to come from a Rule 702 witness is a substantial and unhealthy change in patent law. Rigidly restricting the word "obvious" to its statutory meaning as set forth in 35 U.S.C. §103 and outlawing its lay meaning in a patent trial contradicts the Rules and controlling precedent. Oxy requests that the Panel's reversal and remand be withdrawn. In any event, the subject matter herein is of sufficient importance and magnitude that whatever the Court decides on these matters should be ratified by the entire Federal Circuit. If the Panel's decision is upheld, the apparent contradiction of the Rules needs to be explained. If the decision to remand and conduct a retrial is upheld, then the trial Court needs more guidance as to what testimony will be allowed. Specifically, is *any* use of the word "obvious" always outlawed outside of testimony being offered by a witness qualified under Rule 702? Can reasonable substitutes for the word "obvious" be used? How is the Rule

702 guidance for experts to be applied for matters requiring ordinary, not expert skill?

For all these reasons a rehearing by the Federal Circuit *en banc* is respectfully requested.

Respectfully submitted,

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**RULE 35(e)(2)(G) ADDENDUM CONTAINING A COPY OF THE  
COURT'S OPINION**

The addendum following required by Federal Circuit Rule 35(e)(2)(G) has been attached to this document after the Proof of Service.

**CERTIFICATE OF COMPLIANCE WITH RULE 32(A)**

1. This brief complies with the word count limit of 3,999 words of Federal Circuit Rule 35(b)(2)(a). This brief contains 3578 words, excluding parts of the brief exempted by Federal Circuit Rule 35(c)(2).

2. This brief compiles with the typeface requirements of Federal Circuit Rule 28.1 and the type style requirements of Federal Rule of Appellate Procedure 32(a)(6). This brief has been prepared with a proportionally spaced typeface using Microsoft Word 360 in Times New Roman, pt. 14.

**RULE 25(b) PROOF OF SERVICE**

I certify that I served a copy on counsel of record on February 18, 2020 by Electronic Means (by E-mail or CM/ECF). Eighteen (18) paper copies required by Rule 35(c)(4) were or shortly hereafter will be hand-delivered to the clerk's office by a local courier.

Robert A. Huntsman  
Name of Counsel

/s/ Robert A. Huntsman  
Signature of Counsel

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**United States Court of Appeals  
for the Federal Circuit**

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**HVLPO2, LLC,**  
*Plaintiff-Appellant*

v.

**OXYGEN FROG, LLC, SCOTT D. FLEISCHMAN,**  
*Defendants-Appellees*

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2019-1649

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Appeal from the United States District Court for the Northern District of Florida in No. 4:16-cv-00336-MW-CAS, Judge Mark E. Walker.

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Decided: February 5, 2020

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MARTIN BRUCE SIPPLE, Ausley McMullen, Tallahassee, FL, argued for plaintiff-appellant. Also represented by ALEXANDRA AKRE; NICHOLAS R. GRENNAN, Suiter Swantz PC LLO, Omaha, NE.

ROBERT HUNTSMAN, Huntsman Law Group, PLLC, Aurora, CO, argued for defendants-appellees.

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Before NEWMAN, MOORE, and CHEN, *Circuit Judges*.

MOORE, *Circuit Judge*.

HVLPO2, LLC (HVO) sued Oxygen Frog, LLC and its CEO, Scott Fleischman (collectively, Oxygen Frog) in the Northern District of Florida for infringement of the claims of U.S. Patent Nos. 8,876,941 and 9,372,488. A jury concluded that claims 1 and 7 of both the '941 and '488 patents, the only claims tried, would have been obvious under 35 U.S.C. § 103. After the jury verdict, HVO moved for judgment as a matter of law that Oxygen Frog had failed to establish obviousness, or in the alternative, for a new trial based on the admission of lay opinion testimony on the issue of obviousness. The district court denied HVO's motion, and HVO appealed. Because the district court abused its discretion by admitting lay witness testimony regarding obviousness, we reverse and remand for a new trial.

#### BACKGROUND

The '941 and '488 patents share a specification and are directed to methods and devices for controlling an oxygen-generating system, which is used to sustain and manage airflow for torch glass artists who use surface mix glass torches. *See* '488 patent at 1:32–33. Claim 1 of the '488 patent is illustrative:

1. An apparatus for managing an oxygen generating system, the oxygen generating system configured for supplying a sustained flow of a gaseous mixture comprising mostly oxygen, the apparatus comprising:

a controller device configured to:

receive a first pressure signal associated with a first pressure;

determine the first pressure to be less than or equal to a startup threshold pressure, said first



pressure associated with a gaseous pressure of an oil-less tank;

send a signal to switch a first circuit on, said first circuit for providing electrical power to a bank of at least two oxygen generators;

send a signal to switch a second circuit on, said second circuit for providing electrical power to an oil-less air compressor;

receive a second pressure signal associated with a second pressure;

determine the second pressure to be greater than or equal to a shutoff threshold pressure, said second pressure associated with a gaseous pressure of the oil-less tank;

send a signal to switch the first circuit off; and

send a signal to switch the second circuit off.

The district court granted partial summary judgment, finding Oxygen Frog infringed claims 1 and 7 of both the '941 and '488 patents. The case then proceeded to a jury trial to assess, among other things, validity of those claims.

At trial, Oxygen Frog argued that the claims were obvious in view of a combination of two prior art references: the "Cornette reference," which is a post on a glass blowing internet forum depicting an oxygen system used for glass blowing, and the "Low Tide video," which is a video that was posted online by Tyler Piebes, a glass blowing artist. Mr. Piebes was not qualified as an expert witness, but did provide deposition testimony as a fact witness, most of

which was played at trial before the jury. HVO objected to Mr. Piebes' testimony regarding obviousness as improper expert opinion testimony. J.A. 100–02. The district court recognized that HVO was objecting to Mr. Piebes offering an opinion on obviousness. In fact, the district court quoted one of the questions and answers which was specifically objected to:

Question: “Did you think that modifying the Cornette system to support two circuits to be obvious?”

Answer: “Yes, I did.”

J.A. 100. The district court overruled the objection, and instead gave the jury a limiting instruction prior to playing Mr. Piebes' deposition testimony. J.A. 102. The district court's limiting instruction instructed the jury that “a witness such as Mr. Piebes certainly can offer his observations and explain to you how a system works and what he thinks would occur to him from his perspective would or would not be obvious.” S.A. 818. It further instructed the jury that such testimony is “not the ultimate question” of obviousness and that it was up to the jury to decide obviousness. *Id.* Mr. Piebes' testimony was then played for the jury, including his testimony about what he would have considered obvious. J.A. 704, 708–09.

After trial, the jury entered a verdict that claims 1 and 7 of the '488 and '941 patents would have been obvious to a person of ordinary skill in the art. HVO filed a motion for judgment as a matter of law, or in the alternative, for a new trial, which the district court denied. HVO appeals. We have jurisdiction pursuant to 28 U.S.C. § 1295(a)(1).

#### DISCUSSION

We first consider the district court's denial of HVO's motion for a new trial. The denial of a new trial is reviewed under regional circuit law. *Wordtech Sys., Inc. v. Integrated Networks Sols., Inc.*, 609 F.3d 1308, 1312 (Fed. Cir. 2010). In the Eleventh Circuit, a decision on a motion for

a new trial is reviewed for an abuse of discretion. *Williams v. City of Valdosta*, 689 F.2d 964, 974 (11th Cir. 1982).

The district court rejected HVO's argument that a new trial was warranted based on Mr. Piebes' deposition testimony regarding obviousness. The district court held that it was not an error to admit such testimony. J.A. 23. And it determined that Mr. Piebes' testimony did not substantially prejudice HVO, especially in light of its limiting instruction to the jury. *Id.* Under the circumstances here, that determination was plainly wrong; the district court's limiting instruction was insufficient to cure the substantial prejudice caused by Mr. Piebes' testimony. Thus, the district court abused its discretion by denying the motion for a new trial.

Admission of Mr. Piebes' testimony opining that it would be "obvious" to modify a prior art system in a particular way that would match the claimed invention was improper. Federal Rule of Evidence 702 provides that:

A witness who is qualified as an expert by knowledge, skill, experience, training, or education may testify in the form of an opinion or otherwise if:

(a) the expert's scientific, technical, or other specialized knowledge will help the trier of fact to understand the evidence or to determine a fact in issue; . . .

This precisely describes testimony which would pertain to an obviousness invalidity challenge in a patent trial. It is often helpful to have a technical expert explain for example, the scope of the prior art or motivations for combining various components. Obviousness and each of its underlying components are analyzed from the perspective of a person of skill in the art. *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 420 (2007). Issues of infringement and validity "are analyzed in great part from the perspective of a person

of ordinary skill in the art,” such that a witness who is “not ‘qualified as an expert by knowledge, skill, experience, training, or education’ in the pertinent art . . . [cannot] ‘assist the trier of fact to understand the evidence or to determine a fact in issue.’” *Sundance, Inc. v. DeMonte Fabricating Ltd.*, 550 F.3d 1356, 1361–62 (Fed. Cir. 2008) (quoting Fed. R. Evid. 702). Thus, “it is an abuse of discretion to permit a witness to testify as an expert on the issues of noninfringement or invalidity unless that witness is qualified as an expert in the pertinent art.” *Id.* at 1363. The prohibition of unqualified witness testimony extends to the ultimate conclusions of infringement and validity as well as to the underlying technical questions. “[A] witness not qualified in the pertinent art [may not] testify as an expert on obviousness, or any of the underlying technical questions, such as the nature of the claimed invention, the scope and content of the prior art, the differences between the claimed invention and the prior art, or the motivation of one of ordinary skill in the art to combine these references to achieve the claimed invention.” *Id.* at 1364 (footnote omitted).

The Federal Rules of Evidence and those of Civil Procedure carefully govern expert testimony. Federal Rule of Civil Procedure 26 requires for example that experts be disclosed to the opposing party along with a written report which contains all opinions of the expert, the reasons and bases for those opinions, and all facts relied upon in the formation of the opinion. Fed. R. Civ. P. 26(a)(2). HVO was not provided with any such disclosure of Mr. Piebes. Oxygen Frog argues that it did not have to comply with the Rules regarding experts because Mr. Piebes was not proffered as an expert. Oxygen Frog argues that Mr. Piebes’ testimony was lay testimony regarding Mr. Piebes’ perception and experience. According to Oxygen Frog a lay witness should be permitted to testify that modifying one of the prior art references to include additional claimed features would have been obvious. We do not agree, because

Mr. Piebes' opinion testimony was directed to the central legal and technical question at trial: whether HVO's asserted patent claims were invalid for obviousness. This testimony from Mr. Piebes is thus in the clear purview of experts and lay witness testimony on such issues does not comply with the Federal Rules of Evidence or Civil Procedure.

Mr. Piebes' testimony, which is directed to the conclusion of obviousness and its underlying technical questions, is the province of qualified experts, not lay witnesses. *See, e.g.*, J.A. 704 (“Q. Did you think that modifying the Cornette system to support two circuits to be obvious? A. Yes, I did.”); J.A. 708 (“Q. So would you consider it obvious if you have a pressure switch with instructions, a two pole pressure switch with instructions to wire it to turn on and off two circuits? A. Yes.”). Mr. Piebes' testimony was therefore inadmissible.

Oxygen Frog also argues that, to the extent admitting Mr. Piebes' testimony was improper, the error was harmless and the district court cured any prejudicial effect by providing a limiting jury instruction.<sup>1</sup> We do not agree. In the Eleventh Circuit, evidentiary errors require a new trial

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<sup>1</sup> Oxygen Frog also argues that any error associated with the admission of Mr. Piebes' testimony was harmless “because the jury did not decide the ultimate issue of obviousness and invalidity . . . [and any] prejudice was cured by the Court because the Court made its own independent analysis of obvious[ness].” Appellees' Br. at 33–34. Although the issue of obviousness is a legal one, it is an issue that may be properly submitted to, and decided by a jury. *See R.R. Dynamics, Inc. v. A. Stucki Co.*, 727 F.2d 1506, 1515 (Fed. Cir. 1984). A district court's decision on a motion for judgment as a matter of law after a jury verdict of obviousness is not an independent inquiry. It does not convert the jury verdict into a bench trial.

“where the error has caused substantial prejudice to the affected party (or . . . affected the party’s ‘substantial rights’ or resulted in ‘substantial injustice’).” *Peat, Inc. v. Vanguard Research, Inc.*, 378 F.3d 1154, 1162 (11th Cir. 2004). Here, the jury returned a verdict that claims 1 and 7 of both the ’941 and ’488 patents would have been obvious to a person of ordinary skill in the art. There is no way to know whether Mr. Piebes’ improper testimony provided some or all of the basis for the jury’s decision. Not only did the district court’s admission of Mr. Piebes’ improper testimony deprive HVO of its right to have the question of obviousness decided based on admissible, qualified expert testimony, it prejudiced HVO by not affording it the appropriate procedures for testing such testimony. *See, e.g.*, Fed. R. Civ. P. 26 (a)(2), (e). Those opinions are also subject to challenge under *Daubert v. Merrell Dow Pharm., Inc.*, 509 U.S. 579 (1993). Because expert testimony on ultimate issues carries with it the potential to significantly impact a jury’s decision, “the expert witness discovery rules are designed to allow both sides in a case to prepare their cases adequately and to prevent surprise.” *Reese v. Herbert*, 527 F.3d 1253, 1266 (11th Cir. 2008). Mr. Piebes was not disclosed as an expert, and his testimony as to obviousness was not disclosed pursuant to expert discovery rules. Thus, HVO was significantly prejudiced by the testimony on the ultimate question of obviousness, which should only have been given by a qualified expert witness, with the expert discovery necessary to prepare its case and ensure the reliability and relevance of the testimony. This is not harmless error.

Although it may be possible for the district court to cure inadmissible testimony by, for example, instructing the jury to disregard it, the limiting instruction in this case was no cure. The district court cautioned the jury before the deposition was played:

[Y]ou will decide as the fact-finder whether or not it was or was not obvious. Just because somebody

uses a word “obvious” when they testify, does not mean that they are making the decision or it’s up to them to make the decision. And so I want to reiterate that that’s a conclusion, decision that you will have to make one way or the other when you retire to begin your deliberations. With that said, a witness such as Mr. Piebes certainly can . . . explain to you . . . what he thinks would occur to him from his perspective would or would not be obvious.

S.A. 818. That instruction, however, improperly permits the jury to consider Mr. Piebes’ testimony as evidence of obviousness and its underlying technical questions. In fact, this instruction—that it is for the jury, not a witness, to decide obviousness—is no different than an instruction for how a jury should consider *expert testimony*. Rather than ensure that the jury did not rely on Mr. Piebes’ unqualified testimony regarding the issue of obviousness, the district court’s instruction instead suggested that the jury may consider and weigh Mr. Piebes’ testimony as to what he considered obvious. Admission of that testimony substantially prejudiced the outcome of the case. The error was not harmless and a new trial is necessary to correct it. Accordingly, the district court abused its discretion by admitting Mr. Piebes’ testimony on the issue of obviousness and by denying HVO’s motion for a new trial.

Having determined that the district court abused its discretion by denying HVO’s motion for a new trial, and that a new trial is necessary, we need not reach the other issues presented on appeal.

#### CONCLUSION

Because the district court abused its discretion by admitting lay witness testimony regarding obviousness, we reverse and remand for a new trial.

**REVERSED AND REMANDED**