

NOTE: This disposition is nonprecedential.

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

**LIQUIDPOWER SPECIALTY PRODUCTS INC., FKA
LUBRIZOL SPECIALTY PRODUCTS, INC.,**
Appellant

v.

**BAKER HUGHES, A GE COMPANY, LLC, FKA
BAKER HUGHES INCORPORATED,**
Appellee

2019-1838, 2019-1839, 2019-1840

Appeals from the United States Patent and Trademark
Office, Patent Trial and Appeal Board in Nos. IPR2016-
01901, IPR2016-01903, IPR2016-01905.

Decided: June 17, 2020

EDWARD R. REINES, Weil, Gotshal & Manges LLP, Red-
wood Shores, CA, for appellant. Also represented by
AMANDA BRANCH; RICHARD EISZNER, MELISSA LARUE
HOTZE, DOUGLAS WAYNE MCCLELLAN, Houston, TX;
ELIZABETH WEISWASSER, New York, NY.

HERBERT D. HART, III, McAndrews, Held & Malloy,

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Ltd., Chicago, IL, for appellee. Also represented by AARON BARKOFF, PETER LISH, BEN MAHON, GEORGE WHEELER.

Before PROST, *Chief Judge*, MAYER and LOURIE, *Circuit Judges*.

PROST, *Chief Judge*.

For reasons analogous to those expressed in *LiquidPower Specialty Products Inc. v. Baker Hughes*, 749 F. App'x 965 (Fed. Cir. 2018) ("*LiquidPower 2018*"), we conclude that the Patent Trial and Appeal Board ("Board") erred by reaching its obviousness conclusion without considering the evidence of secondary considerations proffered by LiquidPower Specialty Products Inc. ("LSPI").¹ Accordingly, we vacate the Board's obviousness determination and remand for further proceedings.

Baker Hughes concedes that the Board's "treatment of nexus [in this case] was substantially identical" to such treatment in *LiquidPower 2018*. Appellee's Br. 6. Baker Hughes argues, however, that any error in this case was

¹ Like in *LiquidPower 2018*, "we need not determine whether the presumption [of nexus] applies because there was extensive direct evidence of nexus and arguments related thereto presented by LSPI." *LiquidPower 2018*, 749 F. App'x at 968. We acknowledge that some of the objective evidence—such as the evidence of commercial success of LSPI's drag reducing agent—relates to a drag reducing agent *product*, while the claims recite *methods* for introducing a drag reducing agent into a pipeline. However, in appropriate circumstances, patentees can prove, through direct evidence, a nexus between a method claim and a product. For reasons analogous to those discussed in *LiquidPower 2018*, we conclude that those circumstances are met here. *See id.* at 968–69.

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harmless because, unlike in *LiquidPower 2018*, here the “Board explicitly rejected LSPI’s ‘conventional wisdom’ argument which forms the basis for much, if not all, of LSPI’s objective evidence.” *Id.* at 7. Specifically, the Board rejected LSPI’s argument that, at the time of invention, “[t]he prevailing wisdom of a person of ordinary skill” was that “drag reducing agents (DRAs) were not effective in heavy crude oil.” Appellant’s Br. 3; *see also Baker Hughes v. LiquidPower Specialty Prods. Inc.*, No. IPR2016-01901, Paper 65, at 25–27 (PTAB Apr. 4, 2018) (“*Final Written Decision*”). The Board instead concluded that LSPI’s “evidence indicates that drag reduction with traditional DRAs was not particularly efficient, but extant.” *See, e.g., Final Written Decision*, at 25–27.

We disagree with Baker Hughes that this finding by the Board obviates any need to vacate and remand for further proceedings. Although we agree with Baker Hughes that the Board’s finding might cut against the persuasive force of LSPI’s evidence of secondary considerations, the applicability of this finding is for the Board to consider in the first instance.

The parties dispute the appropriate scope of the remand. As an initial matter, we agree with LSPI that all relevant evidence must be considered before any legal conclusion of obviousness can be reached. *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1538 (Fed. Cir. 1983). And we agree with LSPI that the burden of persuasion on the ultimate question of obviousness remains at all times with the patent challenger. *Id.* at 1534.

LSPI additionally contends that we should instruct the Board to revisit “all facets of the obviousness inquiry,” including without limitation the Board’s analysis on whether there was a motivation to combine, whether there was a reasonable expectation of success, whether the proposed combination is based on hindsight, and whether LSPI’s invention yielded a predictable result. Appellant’s Br. 59.

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Baker Hughes counters that any remand should be limited to “weighing the objective indicia evidence.” Appellee’s Br. 57. We agree with Baker Hughes.

VACATED AND REMANDED

COSTS

Costs to appellant.