

Appeal Nos. 2019-1838, -1839, -1840

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.

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

**APPELLANT'S COMBINED PETITION FOR REHEARING AND
REHEARING *EN BANC***

Elizabeth S. Weiswasser
WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, NY 10153
(212) 310-8000
elizabeth.weiswasser@weil.com

Douglas W. McClellan
Melissa L. Hotze
Weil, Gotshal & Manges LLP
700 Louisiana, Suite 1700
Houston, TX 77002
(713) 546-5000
douglas.mcclellan@weil.com
melissa.hotze@weil.com

Edward R. Reines
Amanda Branch
WEIL, GOTSHAL & MANGES LLP
201 Redwood Shores Parkway
Redwood Shores, CA 94065
(650) 802-3000
edward.reines@weil.com
amanda.branch@weil.com

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

CERTIFICATE OF INTEREST

Case Number 2019-1838, -1839, -1840
Short Case Caption LiquidPower Specialty Products v. Baker Hughes, a GE Company
Filing Party/Entity LiquidPower Specialty Products Inc.

Instructions: Complete each section of the form. In answering items 2 and 3, be specific as to which represented entities the answers apply; lack of specificity may result in non-compliance. **Please enter only one item per box; attach additional pages as needed and check the relevant box.** Counsel must immediately file an amended Certificate of Interest if information changes. Fed. Cir. R. 47.4(b).

I certify the following information and any attached sheets are accurate and complete to the best of my knowledge.

Date: 07/31/2020

Signature: /s/ Edward R. Reines

Name: Edward R. Reines

<p>1. Represented Entities. Fed. Cir. R. 47.4(a)(1).</p>	<p>2. Real Party in Interest. Fed. Cir. R. 47.4(a)(2).</p>	<p>3. Parent Corporations and Stockholders. Fed. Cir. R. 47.4(a)(3).</p>
<p>Provide the full names of all entities represented by undersigned counsel in this case.</p>	<p>Provide the full names of all real parties in interest for the entities. Do not list the real parties if they are the same as the entities.</p>	<p>Provide the full names of all parent corporations for the entities and all publicly held companies that own 10% or more stock in the entities.</p>
<p><input type="checkbox"/> None/Not Applicable</p>	<p><input checked="" type="checkbox"/> None/Not Applicable</p>	<p><input type="checkbox"/> None/Not Applicable</p>
<p>LiquidPower Specialty Products Inc.</p>		<p>Berkshire Hathaway, Inc.</p>

Additional pages attached

4. Legal Representatives. List all law firms, partners, and associates that (a) appeared for the entities in the originating court or agency or (b) are expected to appear in this court for the entities. Do not include those who have already entered an appearance in this court. Fed. Cir. R. 47.4(a)(4).

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5. Related Cases. Provide the case titles and numbers of any case known to be pending in this court or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal. Do not include the originating case number(s) for this case. Fed. Cir. R. 47.4(a)(5). See also Fed. Cir. R. 47.5(b).

None/Not Applicable Additional pages attached

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LiquidPower Specialty Products Inc. v. Baker Hughes, a GE Company, Docket No. 19-1840 (Fed. Cir.).	LiquidPower Specialty Products Inc. v. Baker Hughes, a GE Company, Docket No. 20-2001 (Fed. Cir.).	LiquidPower Specialty Products Inc. v. Baker Hughes, a GE Company, Docket No. 18-1141 (Fed. Cir.).

6. Organizational Victims and Bankruptcy Cases. Provide any information required under Fed. R. App. P. 26.1(b) (organizational victims in criminal cases) and 26.1(c) (bankruptcy case debtors and trustees). Fed. Cir. R. 47.4(a)(6).

None/Not Applicable Additional pages attached

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TABLE OF ABBREVIATIONS AND CONVENTIONS

LiquidPower	LiquidPower Specialty Products Inc.
Baker	Baker Hughes, a GE Company, LLC
APA	Administrative Procedure Act
Board	Patent Trial and Appeal Board
'118 Patent	U.S. Patent Nos. 8,022,118
'249 Patent	U.S. Patent No. 8,450,249
'250 Patent	U.S. Patent No. 8,450,250
'498 Patent	U.S. Patent No. 8,426,498

STATEMENT OF COUNSEL

Based on my professional judgment, I believe the Panel decision is contrary to the following decisions: *Graham v. John Deere Co.*, 383 U.S. 1 (1966); *Nike, Inc. v. Adidas AG*, 812 F.3d 1326 (Fed. Cir. 2016); *In re Cyclo-benzaprine Hydrochloride Extended-Release Capsule Patent Litig.*, 676 F.3d 1063 (Fed. Cir. 2012); *In re Rinehart*, 531 F.2d 1048, 1052 (CCPA 1976).

Based on my professional judgment, I believe this appeal requires an answer to the following precedent-setting question of exceptional importance:

Whether objective evidence of nonobviousness may be considered when deciding key obviousness questions such as whether a skilled artisan would have motivation to combine prior art references with a reasonable expectation of success, whether that combination is based on hindsight, and whether the results would be predictable.

Dated: July 31, 2020

/s/ Edward R. Reines

Counsel of Record for Appellant

INTRODUCTION

This case is an ideal vehicle for addressing the recurring—and vexing—question of the proper role of objective evidence in the obviousness analysis. The record is loaded with objective evidence of nonobviousness, including long-felt need, failure of others, industry skepticism, unexpected results, industry praise, commercial success, copying, and industry acquiescence. Nonetheless, the Patent Trial and Appeal Board refused even to consider that evidence and invalidated the patents at suit.

On appeal, the Panel correctly vacated the Board’s decision, holding that the Board erred by ignoring the objective evidence. But the Panel issued an unusual—and deeply flawed—remand order: It prohibited the Board on remand from using the objective evidence to revisit its prior findings 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 [the] invention yielded a predictable result.” Op. 3. Instead, it restricted the Board only to “weighing” the objective evidence against its prior findings. *Id.* at 4.

The Panel’s order thus embodies an extreme version of the “knock-down” or “rebuttal” approach to objective evidence, in which it is used only

to determine whether its weight overrides the so-called “*prima facie* case” of obviousness. There is a longstanding divide at this Court about whether that approach is correct, or whether objective evidence instead must be considered when addressing other key elements of the obviousness analysis, including motivation to combine, expectation of success, predictable results, and hindsight. See *Merck Sharp & Dohme Corp. v. Hospira, Inc.*, 874 F.3d 724, 731 (Fed. Cir. 2017) (Newman, J., dissenting) (“It is time to remedy our inconsistent treatment of the procedures and burdens in applying the evidentiary factors of obviousness[.]”); *Intercontinental Great Brands LLC v. Kellogg N. Am. Co.*, 869 F.3d 1336, 1353, 1356 (Fed. Cir. 2017) (Reyna, J., dissenting in part) (noting “mixed message coming from [this] court” on this matter of “grave” concern).

The “knockdown” approach is wrong and improperly devalues objective evidence. As the Supreme Court has explained, objective evidence “guard[s] against slipping into use of hindsight” and helps “resist the temptation to read into the prior art the teachings of the invention.” *Graham v. John Deere Co.*, 383 U.S. 1, 36 (1966) (citation omitted). But if the Board does not consider objective evidence until after it has already cemented its conclusions about the teachings of the prior art, the

motivation to combine, what to expect from combining them, and whether the combination is based on hindsight, then hindsight can distort all of those findings before objective evidence even comes into play. As Chief Judge Markey put it, “[a]n earlier decision should not ... be considered as set in concrete, and applicant’s rebuttal evidence then be evaluated only on its knockdown ability.” *In re Rinehart*, 531 F.2d 1048, 1052 (CCPA 1976).

This case vividly illustrates the point. For example, if it were true that a skilled artisan would be motivated to combine prior art references and expect success with predictable results, why would Appellee Baker Hughes, a GE Company, LLC (Baker) have failed for so long to do so and instead believed that “none of the existing technologies work”? Appx7383. And when Appellant LiquidPower Specialty Products Inc. (LiquidPower) introduced its embodying product, why would Baker scientists have been skeptical of it as a mere “marketing effort,” before being so surprised by its performance that they described it as “pretty scary” and remarked that they had “no predictive capability in this area”? Appx7332, Appx7433, Appx7439. The answer is that the Board’s prior findings are distorted by hindsight. The limited remand nonetheless shields those findings from reconsideration and thereby relegates objective evidence to an improperly

limited role. Indeed, no precedent of this Court has gone so far as to prohibit the decisionmaker from considering objective evidence when deciding “whether the proposed combination is based on hindsight.” Op. 3. Under *Graham*, that is the primary role of objective evidence.

The Panel’s approach also conflicts with ordinary principles of administrative law. Congress tasked the Board with deciding whether a patent should be revoked as obvious; this Court’s task is to review that decision under the Administrative Procedure Act (APA), 5 U.S.C. 706. See *Dickinson v. Zurko*, 527 U.S. 150, 152 (1999). Because the Board erred in overlooking relevant evidence, the ordinary approach under administrative law is to remand to the Board to “deal with the problem afresh, performing the function delegated to it by Congress.” *SEC v. Chenery Corp.*, 332 U.S. 194, 201 (1947). The Panel here, however, imposed an artificial constraint on the Board’s authority that permits it to reconsider only part of the picture. The Panel should either grant rehearing to eliminate those constraints, or the Court should grant en banc review to clarify that objective evidence is relevant to all facets of the obviousness inquiry and allow the Board to reconsider obviousness afresh.

STATEMENT OF THE CASE

1. Oil powers much of the American economy, and most oil is shipped via pipeline. Heavy crude oils are notoriously difficult to transport by pipeline, however, because friction or “drag” results from the resistance between the fluid and the pipeline wall. LiquidPower’s patents-in-suit¹ are for methods that revolutionized the transport of heavy, asphaltenic crude oils in pipelines by successfully using a new generation of “drag reducing polymers.” They claim methods for injecting drag-reducing polymers that include heteroatoms into a pipeline carrying heavy, asphaltenic crude oil to achieve unexpected success in reducing drag. The embodying product, ExtremePower®, was “recognized in the industry as a pioneering technological breakthrough.” *LiquidPower Specialty Prods. Inc. v. Baker Hughes, a GE Company LLC*, 749 F. App’x 965, 968 (Fed. Cir. 2018).

2. Baker markets a copycat product. LiquidPower sued Baker and several affiliates for infringement and Baker responded by petitioning the Board to initiate *inter partes* reviews of the patents, which it did. Before the Board, LiquidPower introduced extensive objective evidence of

¹ The patents-in-suit are U.S. Patent Nos. 8,022,118 (the ’118 Patent), 8,426,498 (the ’498 Patent), 8,450,249 (the ’249 Patent), and 8,450,250 (the ’250 Patent). This appeal involves the ’498, ’249, and ’250 Patents.

nonobviousness. Among other things, LiquidPower introduced evidence of long-felt need to improve transportation of heavy crude via pipeline, as the industry used diluent and other undesirable measures because skilled artisans believed that “current [drag-reducing agent] technology does not work effectively with heavy oil.” Appx7180, Appx7191. Baker and others had long tried but failed to solve the problem. *E.g.*, Appx7383 (Baker admitting that its “[drag-reducing agent] product line has been around for a while, but none of the existing technologies work in heavy crude”).

When LiquidPower introduced ExtremePower[®], Baker’s experts were skeptical, deriding it as “mainly a marketing effort.” Appx7433. But when they tested ExtremePower[®], its efficacy stunned Baker. Appx7439 (Baker describing results as “pretty scary, and I mean it”); see Appx7332 (lead scientist remarking “we have no predictive capability in this area”).

LiquidPower introduced evidence of commercial success. Appx7387-7388 (Baker recognizing that LiquidPower’s product was “the only [drag-reducing agent] capable of providing drag reduction in heavy crudes” and “command[ed] very high margins.”). Facing customer demand, Baker again tried to create a substitute—and again failed, with its attempt ending in “catalyst poisoning.” Appx7423, Appx7421. Baker then resorted

to outright copying, introducing an infringing product that it touted as a technological advancement. See Appx7805.

After LiquidPower introduced ExtremePower[®], another competitor (Flowchem) similarly introduced a knock-off. LiquidPower sued Flowchem for infringement, and Flowchem responded by stipulating to the patent-in-suits' validity, withdrawing its product from the market, and accepting an injunction. Appx7700-7701, Appx7703. Such industry acquiescence is difficult to square with the view that LiquidPower's patents were obvious.

Without considering the evidence summarized above, the Board invalidated Claims 1-5 of the '249 Patent, Claim 3 of the '498 Patent, and Claims 1-9 of the '250 Patent. Appx44, Appx136, Appx229-230. The Board concluded that LiquidPower was "not entitled to a presumption of nexus," Appx38, Appx130, Appx223-224, without addressing the nexus evidence that did not depend on presumptions.

The Panel vacated and remanded, holding that the Board erred by refusing to consider the objective evidence. Op. 2. The Panel found this case materially identical to *LiquidPower*, which vacated a similar Board decision involving related patents. *Id.* The Panel rejected LiquidPower's argument, however, that the remand should encompass "all facets of the

obviousness inquiry,” including “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 [the] invention yielded a predictable result.” Op. 3. The Panel limited the remand to “weighing the objective indicia evidence,” Op. 4, as the prior panel had similarly directed in *LiquidPower*.

ARGUMENT

This Court should grant rehearing en banc to answer a critical question at the heart of patent law: Is objective evidence to be considered separately from the other facets of the obviousness inquiry, merely to decide whether it outweighs a *prima facie* showing of obviousness? Or must “all” the evidence of obviousness “be considered collectively,” including objective evidence, *In re Cyclobenzaprine Hydrochloride Extended-Release Capsule Patent Litig.*, 676 F.3d 1063, 1078 (Fed. Cir. 2012), because it can shed light on whether there is a motivation to combine with reasonable expectation of success, whether hindsight is being used, and what is reasonably predictable, among other facets of the obviousness inquiry?

There is a longstanding division of authority regarding the proper role of objective evidence, with some decisions endorsing the separate

“*prima facie*” approach, and others endorsing the intertwined “collective” approach. See *Merck*, 874 F.3d at 732-734 (Newman, J., dissenting) (collecting cases). This is an ideal vehicle for resolving that dispute because the Board’s order embodies an extreme version of the *prima facie* approach: The Panel prohibited the Board from using the extensive objective evidence to reevaluate whether there is a motivation to combine with a reasonable expectation of success, and allowed the Board only to “weigh[] the objective indicia evidence” against those *prima facie* findings. Op 3-4. This case thus squarely presents the question of whether that understanding of objective evidence—as relevant only to outweigh or knock down the Board’s *prima facie* result—is consistent with the Patent Act. It is not.

Indeed, that approach makes little sense. What evidence better illustrates that a skilled artisan would not reasonably expect success than evidence that Baker’s scientists were so surprised by LiquidPower’s success that they described it as “pretty scary” and admitted they had “no predictive capability in this area”? Appx7332, Appx7433, Appx7439. The whole point of objective evidence like that is to show what skilled artisans actually expected at the time, without the benefit of 20/20 hindsight. It is thus improper to prevent the Board from using that evidence to reevaluate

its prior findings, and instead relegating objective evidence to a mere knock-down role. At a minimum, the Panel should grant rehearing to eliminate the artificial constraints on the remand.

I. The En Banc Court Should Decide Whether Objective Evidence Must Be Considered Collectively With, Or Separately From, Other Evidence of Obviousness

A. There Is A Longstanding Division Of Authority On This Question

“The nonobviousness requirement of Section 103 is the most important and most litigated of the conditions of patentability.” 2 Donald S. Chisum, *Chisum on Patents* § 5.06 (2020). And this Court’s decisions embody conflicting approaches to a central question in that inquiry: Is objective evidence distinct from the rest of the obviousness inquiry and considered only to determine whether it outweighs, knocks down, or rebuts a *prima facie* case of obviousness? Or does all evidence of obviousness need to be considered collectively, with objective evidence shedding light on the other facets of the inquiry, including whether there was a motivation to combine or a reasonable expectation of success, whether the results are predictable, and whether the combination is based on hindsight?

Several judges of this Court have recognized that this Court’s decisions are inconsistent as to the proper role of objective evidence. See

Intercontinental Great Brands, 869 F.3d at 1356 (Reyna, J., dissenting in part) (summarizing “mixed messages” on the issue); *Merck*, 874 F.3d at 731 (Newman, J., dissenting) (summarizing “inconsistent treatment of the procedures and burdens in applying the evidentiary factors of obviousness”); *id.* at 732-734 (collecting cases); see also *ZUP, LLC v. Nash Mfg., Inc.*, 896 F.3d 1365, 1380 (Fed. Cir. 2018) (Newman, J., dissenting).

For example, in *Cyclobenzaprine*, this Court explained that some panels “have spoken of the obviousness analysis in terms of a ‘*prima facie*’ case which must then be ‘rebutted’ by the patentee.” *Id.* at 1076. The panel found that approach to be contrary to the Supreme Court’s view that “all evidence relevant to obviousness” must “be considered collectively.” *Id.* at 1078. Similarly, in *Nike, Inc. v. Adidas AG*, 812 F.3d 1326 (Fed. Cir. 2016), a panel directed the Board on remand “to examine Nike’s [objective] evidence and its impact, if any, on the Board’s analysis under the first three *Graham* factors.” *Id.* at 1340; see *Apple Inc. v. Int’l Trade Comm’n*, 725 F.3d 1356, 1365-1366 (Fed. Cir. 2013) (remand to reconsider prior art).

In particular, this Court has explained that objective evidence is relevant to “[w]hether a skilled artisan would be motivated to make a combination,” including “whether he would select particular references in

order to combine their elements.” *WBIP, LLC v. Kohler Co.*, 829 F.3d 1317, 1337 (Fed. Cir. 2016); *e.g.*, *In re Cyclobenzaprine*, 676 F.3d at 1081-1082 (Fed. Cir. 2012). And the court has observed that “there can be little better evidence negating an expectation of success than actual reports of failure.” *Boehringer Ingelheim Vetmedica, Inc. v. Schering-Plough Corp.*, 320 F.3d 1339, 1354 (Fed. Cir. 2003).

By contrast, other panels have followed a “knockdown” *prima facie* approach. For example, in *Intercontinental Great Brands*, a panel rejected the contention that “objective indicia must be evaluated before drawing a conclusion about whether a reasonable jury could find that a relevant skilled artisan had a motivation to combine the prior art,” instead holding that it was sufficient merely to evaluate the objective evidence “before drawing the ultimate obviousness conclusion.” 869 F.3d at 1346. In *Transocean Offshore Deepwater Drilling, Inc. v. Maersk Drilling USA, Inc.*, 699 F.3d 1340 (Fed. Cir. 2012), a panel similarly affirmed that a jury’s role was to “weigh the strength of the *prima facie* case together with the objective evidence in order to reach a conclusion on the ultimate question of obviousness.” *Id.* at 1349. And this Court has repeatedly sustained district court determinations that “that the secondary consideration

evidence did not overcome the showing of obviousness based on the prior art.” *Cubist Pharm., Inc. v. Hospira, Inc.*, 805 F.3d 1112, 1130 (Fed. Cir. 2015); e.g., *Merck*, 874 F.3d at 732-733 (similar); *Wyers v. Master Lock Co.*, 616 F.3d 1231, 1246 (Fed. Cir. 2010) (similar).

B. The Panel’s Approach Devalues Objective Evidence

1. The Panel’s approach—under which objective evidence is merely weighed against *prima facie* findings—is wrong. The obviousness inquiry is not narrow and stovepiped, but “expansive,” “flexible,” and “broad.” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 407, 415 (2007). Objective evidence “guard[s] against slipping into use of hindsight” and “lend[s] a helping hand” by weakening or even negating factual inferences that might be drawn from looking at the prior art in a vacuum. *Graham*, 383 U.S. at 36. But if the decisionmaker does not look at objective evidence until after making the key findings and cannot revisit them, then objective evidence cannot fully serve its key role.

As this Court has explained, the Supreme Court’s precedents require that “all evidence relevant to obviousness or nonobviousness be considered, and be considered collectively.” *In re Cyclobenzaprine*, 676 F.3d at 1077-1078 (emphasis added). “The objective evidence of unobviousness is not

evaluated for its ‘separate knockdown ability’ against the ‘stonewall’ of the *prima facie* case,” but “considered together with all other evidence, in determining whether the invention as a whole would have been obvious.” *Applied Materials, Inc. v. Advanced Semiconductor Materials Am., Inc.*, 98 F.3d 1563, 1570 (Fed. Cir. 1996). As Chief Judge Markey put it when writing for an expanded five-judge panel:

An earlier decision should not, as it was here, be considered as set in concrete, and applicant’s rebuttal evidence then be evaluated only on its knockdown ability. Analytical fixation on an earlier decision can tend to provide that decision with an undeservedly broadened umbrella effect.

In re Rinehart, 531 F.2d at 1052.

In particular, objective evidence can shed light on “[w]hether a skilled artisan would be motivated to make a combination,” or whether she “would select particular references in order to combine their elements,” *WBIP*, 829 F.3d at 1337, or it can “negat[e] an expectation of success.” *Boehringer Ingelheim*, 320 F.3d at 1354; *e.g.*, *DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, 567 F.3d 1314, 1328-1329 (Fed. Cir. 2009). For example, the evidence that Baker failed for years in its efforts to develop a drag-reducing agent for heavy crudes—producing “catalyst poisoning” even after LiquidPower introduced ExtremePower®, Appx7423—undermines the

Board's finding that one could reasonably expect success by combining prior art references. But the Panel here prevented the Board from reconsidering that finding to fully take that evidence into account. The Panel even prohibited the Board from using objective evidence to revisit "whether the proposed combination is based on hindsight," Op. 3, in contravention of *Graham's* direction that objective evidence "guard[s] against slipping into use of hindsight." 383 U.S. at 36.

2. The constraints on the remand also conflict with ordinary principles of judicial review of agency decisionmaking under the APA. The APA governs review of Board decisions. *Dickinson*, 527 U.S. at 152; see *Oil States Energy Servs. LLC v. Greene's Energy Grp., LLC*, 138 S. Ct. 1365, 1372 (2018). Under the APA, "a court is not to substitute its judgment for that of the agency." *Dep't of Homeland Sec. v. Regents of the Univ. of California*, 140 S. Ct. 1891, 1905 (2020) (citation omitted). The court is "to assess only whether the decision was 'based on a consideration of the relevant factors and whether there has been a clear error of judgment.'" *Id.* (citation omitted). The reviewing court is "limited to considering whether the announced grounds for the agency decision comport with the applicable legal principles." *Port of Portland v. United States*, 408 U.S. 811, 842

(1972). “[T]he function of the reviewing court ends when an error of law is laid bare. At that point the matter once more goes to the [agency] for reconsideration.” *FPC v. Idaho Power Co.*, 344 U.S. 17, 20 (1952).

The Supreme Court has also emphasized the importance of maintaining agency primacy on remand. For example, in *Chenery*, the Supreme Court explained that “the [agency] was bound to deal with the problem afresh, performing the function delegated to it by Congress.” 332 U.S. at 201. “Only in that way could the legislative policies embodied in the Act be effectuated.” *Id.* And the Supreme Court recently reaffirmed the point in *Regents*, stating that, on remand, an agency may “‘deal with the problem afresh’ by taking *new* agency action” without being “‘limited to its prior reasons.’” 140 S. Ct. at 1908 (quoting *Chenery*, 332 U.S. at 201).

Congress tasked the Board (not the Court) with deciding whether to revoke a patent as obvious. See 35 U.S.C. 318. That is a single statutory term (“obvious”) subject to a single statutory inquiry. See 35 U.S.C. 103. Once the Panel “laid bare” the Board’s evidentiary error, the Panel’s function “end[ed],” *Idaho Power Co.*, 344 U.S. at 20, and the matter should have returned to the Board to “deal with the problem afresh,” *Chenery*, 332 U.S. at 201, without being “‘limited to its prior reasons,” *Regents*, 140 S. Ct.

at 1908. The Panel, however, prohibited the Board from even reconsidering whether there was a motivation to combine or a likelihood of success in light of the objective evidence. The Panel thus improperly removed from the Board part of the authority that Congress delegated to it. And the Patent Act does not create an obviousness-specific exception to the ordinary rules of APA review. Cf. *Dickinson*, 527 U.S. at 152.

C. This Is An Ideal Vehicle

This is an ideal vehicle. The Panel’s remand order squarely tees up the question of whether objective indicia are merely “weigh[ed]” against the so-called *prima facie* case, or whether the objective indicia are relevant to “whether there was a motivation to combine,” a “reasonable expectation of success,” predictable results, or hindsight. Op. 3.

This case also illustrates the umbrella effect that Chief Judge Markey warned about. The Panel followed the earlier *LiquidPower* decision, in which a different panel vacated and remanded a Board decision that had similarly ignored objective evidence when evaluating the ’118 Patent. The *LiquidPower* panel directed the Board to “consider the amount of weight” to give the objective evidence on remand, albeit without expressly rejecting a request to allow it to revisit its prior determinations.

749 F. App'x at 968-969. Perhaps unsurprisingly, the Board was unmoved by the objective evidence and stuck to its prior decision. *Baker Hughes, a GE Co., LLC v. LiquidPower Specialty Prods. Inc.*, IPR2016-00734, Paper No. 93 (Nov. 14, 2019). LiquidPower has appealed the Board's decision on remand, and respectfully submits that the Board committed reversible error even under the "weighing" approach. But the Board's cramped assessment of the objective evidence on remand when evaluating the '118 Patent helps illustrate that, if objective evidence plays only a knock-down role, the Board is likely to underappreciate the power of that evidence.

In sum, the Panel's remand order—barring the Board from even using objective evidence to revisit "whether the proposed combination is based on hindsight"—marks an outlier version of the "knockdown" approach and conflicts with *Graham*. This Court should grant en banc review to clarify the proper role of objective evidence and eliminate the artificial constraints on the Board's authority.

II. At A Minimum, Panel Rehearing Is Warranted

At a minimum, the Court should grant panel rehearing to eliminate those constraints. For the reasons set forth above, the Panel overlooked or misapprehended the importance of objective evidence to evaluating

motivation to combine, expectation of success, predictability, and hindsight, and in particular improperly limited the Board to considering the weight of the objective evidence against those preexisting findings. The Panel should correct the error by eliminating those constraints.

CONCLUSION

The court should grant en banc or panel rehearing.

Respectfully submitted,

/s/ Edward R. Reines

Edward R. Reines
Amanda Branch
WEIL, GOTSHAL & MANGES LLP
201 Redwood Shores Parkway
Redwood Shores, CA 94065
(650) 802-3000
edward.reines@weil.com
amanda.branch@weil.com

Elizabeth S. Weiswasser
WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, NY 10153
(212) 310-8000
elizabeth.weiswasser@weil.com

Douglas W. McClellan
Melissa L. Hotze
WEIL, GOTSHAL & MANGES LLP
700 Louisiana, Suite 1700
Houston, TX 77002
(713) 546-5000
douglas.mcclellan@weil.com
melissa.hotze@weil.com

Counsel for Appellant

July 31, 2020

ADDENDUM

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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COMPANY

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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COMPANY

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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COMPANY

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.

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

CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME LIMITATIONS

Case Number: 2019-1838, -1839, -1840

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Name: Edward R. Reines