

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MOORE ROD & PIPE, LLC.,
Petitioner,

v.

WAGON TRAIL VENTURES, INC.,
Patent Owner.

Case IPR2013-00418
Patent RE 36,362

Before JENNIFER S. BISK, GEORGIANNA W. BRADEN, and
MATTHEW R. CLEMENTS, *Administrative Patent Judges*.

CLEMENTS, *Administrative Patent Judge*.

DECISION
Request for Rehearing
37 C.F.R. § 42.71(d)

I. SUMMARY

Wagon Trail Ventures, Inc. (“Patent Owner”) requests rehearing of our Final Decision (Paper 38 (“Decision”)) holding unpatentable claims 1–20 of U.S. Patent No. RE 36,362 patent (Ex. 1001, “the ’362 patent”) entered October 2, 2014. Paper 39 (“Req. Reh’g”). For the reasons that follow, Patent Owner’s request is denied.

II. DISCUSSION

The applicable standard for a request for rehearing is set forth in 37 C.F.R. § 42.71(d), which provides in relevant part:

A party dissatisfied with a decision may file a request for rehearing, without prior authorization from the Board. The burden of showing a decision should be modified lies with the party challenging the decision. The request must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, opposition, or a reply.

Patent Owner argues that the we overlooked or misapprehended the applicable legal standard and supporting evidence relating to Patent Owner’s evidence of secondary considerations, specifically: (1) long-felt, but unsolved need; (2) failure of others; and (3) commercial success. Req. Reh’g 1.

Long-felt, but Unsolved Need

Patent Owner contends that we accurately identified the “need” as “more effectively reduc[ing] wear and failure of the metal tubing, sucker rods, and rod couplings in a rod-pumped well,” but that we misapprehended

the time at which a need must be unmet, because “whether the devices disclosed in any portion of the earlier patents (claims and/or disclosures) more effectively reduced wear than ‘their predecessors’ has no legal or logical bearing on whether the method(s) claimed in the ‘362 patent more effectively reduced wear than *its predecessors*.” Req. Reh’g 2–3 (emphasis original).

We did not misapprehend Patent Owner’s position. The relevance of long-felt need to the issue of obviousness depends on several factors. First, the need must have been a persistent one that was recognized by those of ordinary skill in the art. *In re Gershon*, 372 F.2d 535, 539, 152 USPQ 602, 605 (CCPA 1967). Second, the long-felt need must not have been satisfied by another before the invention by applicant. *Newell Companies v. Kenney Mfg. Co.*, 864 F.2d 757, 768, 9 USPQ2d 1417, 1426 (Fed. Cir. 1988). Third, the invention must, in fact, satisfy the long-felt need. *In re Cavanagh*, 436 F.2d 491, 168 USPQ 466 (CCPA 1971).

There is insufficient evidence that the need was (1) persistent; (2) not satisfied by another; *and* (3) satisfied by the alleged invention of the ’362 patent. In determining whether the need was persistent and not satisfied by another, the relevant inquiry is whether one of the predecessor devices “more effectively reduced wear and failure of the metal tubing, sucker rods, and rod couplings in a rod-pumped well.” There is not sufficient evidence that the devices described in the earlier patents did not do so—i.e., did not “*more effectively* reduce wear and failure” than their predecessors, or did not

“reduce wear and failure” period. Thus, as we explained, we are not persuaded that the alleged need was unmet.

Even if, as Patent Owner contends, the earlier patents directed to the same problem are evidence that the need was unmet at the time the '362 patent was filed, we are not persuaded that the need was satisfied by the alleged invention of the '362 patent. If we accept Patent Owner's contention that patents directed to this problem qualify as evidence that the need is unmet, then efforts to patent inventions directed to this problem should have ceased after the '362 patent issued. Patent Owner, however, makes no such showing. The only evidence that the need was satisfied by the alleged invention of the '362 patent is a conclusory sentence in the Patent Owner Response citing the testimony of Mr. Robert H. Davis, Executive Vice President and Chief Technology Officer for Western Falcon, the exclusive licensee of the '362 patent, which in turn cites two articles authored by Mr. Davis. PO Resp. 21 (citing Ex. 2009 ¶ 22). Thus, even if we were persuaded that the need was unmet at the time of the '362 patent, we still would not be persuaded that the need was satisfied by the alleged invention of the '362 patent.

Failure of Others

Patent Owner contends that we misapprehended the legal standard governing the failure of other consideration by analyzing whether others had failed to develop, produce, or use products that fell within the scope of the claims of the '362 patent. Req. Reh'g 5–6. According to Patent Owner, to show a failure of others, the evidence must merely establish that others

skilled in the art tried and failed to find a solution solved by the inventor. *Id* (citing *Ex Parte Robert Garrett*, No. 2009-007766, 2011 WL 661920 at *4 (Bd. Pat. App. & Interf., Feb. 22, 2011)). Patent Owner acknowledges, however, that failed attempts by others to develop subject matter covered by the claims is only *one* way to prove failure of others. Req. Reh’g 5, n.2.

In *Ex Parte Robert Garrett*, we stated:

Evidence of a long felt need must show that the problem solved by Appellant’s invention was known but not solved prior to the invention. *See In re Gershon*, 372 F.2d 535, 538-39 (CCPA 1967). To show a failure of others, the evidence must establish that others skilled in the art tried and failed to find a solution for the problem solved by Appellant. *Id.*; *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1540 (Fed. Cir. 1983).

Ex Parte Robert Garrett, 2011 WL661920 at *4. The decision in *Ex Parte Robert Garrett* does not purport to redefine the law of secondary considerations of nonobviousness. As we noted in our Decision, “[t]o be relevant, evidence of nonobviousness must be commensurate in scope with the claimed invention. *In re Kao*, 639 F.3d 1057, 1068 (Fed. Cir. 2011) (citing *In re Tiffin*, 448 F.2d 791, 792 (CCPA 1971)); *In re Hiniker Co.*, 150 F.3d 1362, 1369 (Fed. Cir. 1998). Decision 11. Support for that proposition is also found in the cases cited in *Ex Parte Robert Garrett*. *See, e.g., Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d at 1540 (“A nexus is required between the merits of the claimed invention and the evidence offered, if that evidence is to be given substantial weight enroute to conclusion on the obviousness issue.”) (citing *Solder Removal Co. v. USITC*, 582 F.2d 628,

637, (CCPA 1978)). Thus, we are not persuaded that we used an incorrect legal standard.

Even if we adopted the standard urged by Patent Owner, and determined only whether the evidence establishes that others skilled in the art tried and failed to find a solution solved by the inventor, Patent Owner has not presented persuasive evidence of this consideration for the same reasons discussed above with respect to long-felt need. Specifically, the existence of the earlier patents directed to the same problem is not persuasive evidence that the inventions described in those patents failed to reduce wear or failure of metal tubing in rod-pumped wells, or failed to do so “more effectively” than their predecessors.

Patent Owner also submits that we overlooked or misapprehended its detailed explanation of how others failed to solve the problem of wear that was later solved by the '362 patent. Req. Reh'g 6 (citing PO Resp. 22–26). To the contrary, we addressed this explanation and found it unpersuasive. Decision 13.

Commercial Success

Patent Owner contends that we overlooked or misapprehended the legal standard governing commercial success by misapplying *In re Huang*. Req. Reh'g 8–9. Specifically, Patent Owner contends that “the Board did not identify any evidence in the present proceeding that the substantial revenues earned by Western Falcon were the direct result of ‘other economic and commercial factors unrelated to the quality of the patented subject matter.’” *Id.* (quoting *In re Huang*, 100 F.3d 135, 140 (Fed. Cir. 1996)).

To the contrary, we explicitly addressed other economic and commercial factors unrelated to the patented subject matter:

Moreover, Mr. Davis’s testimony that the president of MPI (maker of the Shur-Flo product) “possessed the information on how to make the liner products” (Ex. 2009 ¶ 33, n.2), suggests that the commercial success depended upon something more—e.g., “the composition and molecular weight of the polyethylene used to make the liner” (Ex. 2009 ¶ 37), the dimensions of the liners (*id.*), or the specifics of “the formulation, the manufacture, the installation” (Ex. 1027, 126:21–127:2)—than the products being “tubing sections having polymer liners disposed within,” as recited in the independent claims.

Thus, consistent with *In re Huang*, we determined that there is insufficient proof that the sales were the direct result of being “tubing sections having polymer liners disposed within”—as opposed to other economic and commercial factors unrelated to subject matter of the ’362 patent. As a result, the evidence of record is not sufficient to establish a nexus between the commercial success and the claimed invention. For the same reason, the evidence is not sufficient to establish a presumption of nexus, as Patent Owner contends (Req. Reh’g 9-13).

Patent Owner also contends that we misapprehended the true amount of the revenue at issue—\$140 million, not \$1.4 million—and failed to include the revenue from sales in Canada. Req. Reh’g 7–8. We acknowledge that our Decision misquotes the amount of revenue at issue. Dec. 13 (reciting “\$1.4 million” instead of \$140 million). Mr. Davis testified to sales of “over \$140,000,000 in the U.S. and over \$70,000,000 in Canada.” Ex. 2009 ¶ 30. Even with 50% of \$210 million in sales, however,

we are still not persuaded that such success weighs in favor of nonobviousness, because Patent Owner failed to establish a sufficient nexus between those sales and the claimed invention.

III. CONCLUSION

For the foregoing reasons, Patent Owner has not shown that the Board misapprehended the applicable legal standard or overlooked Patent Owner's supporting evidence relating to secondary considerations. Therefore, Patent Owner has not carried its burden of demonstrating it is entitled to the requested relief.

IV. ORDER

It is hereby

ORDERED that Petitioner's request for rehearing is *denied*.

IPR2013-00418
Patent RE 36,362

For PETITIONER:

George E. Quillin, Esq.
Gerald F. Swiss, Esq.
Debra D. Nye, Esq.
Foley & Lardner LLP
gquillin@foley.com
gswiss@foley.com
dnye@foley.com

For PATENT OWNER

Douglas H. Elliott, Esq.
Sarah Kelly, Esq.
Eric Adams, Esq.
The Elliott Law Firm, PLLC
rmattox@elliottiplaw.com
skelly@elliottiplaw.com
eric@elliottiplaw.com