

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NAUTIQUE BOAT COMPANY, INC.,
Petitioner,

v.

MALIBU BOATS, LLC,
Patent Owner.

Case IPR2014-01045
Patent 8,539,897 B1

Before MICHAEL W. KIM, DONNA M. PRAISS, and
KRISTINA M. KALAN, *Administrative Patent Judges*.

KALAN, *Administrative Patent Judge*.

DECISION
Institution of *Inter Partes* Review
37 C.F.R. § 42.108

I. INTRODUCTION

Petitioner, Nautique Boat Company, Inc., filed a Petition (Paper 4, “Pet.”)¹ to institute an *inter partes* review of claims 1–20 of U.S. Patent 8,539,897 B1 (Ex. 1001, “the ’897 patent”) pursuant to 35 U.S.C. §§ 311-319. Patent Owner, Malibu Boats, LLC, filed a Preliminary Response (Paper 9, “Prelim. Resp.”) opposing institution of review. We have jurisdiction under 35 U.S.C. § 314, which provides that *inter partes* review may not be instituted unless the information presented in the petition and any response “shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a).

Upon consideration of the Petition and Preliminary Response, we are persuaded that the information presented by Petitioner has established that there is a reasonable likelihood that Petitioner would prevail in showing the unpatentability of claims 1–5, 8–11, 13–16, and 18–20 of the ’897 patent. Accordingly, we grant the petition and institute an *inter partes* review of these claims.

II. BACKGROUND

A. *Related Matters*

The parties indicate that the ’897 patent is involved in the district court proceeding *Malibu Boats, LLC, v. Nautique Boat Company, Inc.*, Case No. 3:13-cv-00656 (Varlan/Guyton) (E.D. Tenn.), filed on October 31, 2013 (“the district court case”). Pet. 4; Paper 8, 1.

¹ The originally filed Petition for *inter partes* review (Paper 1) has been accorded the filing date of June 27, 2014. Paper 3. A corrected Petition (Paper 4) was accepted on July 16, 2014. Paper 6. Citations herein are to the corrected Petition, which is referred to as “Petition” or “Pet.”

B. The '897 Patent (Ex. 1001)

The '897 patent relates to an adjustable wake system that “enhances a wake formed by a watercraft travelling through water.” Ex. 1001, Abs. To enhance the wake, the system may include a pair of upright water diverters, including a port diverter and a starboard diverter, “each independently movable from a neutral position to a deployed position in which a respective water diverter extends outboard of a transom of the watercraft to deflect water traveling along a hull of the watercraft and past the transom.” *Id.* at 2:16–20. Figure 1, reproduced below, illustrates an exemplary wake system:

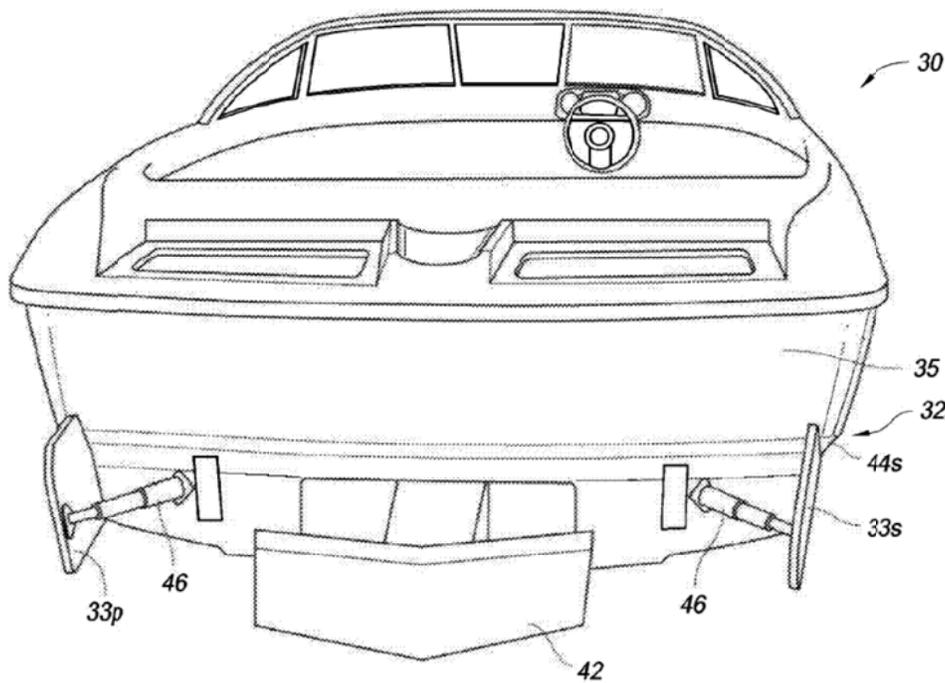


Figure 1 depicts an exemplary surf wake system including a pair of flap assemblies. *Id.* at 3:34–35.

Watercraft 30 may include a wake-modifying device 42 to enhance the overall size of the wake formed by the watercraft. *Id.* at 5:8–10. The wake system may also include one or more positioners or actuators 46, each secured

on the watercraft and operably connected to a respective flap 33. *Id.* at 5:59–61. By moving a flap 33 to an outward position, “water is redirected, which may lead to constructive interference to form a larger wake having a higher peak and a smoother face, which wake is conducive for surfing.” *Id.* at 7:13–17.

C. Illustrative Claim

Claim 1 of the '897 patent is illustrative of the claims at issue:

1. A boat configured to modify its wake for wake surfing, the boat comprising:

a hull comprising port and starboard side strakes, a bottom, a transom aft said side strakes, and a longitudinal axis, wherein when said hull moves through water, water flows along the port and starboard side strakes and then beyond the transom to at least in part form a first wake;

starboard and port upright water diverters each movable between a first position and a second position, said second position of said starboard water diverter laterally extending beyond said starboard side strake at the transom substantially perpendicular to said longitudinal axis of the hull, and said second position of said port water diverter laterally extending beyond said port side strake at the transom substantially perpendicular to said longitudinal axis of the hull, wherein when said hull moves through water, said starboard diverter in said second position redirects water passing along said starboard side strake as said water moves beyond said transom to produce a port side surf wake different from said first wake and wherein when said hull moves through water, said port diverter in said second position redirects water passing along said port side strake as said water moves beyond said transom to produce a starboard side surf wake different from said first wake and different from said port side surf wake.

D. The Prior Art

Petitioner relies on the following prior art:

1. U.S. Patent 5,263,432, issued November 23, 1993 (“Davis”) (Ex. 1018).
2. U.S. Patent 5,359,956, issued November 1, 1994 (“Lee”) (Ex. 1021).
3. U.S. Patent 6,012,408, issued January 11, 2000 (“Castillo”) (Ex. 1008).
4. U.S. Patent 6,105,527, issued August 22, 2000 (“Lochtefeld”) (Ex. 1009).
5. U.S. Patent 6,520,104 B1, issued Feb. 18, 2003 (“Svensson”) (Ex. 1010).
6. U.S. Patent Application Publication 2005/0124234 A1, published June 9, 2005 (“Sells”) (Ex. 1017).
7. MasterCraft Surf Tabs Video (“MasterCraft”) (Ex. 1020).
8. Volvo Penta User Installation & Instructions (“Volvo”) (Ex. 1012).

E. The Asserted Grounds

Petitioner challenges claims 1–20 of the ’897 patent on the following grounds:

Reference(s)	Basis	Claims Challenged
Svensson	§ 102(b)	1–5, 8–16, and 18–20
Svensson and Volvo	§ 103	1–5, 8–16, and 18–20
Svensson and MasterCraft	§ 103	1–5, 7–16, and 18–20
Svensson and Lochtefeld	§ 103	1–5, 8–16, and 18–20
Svensson and Castillo	§ 103	1–5, 8–16, and 18–20
Svensson and Sells	§ 103	6 and 17
Svensson, MasterCraft, and Sells	§ 103	6 and 17

Svensson, Lochtefeld and Sells	§ 103	6 and 17
Svensson, Castillo and Sells	§ 103	6 and 17
Svensson and Lee	§ 103	7
Svensson, MasterCraft, and Lee	§ 103	7
Svensson, Lochtefeld, and Lee	§ 103	7
Svensson, Castillo, and Lee	§ 103	7
Svensson and Davis	§ 103	20
Svensson, MasterCraft, and Davis	§ 103	20
Svensson, Lochtefeld, and Davis	§ 103	20
Svensson, Castillo, and Davis	§ 103	20

F. Claim Interpretation

The Board interprets claims using the broadest reasonable construction in light of the specification of the patent in which they appear. 37 C.F.R. § 42.100(b); *see* Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,766 (Aug. 14, 2012). Under the broadest reasonable interpretation standard, claim terms are given their ordinary and customary meaning in view of the specification, as would be understood by one of ordinary skill in the art at the time of the invention. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007).

For purposes of this Decision, we find it necessary to construe only the following terms.

1. *“a boat configured to modify its wake for wake surfing,”
“a surf boat configured to create a wake surfable by a
wake surfing rider,” and “a surf wake system deployable
on a boat, said system configured to modify a wake of
said boat for wake surfing”*

Petitioner argues that these terms, found in the preambles of their respective claims, merely state the intended purpose and are not a limitation, as the body of each claim “fully and intrinsically sets forth all of the limitations of the claimed invention.” Pet. 9–10. Patent Owner argues that, for at least claim 16, the body relies on the preamble for antecedent basis, and thus the preamble limits the claim. Prelim. Resp. 44–45.

A claim preamble is limiting if it is “necessary to give life, meaning, and vitality” to the claim. *Pitney Bowes, Inc. v. Hewlett-Packard Co.*, 182 F.3d 1298, 1305 (Fed. Cir. 1999). The preambles in the present instance, after reciting the subject apparatus or system of the respective claim, recite that the boat is “configured to modify” a wake or “configured to create a wake,” and that the system is “deployable on a boat.” We agree with Petitioner that these functional limitations merely state the intended purpose. We are unable to ascertain any portion of the preamble which further clarifies our understanding of what otherwise appears to be a complete structure recited in the body of the claim. With respect to the preamble term “surf boat” in claim 16, the remaining language in claim 16 alternately refers to “boat” and “said surf boat,” which inconsistency we decline to disambiguate through claim interpretation. We also note that the term “surf boat” is not defined in the specification. Accordingly, we do not construe the preambles as limiting in the present case.

2. *“wake for wake surfing,” “surf wake,” and “wake surfable by a wake surfing rider”*

Petitioner proposes that we construe these three terms as: “a wake that is different than would otherwise be without preferential ballast or modifications to a boat hull.” Pet. 9–10.

Patent Owner proposes that “[s]urf wake” means “a wave that is one of two eventually diverging waves and that has a face substantially smoother than a face of the other wave.” Prelim. Resp. 41. Patent Owner notes that in the district court case, the Court interpreted the term as “a wake created by the extension of a water diverter which is substantially smoother, larger and with a higher peak than a non-enhanced wake.” *Id.* at 43.

We determine that both proposed constructions are too limiting. Applying the principles of broadest reasonable interpretation, and relying on the Specification’s definition (Ex. 1001, Abs., 1:28–30), we interpret “surf wake” to mean “a modified wake produced by a watercraft travelling through water.”

3. *“laterally extending beyond the starboard (or port) side strake at the transom substantially perpendicular to the longitudinal axis of the hull”*

Petitioner proposes that we interpret this term as “laterally extending beyond the starboard (or port) side at the transom at an angle of less than 45° from perpendicular to the longitudinal axis of the hull.” Pet. 10. As support for its proposed interpretation, Petitioner relies on the angular position of flap 33 in Figure 4A, which is “at an angle of up to 45° from a longitudinal line 47.” *Id.*

Patent Owner proposes that the term “substantially perpendicular” needs no construction, but if construction is necessary, means “largely or

approximately perpendicular” and should not be assigned a strict numerical range. Prelim. Resp. 40. Patent Owner notes that in the district court case, the Court interpreted the term as “approximately perpendicular.” *Id.* at 41.

We agree with Patent Owner that a broadest reasonable construction of the term “substantially perpendicular” should not be limited to a numerical ranges set forth in a non-limiting embodiment of the specification. Accordingly, we construe the term “substantially perpendicular” as “approximately perpendicular.”

III. ANALYSIS

We turn now to Petitioner’s asserted grounds of unpatentability and Patent Owner’s arguments in the Preliminary Response to determine whether Petitioner has met the threshold standard of 35 U.S.C. § 314(a).

A. Section 315(a)(1)

As an initial matter, Patent Owner alleges that the Petitioner is barred from filing its Petition by § 35 U.S.C. 315(a)(1). Prelim. Resp. 17–21. Section 315(a)(1) provides that “an inter partes review may not be instituted if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.”

Petitioner states that Patent Owner filed the district court case on October 31, 2013, and “[o]n the following day, [Petitioner] filed a declaratory judgment action in the Middle District of Florida.” Pet. 5. Petitioner continues that the declaratory judgment action “was dismissed by [Petitioner] without prejudice on January 22, 2014, and therefore does not preclude the institution of this action. *Id.* (citing *Cyanotech Corp. v. The Board of Trustees of the University of Illinois*, Case IPR2013-00401, slip op. at 11–12 (PTAB

December 19, 2013) (Paper 17)). On this record, there is no indication that this dismissal was anything other than without prejudice.

Patent Owner argues that Petitioner's dismissal of the declaratory judgment action was not voluntary. Prelim. Resp. 18. Patent Owner states that "the Tennessee Court enjoined Petitioner from maintaining the Florida lawsuit prior to Petitioner's dismissal thereof" and thus, the dismissal was not voluntary. *Id.* at 20 (citing *Clio USA, Inc. v. Proctor and Gamble Co.*, Case IPR2013-00438, slip op. at 6–9 (PTAB Jan. 9, 2014) (Paper 9)). Patent Owner further argues that Petitioner is not free to litigate a subsequent declaratory judgment action in Florida, and that "Petitioner's Florida civil action challenging the validity of the claims of the '897 Patent represents Petitioner's choice of forum to the exclusion of any *inter partes* patent office proceedings." *Id.* at 20–21. We are not persuaded.

On this record, we are not aware of any evidence that Petitioner's Florida action was dismissed in any way other than without prejudice. Under those circumstances, it is treated as if it had never existed. *See Clio*, Paper 9 at 7, 9. Patent Owner has taken the position that the "involuntary" circumstances of the dismissal without prejudice should prohibit Patent Owner from filing a petition for *inter partes* review. We are not persuaded that the voluntary or involuntary nature of the dismissal should have any bearing on this issue. Indeed, in our view, what is more germane is that Patent Owner has not shown persuasively that the dismissal of Petitioner's Florida action without prejudice would bar Petitioner from re-filing a declaratory judgment action, in Florida or elsewhere. Petitioner's apparent ability to re-file a declaratory judgment action in the future undermines Patent Owner's position. Thus, on the facts and on the record before us at this time,

Petitioner's Florida declaratory judgment action for invalidity, which was dismissed without prejudice, does not bar *inter partes* review under 35 U.S.C. § 315(a).

B. Asserted Anticipation Ground Based on Svensson

Petitioner challenges claims 1–5, 8–16, and 18–20 as anticipated under 35 U.S.C. § 102(b) by Svensson. Svensson discloses an “arrangement and a method for dynamic control of the movements and course of a high-speed vessel hull.” Ex. 1010, Abs. Svensson states that its invention can be applied to high speed vessels, smaller high speed boats, and vessels or boats which are driven in other ways than by water-jet units. *Id.* at 1:25–29. Svensson's Figure 2, reproduced below, illustrates an exemplary embodiment of such an arrangement:

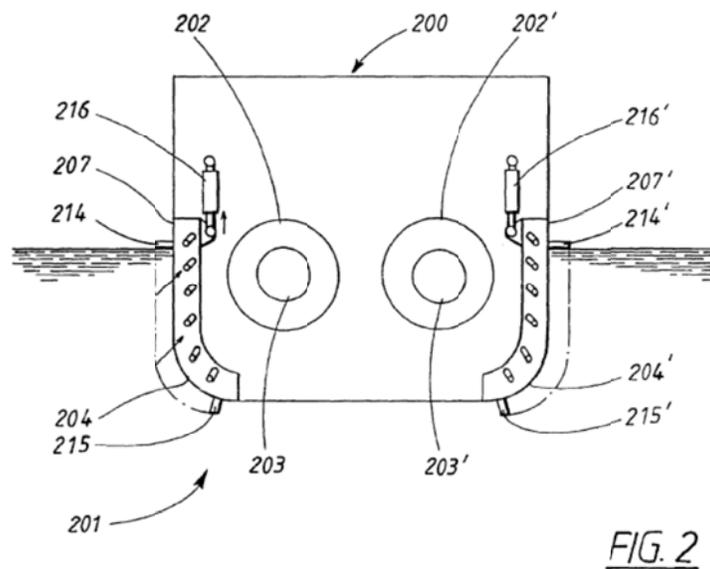
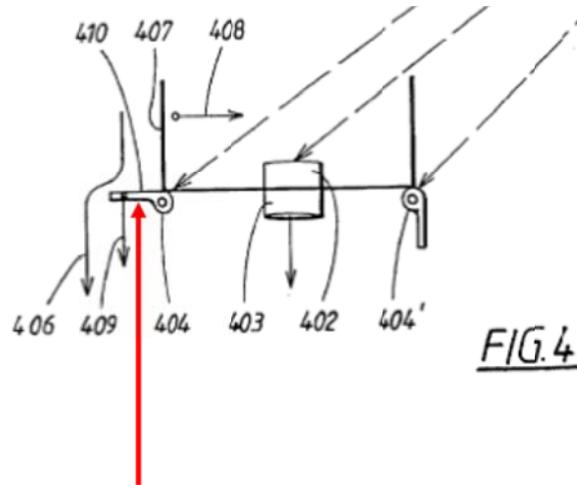


Figure 2 depicts a view from the rear of a high speed vessel hull equipped with an embodiment of Svensson.

This embodiment includes flap members 204, 204' “arranged so as to be capable of being brought adjustably at an angle in relation to a water flow relative to aft side surfaces” and “arranged so as to be capable of being

displaced linearly at an angle downwards/outwards.” *Id.* at 6:1–3; 6:7–9. In another embodiment, flap members 404, 404', 404'', and 404''' are present; introduction of flap members 404, 404'' into a volume of water flow increases the pressure on the volume of water. *Id.* at 6:52–55. Petitioner provides an annotated portion of Figure 4 highlighting the flap member(s):



The annotated portion of Figure 4 depicts a simplified basic diagram of an arrangement according to the invention of Svensson.

Regarding claim 1, Petitioner’s claim chart identifies the disclosures in Svensson that correspond to the required (1) hull with port and starboard sides, a bottom, a transom, and a longitudinal axis; and (2) starboard and port upright water diverters, positioned and movable as claimed in claim 1. Pet. 31–33. To the extent that the limitations of claim 1 are not explicitly disclosed in Svensson, Petitioner contends that they are inherent. *Id.* at 30–33. Petitioner similarly identifies every element of independent claims 9 and 16 and dependent claims 2–5, 8, 10–15, and 18–20 in Svensson, apart from those elements that Petitioner identifies as inherent in the disclosure of Svensson. *Id.* at 33–39.

Patent Owner argues that Svensson is non-analogous art, as it focuses on a “steering system for high speed waterjet-driven transport ferries carrying cargo, vehicles and passengers.” Prelim. Resp. 30. Patent Owner characterizes Svensson as directed to solving efficiency issues for high speed waterjet-driven ferries rather than discussing surfing or surf boats. *Id.* at 31–32. We note that, Patent Owner’s arguments notwithstanding, Svensson discloses that its system may be adapted to many types of watercraft. Ex. 1001, 1:25–29.

Petitioner’s inherency arguments are primarily directed to Svensson’s creation of a modified wake: “by selectively deploying the flaps disclosed in Svensson, the flaps necessarily modify the wake to create a surf wake on one side of the boat.” Pet. 31. With respect to claim 12, however, the claim chart states that “Svensson inherently discloses a change of the diverters responsive to a user pressing a single button on said input device” and references Svensson 7:12–24, which provides that “the movements and/or course of the vessel hull 400 is or are controlled dynamically while in motion via a control system 418 on the bases of input parameters 419” *Id.* at 37. Petitioner provides no further support or explanation for its contention that Svensson inherently discloses the limitations of claim 12.

Based on our review of Svensson and the arguments presented by Petitioner and Patent Owner, we conclude that Petitioner has demonstrated, on this record, a reasonable likelihood of prevailing on its assertion that claims 1–5, 8–11, 13–16, and 18–20 are anticipated by Svensson. We are not persuaded that the Petitioner has shown on this record a reasonable likelihood of prevailing on its challenge to claim 12.

C. Asserted Grounds Based on Svensson and Volvo, MasterCraft, Lochtefeld, or Castillo

Petitioner challenges claims 1–5, 8–16, and 18–20 as obvious over (a) Svensson and Volvo; (b) Svensson and Lochtefeld; and (c) Svensson and Castillo. Petitioner challenges claims 1–5, 7–16, and 18–20 as obvious over Svensson and MasterCraft.

a. Svensson and Volvo

Petitioner argues that Volvo describes a boat trim system that uses vertical interceptors similar to those disclosed in Svensson. Pet. 39–40. Petitioner states: “To the extent the Board determines that Svensson fails to disclose any element of claims 1–5, 8–16, and 18–20, the Volvo Brochure provides further disclosure rendering these claims obvious.” *Id.* at 41. Petitioner further argues that one of ordinary skill in the art would combine Svensson and the Volvo Brochure since they are both in the same field of endeavor and directed to the same problem. *Id.*

Patent Owner argues that Volvo is non-analogous art, because it discloses an interceptor trim system for getting a boat more quickly onto plane. Prelim. Resp. 32–33.

After carefully considering the Petition and Preliminary Response, we are not persuaded that there is a reasonable likelihood that Petitioner would prevail in showing that claims 1–5, 8–16 and 18–20 are unpatentable over Svensson and Volvo. An obviousness inquiry is based on factual inquiries including the difference between the claimed invention and the prior art. *Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966). For independent claim 1, Petitioner has not articulated any difference between the claimed invention and either Svensson or Volvo. Pet. 39–41. Without having identified specifically the differences between the claimed invention and the prior art,

Petitioner has failed to make a meaningful obviousness analysis under 35 U.S.C. § 103, and thus has failed to make a threshold showing of a reasonable likelihood that independent claim 1 is unpatentable over Svensson and Volvo. Without Petitioner having identified specifically the differences, we are unable to evaluate properly any rationale offered by Petitioner for modifying Svensson in view of Volvo.

Moreover, Petitioner's presentation of reasoning to combine the teachings of Svensson and Volvo with respect to independent claim 1 is also deficient. To support a showing of obviousness, there has to be an articulated reasoning with rational underpinnings to support a motivation to combine teachings. *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006). To that end, Petitioner asserts, essentially, that both Svensson and Volvo disclose the same claim elements, and offers the combination as an "alternative basis for invalidity." Pet. 41. That, however, does not constitute articulated reasoning with rational underpinnings as to why one of ordinary skill would modify Svensson with the unspecified teachings of Volvo.

Petitioner has failed to demonstrate a reasonable likelihood that it would prevail on the ground that independent claim 1 is unpatentable over Svensson and Volvo. For the same reasons, Petitioner also has failed to demonstrate a reasonable likelihood that it would prevail with respect to claims 2–5, 8–16, and 18–20.

b. Svensson and Lochtefeld

Petitioner argues that one of ordinary skill in the art would combine a trim device as in Svensson with a device for increasing the size and enhancing the shape and location of the wake and/or waves for wakeboarding and wake surfing as in Lochtefeld. Pet. 47. Petitioner's Lochtefeld claim chart

primarily refers to Petitioner's Svensson claim chart, with the exception of the claim 1 discussion. *Id.* at 47–50. Specifically, with respect to claim 1, Petitioner argues “[t]o the extent the preamble is a limitation, Lochtefeld discloses a boat configured to modify its wake for wake surfing” and that Lochtefeld discloses “port and starboard surf wakes different from each other and from the first wake.” *Id.* at 47–48.

Patent Owner argues, *inter alia*, that Petitioner's Svensson and Lochtefeld ground is horizontally and vertically redundant. Prelim. Resp. 22–26.

Our analysis with respect to Svensson and Lochtefeld is similar to that set forth above with respect to the ground of obviousness based on Svensson and Volvo. Specifically, for claim 1, Petitioner has not articulated any difference between the claimed invention and either Svensson or Lochtefeld, and thus has failed to make a meaningful obviousness analysis under 35 U.S.C. § 103. For the foregoing reasons, we conclude that there is not a reasonable likelihood that Petitioner would prevail on the ground that claims 1–5, 8–16, and 18–20 are unpatentable over Svensson and Lochtefeld.

c. Svensson and Castillo

Petitioner argues that one of ordinary skill in the art would combine a trim device as in Svensson with a device for “adjusting the trim of a watercraft to selectively raise and lower the level of wake produced by the watercraft” as in Castillo. Pet. 50–51. Petitioner's Castillo claim chart primarily refers to Petitioner's Svensson claim chart, with the exception of the claim 1 discussion. *Id.* at 51–54. Specifically, Petitioner argues: “[t]o the extent the preamble is a limitation, Castillo discloses a boat configured to modify its wake for wake surfing.” *Id.* at 51.

Patent Owner argues, *inter alia*, that Petitioner's Svensson and Castillo ground is horizontally and vertically redundant. Prelim. Resp. 22–26.

Our analysis with respect to Svensson and Castillo is similar to that set forth above with respect to the ground of obviousness based on Svensson and Volvo. Specifically, for claim 1, Petitioner has not articulated any difference between the claimed invention and either Svensson or Castillo, and thus has failed to make a meaningful obviousness analysis under 35 U.S.C. § 103. Moreover, we have determined that the preamble is not a limitation, which moots Petitioner's reason for relying on Castillo with respect to claim 1. For the foregoing reasons, we conclude, based on the current record, that there is not a reasonable likelihood that Petitioner would prevail on the ground that claims 1–5, 8–16 and 18–20 are unpatentable over Svensson and Castillo.

d. Svensson and MasterCraft

Petitioner argues that MasterCraft's video and screen shots disclose trim tabs mounted at the transom and actuated by hydraulic actuators via a single button. Pet. 42. Petitioner also argues that Patent Owner has conceded that MasterCraft is prior art. *Id.* Petitioner alleges that one of ordinary skill in the art, knowing that adjusting the trim “can be used for wake surfing (from references such as the Lochtefeld and the Mastercraft Surf Tabs), would recognize that other trim devices, such as that disclosed in Svensson or the Volvo Brochure, could be used for adjusting the boat trim and therefore generating a surf wake.” *Id.*

Specifically, for claims 1, 9, and 16, Petitioner argues: “[t]o the extent the preamble is a limitation, the Mastercraft Surf Tabs video discloses” the respective preamble language of those claims. *Id.* at 43, 44, 46.

Patent Owner argues that Petitioner has failed to meet its burden of

showing that MasterCraft is a printed publication, and contends that the scope of “printed publication” does not include videos under the Pre-AIA statute. Prelim. Resp. 27–29.

Our analysis with respect to Svensson and MasterCraft is similar to that set forth above with respect to the ground of obviousness based on Svensson and Volvo. Specifically, for independent claims 1, 9, and 16, as well as dependent claims 7 and 12, Petitioner has not articulated any difference between the claimed invention and either Svensson or MasterCraft. Thus, Petitioner has failed to make a meaningful obviousness analysis under 35 U.S.C. § 103. Moreover, we have determined that the preamble is not a limitation, which removes Petitioner’s reason for relying on MasterCraft with respect to claims 1, 9, and 16.

For the foregoing reasons, we conclude that there is not a reasonable likelihood that Petitioner would prevail on the ground that claims 1–5, 7–16 and 18–20 are unpatentable over Svensson and MasterCraft.

D. Asserted Grounds Based on Svensson in view of Sells, MasterCraft, Lochtefeld, and/or Castillo

Petitioner challenges claims 6 and 17 as unpatentable under 35 U.S.C. § 103 over Svensson in view of Sells, and further in view of Sells and MasterCraft, Lochtefeld, or Castillo. Pet. 54–55. This asserted ground presents a number of different grounds based on several possible combinations of references. We first address the combination of Svensson and Sells.

Sells, which is directed to a remote user-operated, user-transporting marine craft system, discloses that its system is “operated wirelessly and remotely” for use in activities such as water skiing in solo fashion. Ex. 1017,

Abs., ¶ 2. Petitioner argues that one of ordinary skill in the art “in light of the knowledge that adjusting the trim can be used for wake surfing (from references such as the Lochtefeld and the Mastercraft Surf Tabs), would combine a trim device (such as Svensson) with a device for remotely controlling a watercraft for water sports, including wake surfing.” Pet. 54.

A patent composed of several elements “is not proved obvious merely by demonstrating that each of its elements was, independently, known in the prior art.” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007).

“Although common sense directs one to look with care” at patent claims that combine “two known devices according to their established functions, it can be important to identify a reason that would have prompted a person of ordinary skill in the relevant field to combine the elements.” *Id.*; *Unigene Labs., Inc. v. Apotex, Inc.*, 655 F.3d 1352, 1360 (Fed. Cir. 2011). As explained in *KSR*, an analysis regarding an apparent reason to combine known elements “should be made explicit.” *KSR*, 550 U.S. at 418.

Petitioner argues that “[w]hen Svensson is considered in view of Sells, all of the limitations of Claims 6 and 17 are disclosed as set forth below, rendering the claims obvious.” Pet. 54. This does not, however, constitute sufficient articulated reasoning with a rational evidentiary underpinning explaining why an ordinary artisan would have incorporated the remote control device of Sells into the trim device of Svensson. *Bayer Healthcare Pharms., Inc. v. Watson Pharms., Inc.*, 713 F.3d 1369, 1375 (Fed. Cir. 2013). Thus, Petitioner has not demonstrated a reasonable likelihood that it would prevail on the ground that claims 6 and 17 would have been obvious.

With respect to the remaining combinations of references, Petitioner further argues that one of ordinary skill in the art “recognizes that Sells may

also be combined in the same manner described in the following claim chart with the other combinations described above [Svensson and MasterCraft, Svensson and Lochtefeld, Svensson and Castillo].” Pet. 55. Petitioner does not explain why any of the other possible combinations of Svensson and Sells in view of MasterCraft, Lochtefeld, and Castillo are better than or different from the combination of Svensson and Sells. We therefore decline to institute a review based on any other combination of Svensson and Sells in view of MasterCraft, Lochtefeld, and Castillo. .

E. Asserted Grounds Based on Svensson in view of Lee, MasterCraft, Lochtefeld, and/or Castillo

Petitioner challenges claim 7 as unpatentable under 35 U.S.C. § 103 over Svensson in view of Lee, and further in view of Lee and MasterCraft, Lochtefeld, or Castillo. Pet. 55–56. The substance and style of Petitioner’s arguments for combining Svensson with Lee and the remaining references largely mirror Petitioner’s arguments for combining Svensson with Sells and the remaining references. For example, Petitioner argues: “When Svensson is considered in view of Lee, the limitation of Claim 7 is disclosed as set forth below, rendering the claim obvious.” *Id.* at 56. Petitioner also argues that one of ordinary skill in the art “in light of the knowledge that pivotal centerline fins can provide advantages for water sports (as explained in the ‘897 Patent and in Lee), would combine a trim device (such as Svensson) with a device for pivotal fins in water sports (Lee).” *Id.* Although Petitioner notes the disclosure of pivotal centerline fins in the ’897 patent and in Lee, Petitioner provides no explicit analysis or evidence regarding an apparent reason to combine known elements. Thus, Petitioner has not demonstrated a reasonable likelihood that it would prevail on the ground that claim 7 would have been

obvious. We therefore decline to institute a review based on Svensson and Lee, or any other combination of Svensson and Lee in view of MasterCraft, Lochtefeld, and Castillo.

F. Asserted Grounds Based on Svensson in view of Davis, MasterCraft, Lochtefeld, and/or Castillo

Petitioner challenges claim 20 as unpatentable under 35 U.S.C. § 103 over Svensson in view of Davis, and further in view of Davis and MasterCraft, Lochtefeld, or Castillo. Pet. 57–58. The substance and style of Petitioner’s arguments for combining Svensson with Davis and the remaining references largely mirror the Petitioner’s arguments for combining Svensson with Sells and the remaining references. For example, Petitioner argues that one of ordinary skill in the art “in light of the knowledge that adjusting the trim can be used for wake surfing (from references such as the Lochtefeld and the Mastercraft Surf Tabs), would combine a trim device (such as Svensson) with a device for automatically adjusting a trim device for use in water sports (Davis).” *Id.* at 57. Petitioner further argues: “When Svensson is considered in view of Davis, the limitations of Claim 20 are disclosed as set forth below, rendering the claim obvious.” *Id.*

For the same reasons given above with respect to the obviousness challenges to claims 6 and 17, Petitioner has not demonstrated a reasonable likelihood that it would prevail on the ground that claim 20 would have been obvious. We therefore decline to institute a review based on Svensson and Davis, or any other combination of Svensson and Davis in view of MasterCraft, Lochtefeld, and Castillo.

G. Conclusion

We conclude that Petitioner has demonstrated a reasonable likelihood of prevailing with respect to its challenge of claims 1–5, 8–11, 13–16, and 18–20 of the '897 patent. We have not made a final determination under 35 U.S.C. § 318(a) with respect to the patentability of the challenged claims.

IV. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that *inter partes* review is granted on the following grounds of unpatentability asserted in the Petition:

Claims 1–5, 8–11, 13–16, and 18–20 under 35 U.S.C. § 102(b) as anticipated by Svensson;

FURTHER ORDERED that pursuant to 35 U.S.C. § 314(a), *inter partes* review of the '897 patent is hereby instituted commencing on the entry date of this Order, and pursuant to 35 U.S.C. § 314(c) and 37 C.F.R. § 42.4, notice is hereby given of the institution of a trial; and

FURTHER ORDERED that the trial is limited to the grounds identified above and no other grounds set forth in the Petition are authorized.

Case IPR2014-01045
Patent 8,539,897 B1

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