

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

In re DBC

545 F.3d 1373 (Fed. Cir. 2008) · No. 2008-1120 · Decided November 3, 2008

SUMMARY

The United States Court of Appeals for the Federal Circuit affirmed the Patent Trial and Appeal Board's decision upholding the rejection of claims in DBC's patent reexamination as obvious under 35 U.S.C. § 103. The court held that DBC waived its Appointments Clause challenge to the administrative patent judges by failing to raise it before the Board and declined to consider the issue despite its discretion to do so. The court also upheld the Board's prima facie obviousness determination but held that the Board erred in evaluating whether the commercial embodiment was commensurate with the claims.

CASE DETAILS

COURT	United States Court of Appeals for the Federal Circuit
WRITING FOR THE COURT	Linn, Circuit Judge; Dyk, Circuit Judge; Stearns, District Judge, sitting by designation
JURISDICTION	Federal
DECIDED	November 3, 2008
DOCKET	2008-1120
DISPOSITION	affirmed
PROCEDURAL POSTURE	DBC appealed the Patent and Trademark Office Board of Patent Appeals and Interferences' affirmance of an examiner's final rejection of all pending claims during ex parte reexamination as obvious under 35 U.S.C. § 103.
STANDARD OF REVIEW	The Federal Circuit reviews the Board's ultimate determination of obviousness de novo and its underlying factual findings for substantial evidence.
PRECEDENTIAL VALUE	published precedential Federal Circuit opinion
PARTIES	DBC, LLC v. Director of the United States Patent and Trademark Office

TOPICS

obviousness

patent prosecution

patent law

judicial review of agency action

appellate procedure

PRACTICE AREAS

patent law

patent prosecution

administrative law

constitutional law

appellate procedure

QUESTIONS PRESENTED

1. Whether DBC waived its constitutional challenge to the appointment of the administrative patent judges by failing to raise the issue before the Board.
2. Whether the prior-art references, including JP '442, established a substantial new question of patentability and a prima facie case that the claims were obvious.
3. Whether DBC's evidence of commercial success was sufficient to rebut the prima facie case of obviousness.
4. Whether the Board's decision should be vacated based on alleged new grounds of rejection.

HOLDINGS

1. DBC waived its challenge to the appointment of the administrative patent judges by failing to raise the issue before the Board, and the circumstances did not warrant exercising discretion to consider the untimely challenge.
2. The prior art, including JP '442 in combination with the other cited references, established a substantial new question of patentability and supported the Board's prima facie determination that the claims would have been obvious.
3. DBC's evidence of commercial success did not overcome the prima facie case of obviousness because it did not establish a sufficient nexus between the sales and the claimed invention.

KEY QUOTATIONS

“Because substantial evidence supports the Board's determination that the claims would have been obvious, and because DBC has waived challenging the appointment of the administrative patent judges who presided over its appeal, we affirm.” (1375)

“The ultimate determination of whether an invention would have been obvious is a legal conclusion based on underlying findings of fact.” (1383)

“For objective evidence to be accorded substantial weight, its proponent must establish a nexus between the evidence and the merits of the claimed invention.” (1384)

FACTUAL BACKGROUND

DBC owned U.S. Patent No. 6,730,333, directed to nutraceutical compositions containing mangosteen fruit pulp and pericarp, including a beverage combining mangosteen pericarp, mangosteen juice, and another fruit or vegetable juice. During ex parte reexamination, the examiner rejected all claims as obvious over seven prior-art references, including Japanese Patent 11043442, which taught combining mangosteen rind with fruits or fruit

juices. DBC submitted declarations and sales evidence concerning its commercially marketed XanGo juice, including approximately \$130 million in gross sales during its first two years, but the Board found the evidence insufficient to establish nonobviousness.

PROCEDURAL HISTORY

The PTO granted a third party's request for ex parte reexamination of DBC's patent. The examiner rejected all claims as obvious over seven prior-art references, and the Board affirmed, finding DBC's evidence of commercial success insufficient to overcome the prima facie case. DBC appealed to the Federal Circuit and also raised an Appointments Clause challenge for the first time in a supplemental brief.

DISPOSITION

affirmed

CASES CITED

- KSR International Co. v. Teleflex Inc., 550 U.S. 398 (2007)
- In re Dembiczak, 175 F.3d 994, 998 (Fed. Cir. 1999)
- In re Gartside, 203 F.3d 1305, 1316 (Fed. Cir. 2000)
- United States v. L.A. Tucker Truck Lines, 344 U.S. 33, 35-37 (1952)
- Woodford v. Ngo, 548 U.S. 81, 89-90 (2006)
- Golden Bridge Technology, Inc. v. Nokia, Inc., 527 F.3d 1318, 1322-23 (Fed. Cir. 2008)
- Golden Blount, Inc. v. Robert H. Peterson Co., 365 F.3d 1054, 1062 (Fed. Cir. 2004)
- Freytag v. Commissioner, 501 U.S. 868, 879, 893, 895 (1991)
- Nguyen v. United States, 539 U.S. 69, 78 (2003)
- Glidden Co. v. Zdanok, 370 U.S. 530, 536 (1962)
- In re Hiniker Co., 150 F.3d 1362, 1367 (Fed. Cir. 1998)
- Applied Materials, Inc. v. Advanced Semiconductor Materials America, Inc., 98 F.3d 1563, 1570 (Fed. Cir. 1996)
- In re Huang, 100 F.3d 135, 140 (Fed. Cir. 1996)
- In re GPAC Inc., 57 F.3d 1573, 1580 (Fed. Cir. 1995)