

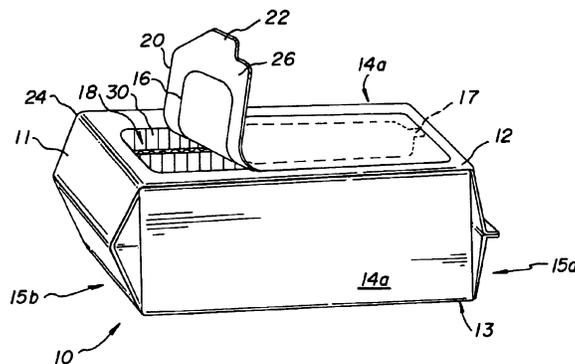
**Keywords:** obviousness; Graham factors; objective indicia; inequitable conduct

**General:** A strong showing of objective indicia of non-obviousness may not overcome a stronger prima facie case of obviousness. Further, clear and convincing evidence is needed for an inequitable conduct charge.

*Intercontinental Great Brands LLC v. Kellogg No. Am. Co.* (Fed. Cir. 2017)  
Decided September 7, 2017

### **I. Facts**

International Great Brands (“Kraft”) owns U.S. Patent No. 6,918,532, which claims a resealable cookie package having a frame for the cookies. Figure 2 of the ‘532 patent is reproduced below:



In 2007, the ‘532 patent was subjected to reexamination, which was focused on a *Packaging News* article describing similar food packaging. During reexamination, the Examiner rejected all but two claims, which were objected to by the Examiner. Kraft appealed and in 2011, the Patent Trial and Appeal Board (“the Board”) reversed all of the rejections. The Board’s reversal relied heavily on a phrase in the *Packaging News* article, which described the food packaging as not using conventional wrapping.

In 2013, Kraft sued Kellogg North America Company (“Kellogg”) for infringement of the ‘532 patent. Kellogg responded by asserting that the ‘532 patent was invalid for obviousness and was unenforceable due to inequitable conduct by Kraft before the Board during the reexamination. Kellogg moved for summary judgment of invalidity and Kraft moved for summary judgment on Kellogg’s counterclaim of unenforceability due to inequitable conduct.

The district court granted Kellogg’s motion for summary judgment finding the ‘532 patent obvious. The district court also granted Kraft’s motion for summary judgment rejecting Kellogg’s inequitable conduct challenge. Kraft then appealed the summary judgment regarding invalidity and Kellogg appealed the summary judgment regarding unenforceability.

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## II. Issues

1. Did the district court err in granting summary judgment finding the '532 patent invalid as obvious?
2. Did the district court err in granting summary judgment rejecting Kellogg's unenforceability challenge due to inequitable conduct?

## III. Discussion

1. No. In a split decision, the court affirmed the district court's granting of summary judgment on invalidity. The court generally agreed with the district court's reasoning and believed that the district court properly considered the Graham factors in its determination of obviousness.

In finding the '532 invalid as being obvious, the district court relied on two articles in an additional reference (a publication of *Machinery Update*), which was found to teach most of the claim elements, including a peel-back resalable package with a tray for discreet food items. However, the *Machinery Update* publication was not found to teach a frame having raised sides. This missing element (a frame with raised sides) was found to be taught in U.S. Patent No. 3,740,238, issued to Graham. The district court noted that a skilled artisan would have been motivated to combine the elements of the prior art, stating that convenient opening and reclosing was a known problem, and that the *Machinery Update* publication offers a skilled artisan a solution to the problem by replacing the *Machinery Update* tray with a frame configured to fit cookies.

The district court found Kraft's expert's assertions of non-obviousness to be conclusory and, thus, unpersuasive. Kraft also provided several objective indicia (e.g., secondary considerations) of non-obviousness, including increased sales volume, positive consumer feedback, evidence of a long-felt but unsolved need, and copying by Kellogg. However, the district court found that Kraft's objective indicia, although noted as "substantial" and "compelling", did not overcome Kellogg's prima facie case of obviousness.

Kraft argued that the district court did not adequately consider the secondary considerations before drawing its obviousness conclusion. The court disagreed, noting that an ultimate legal decision of obviousness was not made until the Kraft's objective indicia was considered.

Kraft additionally argued that the district court improperly resolved genuine factual disputes. The court disagreed, noting that there were only three relevant findings on the record, including the *Machinery Update* articles and the Graham patent, the known resealing problem faced by cookie packages, and the ordinary creativity of the skilled artisan. Kraft was found not to have provided any bases for contrary findings.

Kraft further argued that the district court failed to provide "explicit and clear reasoning providing some rational underpinning" in its motivation to combine analysis. The court

disagreed, noting that there was a known problem for a convenient opening and reclosing cookie package. Kraft also pointed out that Kellogg did not have expert testimony to support the obviousness interpretations gleaned from the *Machinery Update* articles. The court noted that the technology is relatively simple, and does not require expert testimony.

Kraft also argued that there is more than one inference to be made on whether a skilled artisan had a motivation to incorporate a cookie frame into the *Machinery Update* articles. In particular, Kraft provided evidence that Kellogg initially rejected the cookie sealing package shown in the *Machinery Update*. Kraft also cited their expert witness, who attested to the non-obviousness of the claims based heavily on the *Packaging News* article. The court was unconvinced.

Lastly, Kraft argued that Kellogg shoulders an enhanced burden if the invalidity argument relies on the same prior art considered during examination. The court noted that an enhanced burden provides no basis for a different result. Further, the court noted that the only analysis of the *Machinery Update* publication was by the examiner, who rejected the claims. Moreover, the Board relied mostly on the *Packaging News* article to uphold the claims.

2. No. The court affirmed the district court's granting of summary judgement rejecting Kellogg's inequitable conduct charge.

Kellogg argued that Kraft purposely misled the Board (e.g., the Patent Trials and Appeal Board) during reexamination by not informing the Board about the misprint regarding the use of conventional wrapping film in the *Packaging News* article. The court disagreed, noting that there was no clear and convincing evidence that Kraft was aware of the misprint.

#### **IV. Conclusion**

The court held that Kraft's '532 patent is obvious under 35 U.S.C. § 103. Particularly, the court found that the prior art taught all of the claimed elements and that one skilled in the art would have a clear motivation to combine the elements as claimed. A strong showing of objective indicia of non-obviousness by Kraft was not sufficient to overcome a stronger prima facie case of obviousness. The court also determined that Kraft did not commit inequitable conduct, as there was no clear and convincing evidence indicating as such.

#### **V. Dissent**

Judge Reyna dissented, arguing that the district court improperly found a prima facie case of obviousness before considering Kraft's evidence of objective indicia of non-obviousness. Judge Reyna noted that the burden of persuasion should not shift from the challenger to the patent holder after a legal determination of obviousness has already

been made. Judge Reyna further noted that objective indicia of non-obviousness are not mere, after-the-fact considerations relegated to secondary status. They are essential safeguards against hindsight bias.

Judge Reyna further noted that the Fed. Cir. has, at times, incorrectly provided such a burden-shifting frame work when determining obviousness, which the district court followed in this case. Particularly, the district court (1) considered the first three Graham factors; (2) made a legal determination of obviousness; (3) considered objective indicia of non-obviousness; and (4) made an ultimate conclusion of obviousness. Judge Reyna notes that this progression is erroneous, as a legal determination of obviousness is made prior to considering all the facts concerning patentability.