

ICON HEALTH & FITNESS, INC. v. STRAVA, INC., Appeal No. 2016-1475 (Fed. Cir. February 27, 2017). Before O'Malley, Reyna, and Wallach. Appealed from the Patent Trial and Appeal Board.

### Background:

In an inter partes reexamination proceeding, the examiner found all pending claims in the patent at issue to be obvious in view of the art. In rejecting some of the claims, the examiner cited large portions of expert declarations that included statements of legal conclusions (for example, stating that a combination of teachings "would have been obvious"). In explaining the factual findings of obviousness, the examiner also incorporated by reference arguments presented by the challenging party's attorneys.

On appeal, the PTAB affirmed the examiner's rejections. In addressing some of the claim rejections, the board incorporated by reference the factual findings of the examiner, and even incorporated by reference the examiner's explanation and ultimate conclusion of obviousness.

The patent owner appealed to the Federal Circuit, arguing that the PTAB erred in affirming the examiner's rejections, either for lack of substantial evidence or for legal error in the conclusion of obviousness.

### Issues/Holdings:

- (1) Did the PTAB err in relying on the expert declarations? No.
- (2) Did the PTAB fail to make the requisite factual findings and attendant explanation to support a conclusion of obviousness? Yes, in part.  
Vacated-in-part, affirmed-in-part, and remanded.

### Discussion:

The Federal Circuit first clarified that the PTAB was permitted to rely on the expert declarations in support of its factual findings. In weighing the expert testimony (and other evidence of record), the board could rely on certain portions of the declarations while disregarding other portions. As long as the declarations included statements related to factual findings, the board was permitted to rely on those declarations and weigh the evidence (and any broad conclusory statements) as it felt appropriate.

The Federal Circuit next considered whether the PTAB made its factual findings with adequate evidentiary basis and satisfactorily explained its findings. Although the board was authorized to incorporate the examiner's findings, it could not do so where the examiner relied on attorney argument without making any of his own factual findings. The court reminded that attorney argument is not evidence, and the examiner's and board's adoption of the arguments did not transform those arguments into evidence. However, the board was permitted to incorporate the examiner's factual findings and even legal conclusions where the examiner presented his own explanation and the board both expressly adopted that explanation and cited the incorporated material with detailed particularity. The Federal Circuit therefore concluded that the board erred as to some, but not all, of the claims, and remanded for additional findings and explanation.

Judge O'Malley dissented in part, arguing that the appropriate remedy was not to vacate and remand, but to allow any claims for which the board had not carried its burden of proof.