

CLASSCO, INC. v. APPLE, INC., Appeal No. 2015-1853 (Fed. Cir. September 22, 2016).
Before Taranto, Bryson, and Stoll. Appealed from PTAB.

Background:

ClassCo appealed a decision of the PTAB in an inter partes reexamination of a patent directed to a call-screening system that verbally announces a caller's identity before the call is connected. The examiner found the claims obvious over the combination of two references, and the PTAB affirmed on appeal. ClassCo appealed to the Federal Circuit.

Issue/Holding:

Did the PTAB err in its finding of obviousness? No, affirmed.

Discussion:

The feature at issue on appeal was "an audio announcing circuit being operative to use the identity information to produce audio using the audio transducer at the called station" (the so-called "single-speaker" feature). The PTAB applied a secondary reference for disclosing the single-speaker feature, finding that it would have been obvious to modify the primary reference with this feature. The PTAB found that, in light of the secondary reference, one of ordinary skill in the art would have understood that a speaker in a telephone system produces audio derived from multiple types of data in the telephone system, including tonal ringing, call-alerting and caller voice signals. On appeal, ClassCo argued that the PTAB could not simply combine the primary and secondary reference because neither disclosed the claimed single-speaker function.

ClassCo asserted that the PTAB's finding ran contrary to the Supreme Court's use of the term "combination" in *KSR*. The Federal Circuit found that while neither the primary nor second reference taught a single speaker for announcing both voice signals and identity information, substantial evidence supported the PTAB's finding that one of ordinary skill in the art would have been motivated to modify the primary reference to use a single speaker given the secondary reference's disclosure that a speaker in a telephone system can desirably produce audio derived from multiple types of data within the telephone system. ClassCo argued that a basic characteristic of a *KSR* combination is that it only unites old elements with no change in their respective functions. The Federal Circuit rejected this interpretation in favor of the flexible approach required by *KSR*, finding that the PTAB faithfully applied this approach.

ClassCo also argued that the PTAB wrongly dismissed its objective evidence of nonobviousness on the grounds that there was insufficient nexus between the claimed invention and the objective evidence of nonobviousness. The Federal Circuit agreed that the PTAB should have given weight and consideration to ClassCo's evidence of praise and commercial success related to the single-speaker function. The Federal Circuit also agreed with ClassCo that there was a nexus because the single-speaker embodiment falls within the scope of the representative claim. However, while the Federal Circuit agreed with ClassCo that the PTAB erred in dismissing some of its evidence of nonobviousness, it ultimately held that this evidence was not strong enough in establishing nonobviousness in comparison to the findings and evidence regarding the prior art under the first three Graham factors. Thus, the Federal Circuit affirmed the PTAB's finding of obviousness.