

Federal Circuit Evaluates PTAB Reliance on Expert Testimony to Satisfy Substantial Evidence

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Addressing for the first time the extent to which the ***Patent Trial and Appeal Board (PTAB)*** may rely on expert testimony to satisfy the substantial evidence standard of review, the US Court of Appeals for the Federal Circuit affirmed in part, vacated in part and remanded the PTAB's decision of obviousness in an *inter partes* reexamination proceeding. ***Icon Health & Fitness, Inc. v. Strava, Inc.***, Case No. 2016-1475 (Fed. Cir., Feb. 27, 2017) (Wallach, J) (O'Malley, J, concurring in part and dissenting in part).

Strava sought *inter partes* reexamination of Icon's patent. During the proceedings, Strava submitted expert declarations in support of its obviousness arguments. The declarations addressed the pertinent factual issues but also included opinions (from technical experts) as to the ultimate question of obviousness. The examiner rejected the claims as obvious in view of the prior art and in many cases expressly adopted Strava's reasoning and incorporated by reference the analysis provided in Strava's briefing. In due course, the PTAB affirmed the examiner's decision and, with respect to some of the claims, adopted the examiner's reasoning without providing independent fact finding or analysis. Icon appealed.

Icon argued that the PTAB erred in relying on the "legal conclusions" of Strava's expert in affirming the examiner's finding of obviousness. In particular, Icon argued that Strava's expert's declarations "go well beyond supplying opinions regarding factual matters" because they "improperly" reach the ultimate conclusion that the claims are obvious. Icon further argued that because the examiner cited to large portions of the expert's declarations, the expert's legal conclusions improperly supplanted the Examiner's analysis.

Icon did not dispute that Strava's technical expert was qualified, but argued that "the Examiner erred because he extensively cited to statements in the [expert] Declarations." As a result, Icon argued, "the Examiner 'did not form his own legal conclusions of obviousness' but rather 'adopted the legal conclusions provided to him by [Appellees' expert].'"

The Federal Circuit rejected Icon's arguments, explaining that to the extent that Icon "challenges the PTAB's factual findings, as adopted from the Examiner, the PTAB is permitted to weigh expert testimony and other record evidence and, in so doing, rely on certain portions of an expert's declaration while disregarding others." Further, with regard to Icon's challenge to the PTAB's legal

conclusions, “there is no *per se* prohibition against relying on an expert’s declaration in support of factual findings underlying a legal conclusion of obviousness solely because the declaration states that something ‘would have been obvious.’” As the Court noted, “we frequently have affirmed PTAB determinations on obviousness that rely on expert declarations that include such statements, so long as other aspects of the declarations contain statements related to factual findings.”

Even though the examiner and the PTAB were permitted to rely on expert testimony in finding the claims obvious, the Federal Circuit found that the wholesale adoption of such testimony without independent fact finding or explanation failed to satisfy the substantial evidence standard. For example, with respect to some of the claims at issue, the PTAB adopted and incorporated by reference the examiner’s findings and analysis, but the examiner’s findings and analysis were themselves limited to adoption and incorporation of Strava’s arguments. As a result, “[n]either the PTAB nor the Examiner made any factual findings; instead both purported to incorporate by reference arguments drafted by Appellees’ attorneys.” But “[a]ttorney argument is not evidence,” and the PTAB’s and the examiner’s “adoption” of such attorney argument cannot “transform Appellees’ attorney argument into factual findings or supply the requisite explanation that must accompany such findings.” The Court reached the opposite conclusion for claims where either the examiner or the PTAB made findings of fact and provided explanations sufficient to discern the link between the facts and the conclusion of obviousness.

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