

PATENT LAW

High Court's 'KSR' Ruling

CAN A U.S. Supreme Court decision be described as a watershed event only a few days after it is issued? Patent lawyers are debating that proposition in the case of *KSR Int'l Co. v. Teleflex Inc.*, No. 04-1350, 2007 WL 1237837 (U.S. April 30, 2007). *KSR* reshaped a complex set of rules developed over decades by the U.S. Court of Appeals for the Federal Circuit to determine when a patent that combines two or more previously known features—as many, if not most, patents do—is invalid as “obvious.” By refocusing the obviousness inquiry, and directing summary judgment invalidating the patent before it, this unanimous decision effectively calls on district courts to become more actively involved in striking down weak combination patents that are the result of nothing more than what the court called “ordinary innovation.”

KSR is one of three opinions this term reversing Federal Circuit decisions that had held in favor of patent owners—a trend that may indicate the court's sympathy with those (including agencies such as the Federal Trade Commission) who contend that the patent system grants and then enforces too many questionable patents. After a long period when it seldom accepted a patent case, the court has now intervened decisively in the development of patent law, typically to limit the rights and procedural options of patentees.

Lewis R. Clayton is a litigation partner in the New York office of Paul, Weiss, Rifkind, Wharton & Garrison LLP and co-chairman of the firm's intellectual property litigation group. He can be reached at lclayton@paulweiss.com. Larry Coury, an associate with the firm, assisted in the preparation of this article.

By Lewis R. Clayton



Under § 103 of the Patent Act, an invention cannot be patented if “the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.” *Graham v. John Deere Co.*, 383 U.S. 1 (1966), directs that obviousness be judged after determining the “scope and content” of prior art; the differences between the prior art and the claimed invention; and the level of ordinary skill in the pertinent art. Also relevant are “secondary considerations” such as the patentee's commercial success and the failure of others to produce the invention.

Patent claimed combination of well-known elements

The patent at issue in *KSR*, owned by plaintiff Teleflex Inc., represents a type particularly vulnerable to obviousness challenges—it claims a combination of well-known aspects of the prior art in a crowded field. The patent covers brake, gas and clutch pedals in cars that are adjustable within the foot well so that drivers of

different heights can comfortably reach them. Key to the patent is the combination of an adjustable pedal assembly with an electronic sensor that detects the position of the pedal. A Michigan district court granted *KSR International Co.*'s motion for summary judgment, finding that a prior art patent (which Teleflex had not presented to the patent office) taught everything in the patent but for use of an electronic sensor, and that other patents described the sensor. Connecting the two, it held, would have been obvious.

A Federal Circuit panel reversed. Critical to the reversal was the conclusion that *KSR* had not satisfied the Federal Circuit's “teaching, suggestion, or motivation” (TSM) test, which has been a fixture of Federal Circuit law almost since the court was established in 1982. The TSM test requires that, to prove obviousness, a defendant must establish some explicit or implicit teaching, suggestion or motivation “that would have led a person of ordinary skill in the art to combine the relevant prior art teachings” in the manner claimed in the patent. Its avowed purpose is to combat the “subtle but powerful attraction” of a hindsight analysis that makes the invention appear inevitable, by demanding that the defendant point to objective evidence—preferably published materials—suggesting the claimed combination. The Federal Circuit's holding was an unexceptional application of the TSM test—in fact, the panel did not designate the opinion for publication.

The Supreme Court took a radically different view. Justice Anthony M. Kennedy's opinion rejected the “rigid approach” of the Federal Circuit, which led to “fundamental misunderstandings” of Supreme Court precedent.

Foremost among those misunderstandings

was the Federal Circuit's formulaic use of the TSM test. While recognizing that identifying a "reason" that would have prompted a person of ordinary skill in the art to combine prior art elements "can be important," the court warned that an "obviousness analysis cannot be confined by a formalistic conception of the words teaching, suggestion and motivation, or by overemphasis on the importance of published articles and the explicit content of issued patents." Echoing critics of the TSM test, the court observed that in "many fields it may be that there is little discussion of obvious techniques or combinations, and it often may be the case that market demand, rather than scientific literature, will drive design trends."

The court mandated a more open-textured analysis, using words likely to be routinely quoted in future obviousness cases: "Often, it will be necessary for a court to look to interrelated teachings of multiple patents; the effects of demands known to the design community or present in the marketplace; and the background knowledge possessed by a person having ordinary skill in the art, all in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue. To facilitate review, this analysis should be made explicit." This analysis "need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ."

In analyzing the prior art before it, the Federal Circuit had mistakenly narrowed its focus to the specific problem the patentee was trying to solve, failing to consider whether other needs or problems recognized in the field would have provided some reason to combine the elements claimed in the patent. Similarly, the Federal Circuit erred in assuming that a person of ordinary skill in the art interested in solving a problem "will be led only to those elements of prior art designed to solve the same problem." As the Supreme Court stressed: "Common sense teaches, however, that familiar items may have obvious uses beyond their primary purposes, and in many cases a person of ordinary skill will be able to fit the teachings of multiple patents together like pieces of a puzzle." Courts are now empowered to make a broad survey of prior art in search of evidence of obviousness. The Supreme Court also stressed that the ultimate question of obviousness is a legal determination, so that summary judgment cannot be avoided by "conclusory" expert testimony supporting the patent. To sum up this approach: "A person of ordinary skill is also a person of ordinary creativity,

not an automaton."

The Supreme Court also overturned longstanding Federal Circuit precedent holding that a patent cannot be proved obvious simply by showing that the claimed combination was "obvious to try." See *In re Deuel*, 51 F.3d 1552, 1559 (Fed. Cir. 1995). At least in cases where there are "a finite number of identified, predictable solutions," the fact that it was "obvious to try" a combination now will invalidate a patent. This change may well affect a wide range of biotech and chemical patents and weaken the advantage of parties who race to be the first to explore the potential of combinations suggested by technological breakthroughs.

■ **'KSR' calls on courts to be more active in striking down weak combination patents resulting from 'ordinary innovation.'** ■

■ **'KSR' will decidedly lighten the challenger's burden** ■

Does the TSM test survive KSR? Certainly a defendant who can make a specific showing of some teaching, suggestion or motivation to combine the claimed elements—or just to try a particular combination—will stand an excellent chance of invalidating a patent. And the broad focus of KSR, coupled with the court's skepticism about combination patents, will significantly lighten the challenger's burden. Patentees will no longer be able to defeat a challenge by arguing that the defendant failed to produce explicit evidence recommending the combination. Nor will prior art be disqualified by cramped definitions of the goals of the patentee or the problems solved by past inventors. KSR is likely to be especially meaningful in fields where researchers and businesspeople may not bother to record their thoughts and motivations, or where rapid advances make it easy or economical to try a wide

range of combinations.

On the other hand, the Supreme Court reaffirmed the relevance of a search for a TSM to combine. The challenger's failure to isolate something in the prior art encouraging the claimed combination certainly will bolster defense of the patent, even if it is not necessarily decisive. Nor does KSR rule out use of the secondary factors outlined in *Graham*. KSR will place a premium on the ability of a trial lawyer to tell a story on summary judgment and at trial showing that the inventor was more than an "automaton" and that the invention cannot be explained simply as "ordinary innovation." Inevitably, some of the certainty of the TSM rule will be lost, and practitioners may complain that KSR fails to provide clear guidelines. Others will argue that the obviousness standard, as KSR interprets it, is no more Delphic than many other concepts used in intellectual property and other areas of the law—e.g., the tests for "substantial similarity" that are basic to copyright law.

The patent office has issued a cautious preliminary memo to examiners reaffirming the *Graham* factors and stating that KSR "rejected a rigid application" of the TSM test, but did not "totally reject" the test itself. The memo advises examiners that obviousness rejections still must identify a reason why a person of ordinary skill would have combined prior art elements as claimed in the patent.

Although open-ended standards generally inhibit summary judgment, in this instance, the opposite is likely true. Whether or not KSR is good patent policy, it clearly has shifted the terms of the debate. **NLJ**

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