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Supreme Court Reverses Federal Circuit On Obviousness Law

Interesting times ahead. The U.S. Supreme Court has issued its much anticipated opinion in *KSR International Co. v. Teleflex, Inc.*, No. 04-1350 (April 30, 2007), which reversed and remanded a Federal Circuit case that concerned whether a patent to automobile pedals having electronic sensors was obvious.

The Decision

The Supreme Court held that Federal Circuit obviousness test for teaching, suggestion or motivation (“the TSM test”) to combine prior art references was too high a standard to meet in proving that claim was obvious and thus not patentable. The Supreme Court reasoned that past case law required a “functional approach” to the obviousness inquiry which would rely on a broad scope of inquiry. Specifically, the Supreme Court held that the TSM test as applied in *KSR* by the Federal Circuit was improper because it: (1) foreclosed consideration of problems beyond what was being solved by the patentee, and thus would ignore other problems or needs that would motivate the hypothetical person having ordinary skill in the art (“the skilled person”); (2) limited the skilled person to use of elements of the prior art that were designed to solve the same problem, and thus deprived the skilled person of the use of common sense to realize that familiar items can have obvious uses beyond their primary purposes; (3) erred in determining that a claim can never be proven obvious by only showing that the combination was obvious to try; and (4) denied the skilled person resort to common sense in an overreaction to concerns over hindsight bias.

The Supreme Court further stated that the TSM test would not be inconsistent with earlier Supreme Court cases, such as *Graham v. John Deere*, when the test is applied as a general principle, but was employed in error as a “rigid rule” by the Federal Circuit in *KSR*. The Supreme Court

specifically recognized that the Federal Circuit in other decisions had applied the TSM test in a manner that was in accord with the earlier Supreme Court cases. Accordingly, the Supreme Court decision in *KSR* should not automatically cast doubt upon all previously-issued patents, which was a concern expressed at the oral argument in November of 2006.

Key Points

- A patent claim composed of several elements is not made obvious solely by the known existence of each element in the prior art. Although common sense requires care when evaluating a patent application that “claims as innovation the combination of two known devices according to their established function, it can be important to identify a reason that would have prompted a person of ordinary skill in the relevant field to combine the elements in the way the claimed new invention does.” *Slip Opinion at 14-15*.
- In many fields, there is little discussion of obvious techniques or combinations and thus it is market demands, and not the scientific literature, that drive design trends. *Slip Opinion at 15*.
- Design needs and market pressures to solve a problem in conjunction with a finite number of predictable and identifiable solutions can provide the skilled person with the reason to pursue all of the known options. Success in such situations is not innovation but rather the use of ordinary skill and common sense. That such a combination was obvious to try might show that the combination was obvious under section 103. *Slip Opinion at 17*.
- The skilled person possesses ordinary creativity and is not an automaton. *Slip Opinion at 17*.
- A court may have to look at interrelated teachings of multiple patents, the effects of demands from the design community and the marketplace, and the background knowledge of the skilled person “in order to determine whether there was an apparent reason

to combine the known elements in the fashion claimed by the patent at issue.” *Slip Opinion at 14*.

- The analysis must be made explicit, and not merely conclusory statements. However, the analysis need not seek out precise teachings for specific subject matter of the challenged claim because the court can take into account inferences and creative steps that the skilled person would employ. *Slip Opinion at 14*.
- New works and advances are brought about by “instinct, simple logic, ordinary inferences, extraordinary ideas and sometimes even genius.” Progress beginning from higher levels of achievement is expected in the normal course, and thus the results of “ordinary innovation” are not the subject of exclusive rights under the patent laws. Otherwise, patents might stifle, rather than promote, the progress of the useful arts. *Slip Opinion at 23-24*.
- More recent Federal Circuit cases that have elaborated a broader conception of the TSM test (*Dystar* and *Alza Corp.*) were not reviewed by the Supreme Court, and the consistency of these decisions with Supreme Court precedent is a matter for the Federal Circuit to consider in future cases. *Slip Opinion at 17-18*.

What’s Next?

The Supreme Court has handed the issue back to the Federal Circuit. The decision will likely have its greatest impact on the mechanical and electrical fields, which are traditionally considered to be more predictable than the chemical and biotechnological fields.

At a minimum, *KSR* will result in a broader obviousness inquiry at the patent office and in the courts, even if the Federal Circuit tries to stay with a TSM test according to *Dystar* and *Alza Corp.* The *KSR* decision will make it easier for patent examiners and patent challengers to allege *prima facie* cases of obviousness, and thus is a *de facto* burden of proof and persuasion shift towards the patent applicant or patentee. The secondary considerations of non-obviousness, such as unexpected results, teachings away, and failure of others, will take on heightened importance to rebut *prima facie* allegations. At the patent office, the norm may evolve to longer patent applications that detail advantages and differences of an invention over the prior art, followed by more expert declarations to discuss these advantages and differences during prosecution. Litigation can be expected to become even more laden with technical expert testimony.

There is a more problematic side to *KSR* for patentees and patent applicants. The concepts of “ordinary creativity” and “ordinary innovation,” as well as the acceptability of the “obvious to try” standard in certain situations, harkens back to the ‘flash of genius’ and ‘synergy’ tests of the past, when patents were harder to successfully enforce and were of lessened importance. Now, with the world economy more dependant than ever on the value of intellectual property, the *KSR* decision will certainly lead the technological community to a period of interesting times.

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