

Client Advisory

Supreme Court Reasserts Its Authority over Patents in KSR Case

May 2007

The Supreme Court unanimously clarified the legal standard for the obviousness invalidity defense on April 30, 2007. In the case of *KSR Int'l Co. v. Teleflex Inc.*, the Court refined the test for determining whether prior art references may properly be combined to find a patent claim obvious. This holding has ramifications for both patent prosecution and litigation.

The KSR Case

KSR is a manufacturer of adjustable pedal systems for automobiles and trucks. After KSR obtained a patent for a cable-actuated adjustable pedal system, General Motors Corporation chose KSR to supply adjustable pedals for trucks, but using computer-controlled throttles, rather than cable-actuated throttles. After learning of KSR's new design, Teleflex sued for infringement of U.S. Patent No. 6,237,565 (for which Teleflex holds an exclusive license), and said that KSR's pedal system infringes claim 4 of the patent. KSR countered that patent claim 4 was invalid for "obviousness" in violation of Section 103 of Title 35 of the United States Code. The District Court granted KSR's motion for summary judgment, finding that claim 4 is obvious over the prior art. On appeal, the Federal Circuit said that the District Court erred in granting summary judgment because it had not properly applied the "Teaching, Suggestion, or Motivation" (TSM) test for obviousness, under which a showing must be made that there is some teaching, suggestion or motivation in the prior art to combine prior art references to establish an obviousness invalidity defense.

The Supreme Court Reverses the Federal Circuit

The Supreme Court rejected "the rigid approach of the Court of Appeals," and reaffirmed its call for a broad inquiry into the obviousness defense, inviting courts to look to secondary considerations where that would prove instructive. In this regard, the Court cited its own holding in *Sakradia v. AG Pro, Inc.*, 425 U.S. 273, 282 (1976) that "when a patent 'simply arranges old elements with each performing the same function it had been known to perform' and yields no more than one would expect from such an arrangement, the combination is obvious."

Rejecting the Federal Circuit's application of the TSM test, the Court held "any need or problem known in the field of endeavor at the time of the invention and addressed by the patent can provide a reason for combining the elements in the manner claimed." Therefore, "it will be necessary for a court to look to the 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." Indeed, "if a person of ordinary skill can implement a predictable variation, §103 likely bars it patentability." Thus, "a court must ask whether the improvement is more than the predictable use of prior art elements according to their established functions."

The Court indeed resurrected the long dormant "obvious to try" inquiry:

"The same constricted analysis led the Court of Appeals to conclude, in error, that a patent claim cannot be proved obvious merely by showing that the combination of elements was "obvious to try." *Id.*, at 289 [internal quotation marks omitted]. When there is a design need or market pressure to solve a problem and there are a finite number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the

known options within his or her technical grasp. If this leads to the anticipated success, it is likely the product not of innovation but of ordinary skill and common sense. In that instance the fact that a combination was obvious to try might show that it was obvious under §103.”

In its concluding remarks, the Court noted:

“We build and create by bringing to the tangible and palpable reality around us new works based on instinct, simple logic, ordinary inferences, extraordinary ideas, and sometimes even genius. These advances, once part of our shared knowledge, define a new threshold from which innovation starts once more. And as progress beginning from higher levels of achievement is expected in the normal course, *the results of ordinary innovation are not the subject of exclusive rights under the patent laws*. Were it otherwise patents might stifle, rather than promote, the progress of useful arts.” [Emphasis added.]

Practice Notes

In view of the Court’s unanimous opinion in *KSR*, this liberalized obviousness standard may be applied to any claim in any unexpired patent or pending patent application. Therefore, there will be significant consequences for both prosecuting and enforcing patent claims.

Patent Prosecution

From a patent prosecution perspective, the typical task is to overcome a patent examiner’s rejection of a proposed patent claim as being unpatentable for obviousness. Accordingly, the question becomes how to traverse such a rejection. Here are several approaches to consider:

A first approach would require a showing that the claimed combination was not a “predictable use of prior art elements according to their established functions.” *KSR* at 13. One way to make this showing may be to provide evidence of an “unexpected result” created by the claimed combination, i.e., demonstrate that the claimed combination provides something additional to what it would if the individual elements acted in “separate, sequential operation.” *Id.* In this regard, we recommend that in drafting new patent applications, prosecutors consider disclosing specific “unexpected” benefits and advantages of the claimed combinations, to the extent they exist, in the specification of the application.

A second way to make this showing is via a renewed focus on the so-called “secondary considerations” or “objective factors” to specifically illustrate a lack of predictability — especially, by providing evidence of i) unexpected results, ii) expert skepticism (perhaps through an increased use of expert declarations), or iii) failure by others to solve the problem at hand. Using this kind of evidence, a patent attorney/agent can make several arguments: If combining the cited references was so “predictable,” then why are the results “unexpected” (i.e., not predictable)? Why were the experts skeptical? Why were others unable to accomplish this solution? Again, it becomes more important at the application drafting stage to anticipate this situation by disclosing any unexpected results or other specific advantages that likely would not have been predicted prior to the instant invention.

A third way to show a lack of predictability in the combining of references would require a showing that the examiner failed 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,” *id.* at 15, or better yet, evidence that a person having ordinary skill in the art would most likely NOT have been so prompted. In this approach, a prosecutor can argue that the examiner must make “explicit” his analysis of “the apparent reason to combine the known elements in the fashion claimed,” including a detailed explanation of “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.” *Id.* at 14. The punch line of this argument is that anything less than such an explicit analysis may not be sufficient to support an obviousness rejection under §103, although the different burdens of proof with respect to establishing obviousness, pre-issuance and post-issuance, should be considered.

Yet another approach to traversing an obviousness rejection would require a showing that one of the cited references “teaches away” from combining the references as indicated by the patent examiner. The Court provided a detailed discussion of *United States v. Adams*, 383 U.S. 39 (1966), stating in part that in that case, “[t]he Court relied upon the

corollary principle that when the prior art teaches away from combining certain known elements, discovery of a successful means of combining them is more likely to be nonobvious.”

Finally, a prosecutor can attempt to show that the cited combination of references reflects “the distortion caused by hindsight bias” (*KSR* at 17), with citation to *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1 (1966). Such a showing would require some rationale to support the assertion of impermissible hindsight reconstruction, which may be difficult to substantiate. However, in view of the reminder provided by the *KSR* Court of this cautionary guidance and the Court’s vagueness in articulating guidelines for recognizing what constitutes impermissible hindsight bias, a patent prosecutor can at least argue this point legitimately.

Litigation

From a litigation perspective, the teachings of *KSR* must be heeded or an unwary litigant may find its patent easily invalidated. Arguably, there have been many claims in patents that the Patent Office has allowed that may now be considered obvious. As a result, as part of the litigant’s pre-filing analysis, it will be critical that the litigator pay particular attention to any potential obviousness defenses. This will invariably lead to additional work researching and analyzing prior art before filing a complaint. Litigants who attempt to assert a patent which may be vulnerable to an obviousness attack should be prepared to show that the combination of elements would not have been predictable and therefore not obvious.

Once litigation has begun, defendants will have a stronger defensive weapon to call upon. *KSR*’s legacy may not only be in reducing the number of broad claims in patents allowed by the Patent Office, but may also result in more broad claims being found invalid when tested in litigation. An accused infringer may now, once again, treat the obviousness defense as a potent weapon in its overall defense strategy.

For Additional Information

For additional information about the *KSR* case, please contact one of the following Katten Muchin Rosenman LLP attorneys:

	Direct Dial	Email
Timothy J. Vezeau	312.902.5516	timothy.vezeau@kattenlaw.com
Richard P. Bauer	202.625.3507	richard.bauer@kattenlaw.com
Neil A. Benchell	312.902.5251	neil.benchell@kattenlaw.com
James A. Gromada	202.625.3633	james.gromada@kattenlaw.com

Prior results do not guarantee a similar outcome. Some visual images used herein include actors. We are not providing you with information about our Firm because we have targeted you as needing our services for a particular matter, and we are not soliciting you for any particular matter or assignment. We are providing this information to make you aware of the type and quality of legal services we provide. The material contained herein is not to be construed as legal advice or opinion.

CIRCULAR 230 DISCLOSURE: Pursuant to Regulations governing practice before the Internal Revenue Service, any tax advice contained herein is not intended or written to be used and cannot be used by a taxpayer for the purpose of avoiding tax penalties that may be imposed on the taxpayer.

©2007 Katten Muchin Rosenman LLP. All rights reserved.

Katten

KattenMuchinRosenman LLP

www.kattenlaw.com

401 S. Tryon Street
Suite 2600
Charlotte, NC 28202-1935
704.444.2000 tel
704.444.2050 fax

525 W. Monroe Street
Chicago, IL 60661-3693
312.902.5200 tel
312.902.1061 fax

5215 N. O'Connor Boulevard
Suite 200
Irving, TX 75039-3732
972.868.9058 tel
972.868.9068 fax

1-3 Frederick's Place
Old Jewry
London EC2R 8AE
+44.20.7776.7620 tel
+44.20.7776.7621 fax

2029 Century Park East
Suite 2600
Los Angeles, CA 90067-3012
310.788.4400 tel
310.788.4471 fax

575 Madison Avenue
New York, NY 10022-2585
212.940.8800 tel
212.940.8776 fax

260 Sheridan Avenue
Suite 450
Palo Alto, CA 94306-2047
650.330.3652 tel
650.321.4746 fax

1025 Thomas Jefferson Street, NW
East Lobby, Suite 700
Washington, DC 20007-5201
202.625.3500 tel
202.298.7570 fax