

# The Good, the Bad, and the Obvious:

Examining the Aftermath of

*KSR v. Teleflex*

*127 S.Ct. 1727 (2007)*

**Austin IPLA**

July 31, 2007

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# Disclaimer

The views expressed by the panel members are their personal views and do not necessarily reflect the opinions or positions of their respective firms, companies or clients.

# Questions – Informal Poll

- Will KSR make it significantly more difficult to obtain patents at the USPTO?
- Will KSR make it significantly more difficult for patentees to enforce their patents?
- Will KSR make it significantly easier for accused infringers to obtain summary judgment based on obviousness?
- Do you think KSR will have a significant adverse impact on so-called “patent trolls”?

# Summary of *KSR v. Teleflex*

- Factual and Procedural History
- The CAFC Decision and pre-existing law
- The Supreme Court's Decision

# Factual and Procedural History

- Teleflex patent for electronic gas pedal assembly
  - KSR supplied pedals for Ford and GM
- KSR prevailed on MSJ of obviousness
- CAFC reverses district court -- finding Teleflex patent not obvious
  - Applying the TSM test
  - Finding genuine issues of material fact
- Supreme Court reverses CAFC -- finding Teleflex patent obvious

# Underlying CAFC Decision

- Applied the “TSM” test and reversed on obviousness, finding:
  - There must be some teaching, suggestion or motivation to combine the prior art teachings in the prior art, the nature of the problem or knowledge of one of skill in the art.
- CAFC concluded that:
  - Because the prior references did not address “the precise problem that the patentee was trying to solve” the problem would not motivate an inventor to look at those references.

# The Supreme Court Reverses

- **Rejects rigid application of TSM test**
  - “the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim” KSR at 1741.
  - “a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.” KSR at 1741.
- **The questions to ask are:**
  - “whether the improvement is more than the predictable use of prior art elements according to their established functions.” KSR at 1740.
  - was there “a known problem for which there was an obvious solution encompassed by the patent’s claims.” KSR at 1742.

# The CAFC's Four Errors

1. Looking only to the problem the patentee was trying to solve.
  - Rather, any need or problem in the field can provide a reason to combine elements in the manner claimed.
2. Assuming person of ordinary skill will only look to elements designed to solve same problem.
  - Rather, a person of ordinary skill “is also a person of ordinary creativity, not an automaton.” KSR at 1742.

# The CAFC's Four Errors

3. Rejecting the concept of “obvious to try”
  - Rather, using common sense to combine known elements that provide a predictable solution may demonstrate obviousness.
4. Misinterpreting the caution against hindsight
  - Should not equate common sense with hindsight.

# The KSR Test

- A. Could a person of ordinary skill in the art have combined “A” and “B” in the manner recited in the claim?
- B. Would he/she have recognized the benefit of doing so?

# But TSM is Not Rejected Outright

- Considered “a helpful insight” KSR at 1741
- 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.” KSR at 1741.
- Because inventions in most, if not all, instances:
  - “rely upon building blocks long since uncovered, and claimed discoveries almost of necessity will be combinations of what, in some sense, is already known.” KSR at 1741
- Supreme Court apparently recognized the potential upheaval in utterly rejecting the TSM test

# Other Noteworthy Points

- Presumption of validity?
  - For art not before the PTO
  - Court suggests the validity presumption is “diminished” KSR at 1745.
- Obviousness is a legal determination. KSR at 1745.
  - Should “obviousness” be a jury question at all?
  - Underlying fact questions?
    - But conclusory affidavit does not create material dispute?
    - Even where facts in light most favorable to Teleflex?

# Federal Circuit Post-KSR Cases

- *Syngenta Seeds, Inc. v. Monsanto Co.*, 2007 WL 1295028 (Fed. Cir. May 3, 2007) (non-precedential) (**upholding** jury verdict of **obviousness**)
- *Leapfrog Enterprises, Inc. v. Fisher-Price, Inc.*, 485 F.3d 1157 (Fed. Cir. May 10, 2007) (**affirming** court's finding of **obviousness** after jury deadlocked)
- *Pfizer, Inc. v. Apotex, Inc.*, 488 F.3d 1377 (Fed. Cir. May 21, 2007) (opinions on court's denial of en banc review)
- *Omegaflex, Inc. v. Parker-Hannifin*, 2007 WL 1733228 (Fed. Cir. June 18, 2007) (reversing grant of summary judgment of validity and infringement, vacating injunction and remanding for retrial)
- *Takeda Chemical Indus. v. Alphapharm Pty., Ltd.*, 2007 WL 1839698 (Fed. Cir. June 28, 2007) (**upholding** bench trial verdict of **non-obviousness**)
- *Frazier v. Layne Christensen Co.*, 2007 WL 1875909 (Fed. Cir. June 29, 2007) (non-precedential) (**affirming** JMOL of **obviousness**)
- *Pharmastem Therapeutics, Inc. v. Viacell, Inc.*, 2007 WL 1964863 (Fed. Cir. July 9, 2007) (**overturning** jury verdict of **non-obviousness**) (Strong dissent (Newman) points to secondary considerations)
- *Daiichi Sankyo Co. v. Apotex, Inc.*, 2007 WL 2032123 (Fed. Cir. July 11, 2007) (non-precedential) (**overturning** bench trial verdict of **non-obviousness**)
- For a great running listing of all Federal Circuit and District Court cases see: <http://www.thefireofgenius.com/the-nonobviousness-standard/>

# USPTO Actions post-KSR

- All post-KSR BPAI precedential decisions affirm obviousness:
  - [Ex parte Kubin](#), Appeal No. 2007-0819, Application No. 09/667,859, Technology Center 1600, 2007 WL 2070495 (BPAI May 31, 2007)
  - [Ex parte Smith](#), Appeal No. 2007-1925, Application No. 09/391,869, Technology Center 3700, 2007 WL 1813761 (BPAI June 25, 2007)
  - [Ex parte Catan](#), Appeal No. 2007-0820, Application No. 09/734,808, Technology Center 1700, 2007 WL 1934867 (BPAI July 3, 2007)

A list of its recent precedential Board decisions can be found at <http://www.uspto.gov/web/offices/dcom/bpai/prec.htm>

# Some Litigation Issues

- Broader scope of potential prior art?
  - Modify (expand?) search strategies
    - Look to other fields and problems
  - Who is one “skilled in the art”
- Defending claims of non-obviousness
  - TSM is not rejected – may be useful in many fields
- Obviousness is ultimately a question of law
  - Case evaluations and budgets.
- Reexamination option
  - Pre-KSR statistics may not be proper predictors
  - Look to reasons for allowance – reliance on TSM test?
  - How will KSR impact time to USPTO decision?

# Some Prosecution Issues

- Combination patents in “predictable arts” (particularly mechanical) likely will be harder to obtain and enforce
- Higher burden to show combinations of known elements/steps are not obvious
- Expect more rejections based on single reference combined with ordinary creativity, common sense, or inference of person skilled in the art (the “super-skilled artisan)
- Court’s obviousness test minimizes value of applicant’s subjective problem.
  - The question is not whether the combination was obvious to the patentee
  - “What matters is the objective reach of the claim.”

# Some Prosecution Issues

- More likely to overcome obviousness rejection by showing synergistic results, unexpected outcome, or other improvement above established function and predictable use of elements.
- Potential for broader scope of material information under Rule 1.56.
- Declaration evidence likely to focus on predictability rather than explicit teachings or misapplication of TSM.
- Possible increase in appeals.

# Prosecution Practice Tips

- Hold examiners to burdens of providing:
  - (i) an “explicit” analysis demonstrating the obviousness of the invention, and,
  - (ii) identification of “why a person of ordinary skill in the art would have combined the prior art elements in the manner claimed” (May 3, 2007 Focarino Memorandum).
  - Prior art references, when combined, still must teach or suggest all claim limitations (MPEP Section 2143).
  
- Disclose the invention without discussion of the background, objects, or problems faced by workers in the art.
  - Avoid explaining the problem solved by the invention (may be easily solvable by one of ordinary creativity).
  - Include description of new or beneficial functionality achieved from combination of known elements.

# Prosecution Practice Tips

- Focus on functional accomplishments of the invention over the prior art (identify new functionality during disclosure process).
- Consider complexity of claim language. Some functional language in claims may be beneficial though technically not required.
- Link claim elements in a manner that highlights new functionality.
- Avoid claims comprising lists of individual, known elements.

# Prosecution Practice Tips

- Obviousness rejection considerations:
  - Identify what is accomplished by the invention that is not accomplished by the prior art, even taken together
  - Continue to present common-sense arguments about differences between the prior art and the claimed invention and interdependencies between claim elements
  - Teaching away/unpredictable results
  - No expectation of success of proposed combination
  - Improper hindsight
  
- Consider use of 1.132 Declarations
  - “Unexpected results”
  - “Failure of proposed combination”
  - “Secondary considerations”

# Some Other Issues

- International Considerations
- “Harmonization” trend (patent to other areas + US/international; e.g., UK collocation rule)
- Court signaling displeasure with Fed Circuit and concern toward “excessive” patenting and “undue” use of patents?
  - E-Bay v. Mercexchange
  - KSR
  - MedImmune
  - Microsoft v AT&T

Questions?