

Supreme Court Dictates Flexible Approach to Obviousness

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The United States Supreme Court issued a landmark decision on April 30, 2007 that will have a significant impact on patent prosecution and litigation in the coming years. The unanimous court rejected the Federal Circuit's rigid application of the teaching-suggestion-motivation (T-S-M) test, mandating instead a more flexible "totality of the circumstances" approach to determine whether a patent is obvious, and therefore invalid. *KSR, Int'l Co. v. Teleflex, Inc.*, 550 U.S. ___ (2007). *KSR* notes that "the combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results." Slip op. at 12. *KSR* reaffirms the Court's 1851 *Hotchkiss* and 1966 *Graham* decisions, endorsing "a broad inquiry," designed to invite courts, "where appropriate, to look at any secondary considerations that would prove instructive." Slip op. at 11. Ultimately, *KSR* declares that an obviousness analysis should "take account of the inferences and creative steps that a person of ordinary skill in the art would employ," (slip op. at 15) rather than "seek out precise teachings directed to the specific subject matter of the challenged claim." Slip op. at 14.

The holding of *KSR* has already been cited by the U.S. Court of Appeals for the Federal Circuit, finding obviousness where the patent holder presented "no evidence that the inclusion of a reader in this type of device was uniquely challenging or difficult for one of ordinary skill in the art." *Leapfrog Enterprises, Inc. v. Fisher-Price, Inc.*, No. 06-1402, slip op. at 10 (May 9, 2007).

ANALYSIS OF OBVIOUSNESS - A NEW AND FLEXIBLE APPROACH

Obviousness is defined in 35 U.S.C. § 103 (a): "[a] patent may not be obtained . . . if . . . 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." *KSR* identifies a new approach to analyzing obviousness that can be articulated as follows:

An invention is obvious under 35 U.S.C. § 103 if:

- (1) the combination is no more than the predictable use of known elements according to their established functions; and
- (2) there was a reason to combine the known elements.

The first prong of this approach affirms the Court's previous holdings in *Sakraida* and *Anderson's-Black Rock* ("a court must ask whether the improvement is more than the predictable use of prior elements according to their established functions"). *KSR*, 550 U.S., slip op. at 13. *KSR* emphasizes that "a combination of familiar elements . . . is likely to be obvious when it does no more than yield predictable results."

The second prong replaces an inflexible T-S-M requirement with *KSR*'s more expansive "reason to combine." While promoting a totality of the circumstances approach, the Court also suggests three considerations often necessary to determine whether such a reason to combine is present:

1. interrelated teachings of multiple patents (*i.e.*, teaching or suggestion in the prior art);
2. the effects of demands known to the design community or present in the marketplace; and
3. background knowledge possessed by a person having ordinary skill in the art with ordinary creativity, insight, and common sense. *KSR*, 550 U.S., slip op. at 14.

The first two considerations are reminiscent of the Federal Circuit's T-S-M test. The third consideration, however, significantly expands the scope of evidence providing a reason to combine elements. The third consideration also reduces the evidentiary hur-

dle a patent challenger must leap to avoid hindsight reconstruction. In particular, the Court invites a patent challenger to look beyond the teachings of patents and scientific articles, and to consider the creativity, insight, and common sense of a person having ordinary skill in the art. "A person of ordinary skill is also a person of ordinary creativity, not an automaton." *KSR*, 550 U.S., slip op. at 17.

The three considerations enumerated by *KSR* are not intended to be applied rigidly and are not necessarily dispositive. Rather, *KSR* encourages consideration of *any* relevant factors. "Under the correct analysis, any need or problem known in the field of endeavor at the time of invention and addressed by the patent can provide a reason for combining the elements in the manner claimed." *KSR*, 550 U.S., slip op. at 16.

COMPARISON OF THE KSR APPROACH WITH THE T-S-M TEST

The T-S-M test was created by the Federal Circuit based on the three-part test of *Graham v. John Deere*, 383 U.S. 1 (1966). *Graham* delineated a determination of obviousness based on (a) the scope and content of the prior art; (b) differences between the claimed invention and the prior art; and (c) the level of ordinary skill in the art. *Graham*, 383 U.S. at 17. Under *Graham*, a finding of obviousness could be rebutted with evidence of secondary considerations such as commercial success, long-felt need, and the failure of others in the art to solve the same problem. *Graham*, 383 U.S. at 17.

The Federal Circuit explained that the T-S-M test is a subsidiary requirement of the first part ("the scope and content of the prior art") of the *Graham* inquiry in *In re Kahn*. An explicit finding of obviousness based on a motivation to combine found in the prior art is required, the Federal Circuit reasoned, to avoid a finding of obviousness based on conclusory statements that could lead to an inference of impermissible hindsight reconstruction.

The T-S-M test required some motivation to combine based on either the teachings or suggestions in the prior art, or the knowledge available to a person of skill in the art. The scope and content of the prior art was limited to analogous art, namely art that the patentee was likely to have considered. *KSR* does not reject the T-S-M test, but subsumes the test as factors providing evidence of a "reason to combine." However, *KSR* advocates an objective approach to determine the scope and con-

tent of prior art, that would include non-analogous art.

The “reason to combine” approach in *KSR* is broader than the T-S-M motivation test, because a teaching or suggestion in the prior art is now only one factor in finding a reason to combine. Other factors such as the effects of demands known to the design community and demands of the marketplace are also relevant to the analysis. Importantly, the Court also declares that a reason to combine may be derived from “any need or problem known in the field . . . and addressed by the patent,” particularly where there are a “finite number of identified, predictable solutions,” lending a person of ordinary skill “good reason to pursue the known options within his or her technical grasp.” *KSR*, 550 U.S., slip op. at 17. Rather than prohibiting proof of obviousness by showing a combination of elements was “obvious to try,” *KSR* permits such analysis, and states “in that instance the fact that a combination was obvious to try might show that it was obvious under § 103.” *Id.* In other words, where finite and predictable solutions would lead to anticipated success, ordinary skill and common sense, and not innovation, has likely been shown. This alone is perhaps the most notable change in the law announced by the *KSR* court.

It is unclear how *KSR*’s expansive consideration of reasons to combine will impact the secondary considerations enumerated in *Graham*. For example, if a recognized need or problem in the art might now evidence a reason to combine, how will this reconcile with the concept of a “long felt, but unsolved need,” “long felt but unsolved needs . . . might be utilized . . . [a]s indicia of obviousness or nonobviousness”. *Graham*, 383 U.S. at 18.

POST-KSR CONSIDERATIONS

KSR subjects patents and patent applications to a new obviousness standard, one based on a broader spectrum of evidentiary considerations. John Dudas, the current Director of the United States Patent and Trademark Office, has acknowledged the change publicly: “[t]he decision gives our examiners more flexibility to use their considerable technical skills to reject obvious changes to existing technology.” Joan Biskupic, *Ruling Toughens Patent Process*, USA TODAY, May 1, 2007.

A patent examiner has now been invited, albeit indirectly, to make rejections of

claims based on the ordinary creativity, common sense, or inferences of a person skilled in the art. Prosecution counsel can expect to see Examiners more frequently issue obviousness rejections based on a single reference combined with ordinary creativity, common sense, or inferences of a person skilled in the art.

In response to *KSR*, the USPTO issued a memorandum on May 3, 2007, outlining the holding of the Supreme Court, and informing the patent examining corps that “[t]he Office is studying the opinion and will issue guidance . . . in view of the *KSR* decision in the near future.” Until that time, the memorandum emphasized that “it remains necessary to identify the reason why a person of ordinary skill in the art would have combined the prior art elements in the manner claimed.”

The Federal Circuit was quick to follow *KSR* in *Leapfrog*, where the Federal Circuit affirming the District Court’s ruling of obviousness. Referencing *KSR*, *Leapfrog* hints at the potentially more stringent requirement that a non-obvious combination be “uniquely challenging or difficult for one of ordinary skill in the art.” Slip op. at 10. In addition, *Leapfrog* considers as relevant the fact that the patent holder did not present any evidence that the invention was an unobvious step over the prior art. Slip op. at 10.

As a result of *KSR*, an applicant will be more likely to overcome an obviousness rejection if able to show a synergistic result, an unexpected outcome, or some other improvement beyond an established function and predictable use of the existing elements. *Graham*’s secondary considerations (unexpected results, commercial success, failure of others, copying by others, licensing, and skepticism of experts, etc.) will therefore be even more important evidence that the invention was not obvious at the time it was made.

Proactive drafting measures might be taken to avoid expected obviousness challenges. For example, efforts may be made to include specific statements identifying any and all improvements, unexpected results, synergies, and other evidence that the combination provides a result that is more than what might be predictable to the skilled person. Useful information demonstrating that the art in question teaches away from the invention, or evidence showing disbelief by others may also be used. At the same time, the drafter must be cautious in identifying problems in the background of the application and setting up a predictable

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roadmap to the inventor’s solution. Such statements may be construed as evidence of a reason to combine, tending to show that the invention was obvious.

A delicate balance will also need to be struck during prosecution between providing evidence of the unpredictability of the results and ensuring adequate disclosure to meet the written description and enablement requirements. One might also expect *KSR*’s broader interpretation of what is within the grasp of a person of skill in the art for an obviousness analysis to be similarly broadened in the context of that person’s understanding of what the applicant has enabled and described in the patent application. These nuances remain to be more fully vetted in future cases.

The expanded evidence available to challenge the obviousness of an invention applies not only to applications being prosecuted at the USPTO, but also to invalidity challenges against issued patents through litigation and USPTO reexamination proceedings. Because the *KSR* approach is fact-specific and flexible, increased reliance on both expert testimony and persuasive advocacy by trial counsel of all available evidence showing the problems in the field, the ordinary creativity of the skilled artisan, or the demands of the marketplace will become even more critical in the defense or prosecution of patents in litigation or reexamination before the USPTO.

It remains to be seen how the Federal Circuit will respond to the *KSR* decision to articulate a flexible, but definitive test for obviousness out of the direction provided by the Supreme Court. What is clear, however, is that any resulting test must remain flexible and allow the Courts and the USPTO to consider any factors that are relevant to the obviousness determination. **IPT**