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JOURNAL

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SUPREME COURT

PATENTS

The counsel for the petitioner in *KSR International Co. v. Teleflex Inc.* provides an analysis of the court's decision and explores steps taken in the lower courts that saved costs and made Supreme Court review possible.

KSR: A Return to First Principles

By JAMES W. DABNEY

On April 30, the Supreme Court of the United States handed down its much-anticipated decision in *KSR International Co. v. Teleflex Inc.*¹ The *KSR* decision overrules long-standing Federal Circuit precedent interpreting the “non-obvious subject matter” condition for patentability.² The *KSR* decision should

greatly lower the cost and uncertainty of patent litigation, in part by diminishing the role of lay juries in patent validity determinations. The *KSR* decision also underscores the continuing importance of Supreme Court patent precedent in current day patent litigation.

Non-Obvious Subject Matter: 1851-1982

The concept of limiting patents to “non-obvious subject matter” traces to the Supreme Court's decision in *Hotchkiss v. Greenwood*³ In that case, the court held invalid a patent that claimed a method of manufacturing knobs (such as doorknobs) whose end portions were made of clay or porcelain. The method included steps for fastening a knob to a threaded shank. The exact same fastening method had previously been used to make knobs having wooden or metal ends; the alleged innovation was applying the pre-existing fastening method to make knobs of clay or porcelain. In rendering its judgment of patent invalidity, the court formulated and applied the following legal standard:

¹ 127 S. Ct. 1727, 82 USPQ2d 1385 (U.S. April 30, 2007) (74 PTCJ 5, 5/4/07).

² 35 U.S.C. § 103(a).

³ 52 U.S. (11 How.) 248 (1851).

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[U]nless more ingenuity and skill in applying the old method of fastening the shank and the knob were required in the application of it to the clay or porcelain knob than were possessed by an ordinary mechanic acquainted with the business, there was an absence of that degree of skill and ingenuity which constitute essential elements of every invention. In other words, the improvement is the work of the skillful mechanic, not that of the inventor.⁴

Between 1851 and 1952, the Supreme Court frequently considered and determined the merits of invalidity defenses to claims for alleged patent infringement, and in so doing, frequently considered and determined whether particular subject matter claimed in an issued patent was sufficiently innovative as to satisfy the general condition for patentability set forth in *Hotchkiss*. This sizable body of “judicial precedents embracing the *Hotchkiss* condition,”⁵ encompassed diverse types of alleged inventions in diverse technological fields.

In 1952, Congress codified the non-obvious subject matter condition at 35 U.S.C. § 103.⁶ The Supreme Court first interpreted the new Section 103 in its 1966 *Graham v. John Deere Co.* decision.⁷ *Graham* expressly rejected arguments that Section 103 was “intended to sweep away judicial precedents and lower the level of patentability.”⁸ *Graham* held, to the contrary, that “the section was intended merely as a codification of judicial precedents embracing the *Hotchkiss* condition, with congressional directions that inquiries into the obviousness of the subject matter sought to be patented are a prerequisite to patentability.”⁹

Until Sept. 30, 1982, the Supreme Court and the regional circuits continued to construe Section 103 as providing a “condition for patentability” that had to be satisfied before the government could properly issue a patent for particular claimed subject matter. As exemplified by the *Hotchkiss* case, the traditional understanding of non-obvious subject matter was grounded in a skill-based analysis: positing a desired result (e.g., making a clay doorknob having a threaded shank) and inquiring whether the conception of claimed means for achieving the desired result required “more ingenuity and skill . . . than were possessed by an ordinary mechanic acquainted with the business.”¹⁰

Non-Obvious Subject Matter: 1983-2005

Commencing Oct. 1, 1982, appeals from district court judgments in civil actions arising under federal patent law were diverted from the regional circuits to a newly-created, specialized intermediate appellate court, the U.S. Court of Appeals for the Federal Circuit. Within a year of its creation, the Federal Circuit interpreted Section 103 as providing, not a “condition for patentability” (i.e., a condition that a patent applicant had to satisfy as a prerequisite to a patent being granted), but instead a condition for challenges to patentability (i.e., a

condition that the Patent and Trademark Office or an accused infringer had to satisfy before patent protection for claimed subject matter could be denied).

As interpreted by the Federal Circuit, Section 103(a) was said to compel the issuance and upholding of patents for any claimed “invention” that was not “identically disclosed or described as set forth in section 102,”¹¹ unless the PTO or an accused infringer could prove some “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.”¹² Under this view, the degree of skill needed to devise claimed subject matter was not controlling; rather, the controlling issue in patent validity analysis typically was the existence or non-existence of hypothetical motivation to make particular claimed subject matter.

Federal Circuit precedent further held that the existence of motivation to combine prior art references was a question of fact that a lay jury could decide.¹³ When a lay jury rendered a verdict on the ultimate question of patent validity, pre-KSR Federal Circuit precedent held that a court’s post-verdict or appellate review was limited to “re-creating the facts as they may have been found by the jury, and . . . applying the *Graham* factors to the evidence of record.”¹⁴ In practice this meant that between 1983 and 2005, a defendant asserting a defense of invalidity under Section 103(a) had no assurance that any court, at any level, would ever give the defense any independent consideration.¹⁵

Pre-KSR Federal Circuit precedent further held that a finding of motivation to combine prior art references was permissible in infringement cases only if supported by clear and convincing evidence.¹⁶ The Federal Circuit’s imposition of a “clear and convincing evidence” burden of proof in this context was (and remains) very much in tension with applicable Supreme Court precedent.¹⁷

¹¹ 35 U.S.C. § 103(a).

¹² *Teleflex Inc. v. KSR International Co.*, No. 04-1152, slip op. at 5 (Fed. Cir. Jan. 5, 2005), *rev’d*, 127 S. Ct. 1727, 82 USPQ2d 1385 (U.S. April 30, 2007) (74 PTCJ 5, 5/4/07).

¹³ E.g., *Group One Ltd. v. Hallmark Cards Inc.*, 407 F.3d 1297, 1304, 74 USPQ2d 1759 (Fed. Cir. 2005) (70 PTCJ 56, 5/20/05).

¹⁴ *McGinley v. Franklin Sports Inc.*, 262 F.3d 1339, 1351, 60 USPQ2d 1001 (Fed. Cir. 2001) (62 PTCJ 408, 8/31/01) (emphasis added).

¹⁵ See, e.g., *MercExchange LLC v. eBay Inc.*, 401 F.3d 1323, 1331, 74 USPQ2d 1225 (Fed. Cir. 2005) (69 PTCJ 532, 3/25/05) (affirming jury verdict; holding that there was “substantial evidence to support the jury’s finding of nonobviousness”), *modified on other grounds*, 126 S. Ct. 1837, 78 USPQ2d 1577 (2006) (72 PTCJ 50, 5/19/06); *Railroad Dynamics Inc. v. A. Stucki Co.*, 727 F.2d 1506, 1514, 220 USPQ 929 (Fed. Cir. 1984) (27 PTCJ 354, 2/9/84) (“It was not error to submit the question of obviousness to the jury.”).

¹⁶ See *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1549, 220 USPQ 193 (Fed. Cir. 1983) (27 PTCJ 133, 12/8/83). (“The evidence relied on to prove those facts must be clear and convincing.”).

¹⁷ See, e.g., *Grogan v. Garner*, 498 U.S. 279, 286 (1991) (“Because the preponderance of the evidence standard results in a roughly equal allocation of the risk of error between litigants, we presume that this standard is applicable in civil actions between private litigants unless ‘particularly important individual interests or rights are at stake.’”) (quoting *Herman & MacLean v. Huddleston*, 459 U.S. 375, 389 (1983)).

⁴ 52 U.S. (11 How.) at 267.

⁵ *Graham v. John Deere Co.*, 383 U.S. 1, 17, 148 USPQ 459 (1966).

⁶ Since re-designated 35 U.S.C. § 103(a).

⁷ *Graham*, 383 U.S. at 17.

⁸ *Graham*, 383 U.S. at 16.

⁹ *Id.* at 17.

¹⁰ *Hotchkiss*, 52 U.S. (11 How.) at 267, *quoted in Sakraidia v. Ag Pro Inc.*, 425 U.S. 273, 279, 189 USPQ 449 (1976) (275 PTCJ A-5, 4/22/76).

The KSR Litigation: 2002-2006

KSR International Co., a Tier 1 supplier of pedal systems to vehicle manufacturers including Ford Motor Co. and General Motors Corp., was sued in 2002 by a competitor, Teleflex Inc. and its patent holding company subsidiary for alleged infringement of U.S. Patent No. 6,237,565 B1 titled “Adjustable Pedal Assembly With Electronic Throttle Control” (the Engelgau patent). As the patent’s title suggests, the claimed invention in KSR comprised (a) an adjustable pedal assembly, combined with (b) an “electronic control” that was attached to the pedal assembly’s support bracket. The claimed adjustable pedal assembly admittedly was pre-existent; the claimed electronic control admittedly was also pre-existent. The alleged innovation was said to lie in the *combination* of these two pre-existing components, and specifically, in the decision to attach the claimed electronic control to the pedal assembly’s *support bracket* as opposed to some other structure. The extremely limited nature of the alleged invention was confirmed by Teleflex’s counsel during the Supreme Court oral argument:

JUSTICE STEVENS: The invention, to use an old-fashioned term, is the decision of where to put the control?

MR. GOLDSTEIN [Respondents’ Counsel]: That is the extent of the entire invention.¹⁸

KSR moved in the district court for summary judgment of patent invalidity on two related but independent grounds. First, KSR contended, Claim 4 of the Engelgau patent—the only asserted claim—was invalid under even the Federal Circuit’s interpretation of 35 U.S.C. § 103(a). Second, KSR contended, Claim 4 of the Engelgau patent was invalid under Supreme Court interpretations of Section 103(a) that pre-dated and conflicted with Federal Circuit precedent. In either event, KSR argued, it was not necessary to hold a *Markman* or claim construction hearing apart from the court’s consideration of underlying merits issues to which claim construction might be relevant. For purposes of summary judgment of invalidity, KSR urged the court to assume the accuracy of the plaintiffs’ proposed construction of the patent claim language. In this way KSR avoided expensive, time-consuming, and highly uncertain litigation over what eventually proved a moot point, namely, whether the asserted patent claim language should be construed in such a way as to encompass the prior art, but to exclude the design of the accused KSR pedal systems (whose design was quite different from that disclosed in the prior art or the Engelgau patent). Unlike the situation with the accused KSR pedal systems, there was no dispute but that the asserted patent claim language described the prior art relied on by KSR.

In December 2003, Judge Lawrence P. Zatkoff of the U.S. District Court for the Eastern District of Michigan granted KSR’s motion for summary judgment and held that the asserted patent claim was invalid under the Federal Circuit’s then-interpretation of Section 103(a). Teleflex appealed the district court’s judgment to the

¹⁸ Tr. of Oral Argument at 55, *KSR International Co. v. Teleflex Inc.*, No. 04-1350 (U.S. Nov. 28, 2006), available at http://www.supremecourt.gov/oral_arguments/argument_transcripts/04-1350.pdf.

Federal Circuit, complaining that the district court had “diluted beyond recognition the barriers that the Federal Circuit has erected to a finding of obviousness.”¹⁹

In opposing Teleflex’s appeal, KSR once again urged two alternative grounds for affirmance. First, KSR argued that the award of summary judgment was correct as a matter of Federal Circuit law. Second, KSR argued, the award of summary judgment was compelled by long-standing Supreme Court patent precedent to the effect that: “A patent for a combination which only unites old elements with no change in their respective functions . . . obviously withdraws what is already known into the field of its monopoly and diminishes the resources available to skillful men.”²⁰

In an unpublished decision dated Jan. 6, 2005, the Federal Circuit vacated the district court’s judgment and remanded the case “for further proceedings on the issue of obviousness, and, if necessary, proceedings on the issues of infringement and damages.”²¹ Although there was no dispute as to any *historical* fact relevant to the patentability of the claimed subject matter, the Federal Circuit nevertheless held that a jury trial was needed to decide a *hypothetical* “fact,” namely, “whether a person of ordinary skill in the art *would have been motivated*, at the time the invention was made, to attach an electronic control to the support structure of the pedal assembly.”²² In rendering its judgment the Federal Circuit in KSR did not cite, distinguish, or acknowledge the existence of *Sakraida* or other analogous Supreme Court patent precedents on which KSR had relied, even though KSR had devoted an entire section of its appellate brief to those Supreme Court precedents.

KSR then petitioned the Supreme Court to issue a writ of certiorari and secured what turned out to be a time and money-saving stay of further proceedings in the district court pending the Supreme Court’s decision. On the first day of its October 2005 term, the Supreme Court issued an order inviting the solicitor general to file a brief expressing the views of the United States. After several months of consideration, the solicitor general in May 2006 filed a brief that urged the Supreme Court to grant certiorari and reverse the Federal Circuit’s judgment. In making that recommendation the solicitor general expressly noted that “KSR has properly preserved its challenge to the court of appeals’ teaching-suggestion-motivation test by urging in the proceedings below that this Court’s decisions provided an alternative basis for affirmance.”²³

On June 26, 2006, the Supreme Court granted KSR’s petition for a writ of certiorari and set the case for hearing during its October 2006 term. Oral arguments were heard on Nov. 28, 2006.

¹⁹ Resp. C.A. Br. at 4, available at http://www.ffhsj.com/practice_groups/techn_ksr.htm.

²⁰ *Sakraida v. Ag Pro Inc.*, 425 U.S. 273, 281, 189 USPQ 449 (1976) (275 PTCJ A-5, 4/22/76). (quoting *Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp.*, 340 U.S. 147, 152-53, 87 USPQ 303 (1950)).

²¹ *Teleflex Inc. v. KSR International Co.*, No. 04-1152, slip op. at 15 (Fed. Cir. Jan. 5, 2005), *rev’d*, 127 S. Ct. 1727, 82 USPQ2d 1385 (U.S. April 30, 2007) (74 PTCJ 5, 5/4/07).

²² *Id.* (emphasis added).

²³ Brief for the United States as Amicus Curiae filed May 25, 2006, at 19, available at <http://pub.bna.com/ptcj/GovBrief.pdf>.

The Supreme Court's Decision

On April 30, the Supreme Court issued a unanimous, 9-0 decision that reversed the judgment of the Federal Circuit and held the asserted claim invalid under Section 103(a) as a matter of law. In reaching this result, the Supreme Court identified a number of “fundamental misunderstandings” in Federal Circuit precedent that had “led the Court of Appeals in this case to apply a test inconsistent with our patent law decisions.”²⁴

The court began its analysis by explicitly “rejecting the rigid approach of the Court of Appeals.”²⁵ “Throughout our engagement with the question of obviousness,” the court said, “our cases have set forth an expansive and flexible approach that is inconsistent with the way the Court of Appeals applied its TSM test here.”²⁶ As it had done in *Graham*, the court in *KSR* reaffirmed that 35 U.S.C. § 103(a) is “based on the logic of the earlier decision in *Hotchkiss v. Greenwood*, [52 U.S.] 11 How. 248 (1851), and its progeny,”²⁷ that “the principles laid down in *Graham* reaffirmed the ‘functional approach’ of *Hotchkiss*, 11 How. 248,”²⁸ and that basic “premises” of the United States patent system “led to the bar on patents claiming obvious subject matter established in *Hotchkiss* and codified in § 103.”²⁹

The court proceeded then to restate and reaffirm a series of principles of patentability that had underlain the court’s past treatment of different types of claimed inventions, and that the court has now explicitly tied to Section 103(a). The principles are in the nature of rules or logical precepts that “are instructive when the question is whether a patent claiming the combination of elements of prior art is obvious.”³⁰ That is, the principles restated in *KSR* inform legal analysis of whether subject matter claimed in an issued patent should be deemed to meet the non-obvious subject matter condition for patentability, or not. The restated principles make clear that the preemptive effect of prior art is a “legal determination” that can be, and in the *KSR* case actually was, resolved by way of relatively inexpensive summary judgment procedure.³¹ The *KSR* holding further makes clear that U.S. courts have—and always have had—much greater authority to deem patent claims invalid than the Federal Circuit had acknowledged between 1983 and at least 2005.³²

A. Restated Principles of Patentability

The first principle reaffirmed in *KSR*, and now expressly tied to Section 103(a), is: “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.”³³ This principle is reflected in decisions such as *Anderson’s-Black Rock*

*Inc. v. Pavement Salvage Co.*³⁴, in which the court invalidated patent claims that described paving apparatus whose two principal components “in combination did no more than they would in separate, sequential operation.”³⁵

A second principle reaffirmed in *KSR*, and now expressly tied to Section 103(a), is: “if a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is *beyond his or her skill*.”³⁶ This principle is reflected in decisions such as *Dow Chemical Co. v. Halliburton Oil Well Cementing Co.*³⁷, in which the court invalidated patent claims that described a method of increasing the output of a well comprising use of a hydrochloric acid solution together with an agent capable of inhibiting corrosion of metal well equipment, when substantially the same technique had been used to inhibit corrosion of other kinds of metal equipment exposed to hydrochloric acid solutions. This was, in the court’s view, “no more than a mere application of an old process of inhibition to a new and analogous use of protecting metal well equipment from corrosion.”³⁸

A third principle reaffirmed in *KSR*, and now expressly tied to Section 103(a), is: “When a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it, either in the same field or a different one. If a person of ordinary skill *can implement* a predictable variation, § 103 likely bars its patentability.”³⁹ This principle is reflected in decisions such as *Altoona Publix Theatres Inc. v. American Tri-Ergon Corp.*⁴⁰, in which the court invalidated patent claims that described apparatus for recording or reproducing sound records comprising a flywheel yielding a uniform speed of operation, where an exogenous development—namely, the invention of “talking” motion pictures—had prompted market demand for the claimed subject matter.

A fourth principle reaffirmed in *KSR*, and now expressly tied to Section 103(a), is: “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 that fact that a combination was obvious to try might show that it was obvious under § 103.”⁴¹ This principle is reflected in decisions such as *Essex Razor Blade Corp. v. Gillette Safety Razor Co.*⁴² in which the court invalidated patent claims describing a razor blade having “a non-circular opening” and recesses designed to cooperate with pins for holding the blade in position, where “[t]he choice” of

²⁴ *KSR*, 127 S. Ct. 1727, 82 USPQ2d at 1398 (U.S. April 30, 2007) (74 PTCJ 5, 5/4/07).

²⁵ 82 USPQ2d at 1395.

²⁶ *Id.*

²⁷ 82 USPQ2d at 1391.

²⁸ *Id.* at 1395.

²⁹ *Id.* at 1400.

³⁰ *KSR*, 82 USPQ2d at 1395.

³¹ 82 USPQ2d at 1395 et seq.

³² *Id.*

³³ *KSR*, 82 USPQ2d at 1395 (quoting *Sakraida v. Ag Pro Inc.*, 425 U.S. 273, 282, 189 USPQ 449 (1976) (275 PTCJ A-5, 4/22/76)).

³⁴ 396 U.S. 57, 60, 163 USPQ 673 (1969)

³⁵ *KSR*, 82 USPQ2d at 1395.

³⁶ *KSR*, 82 USPQ2d at 1389 (emphasis added).

³⁷ 324 U.S. 320, 64 USPQ 412 (1945).

³⁸ *Id.* at 327.

³⁹ 82 USPQ2d at 1389 (emphasis added).

⁴⁰ 294 U.S. 477 (1935).

⁴¹ *KSR*, 82 USPQ2d at 1390.

⁴² 299 U.S. 94 (1936).

razor blade configuration “was one between alternative means obvious to any mechanic.”⁴³

A fifth principle reaffirmed in *KSR*, and now expressly tied to Section 103(a), is: “when prior art teaches away from combining certain known elements, discovery of a successful means of combining them is more likely to be nonobvious.”⁴⁴ This principle is reflected in decisions such as *United States v. Adams*,⁴⁵ in which the court upheld patent claims that described a water-activated battery all of whose components were previously known, but whose combination was one that prior art teachings had both discouraged and suggested, erroneously, would not work.⁴⁶

Common to all of the restated principles is a renewed focus on the degree of *skill* needed to devise claimed subject matter coupled with recognition that “market demand, rather than scientific literature,” may “drive design trends” in a given context.⁴⁷ Under *KSR* “a court must ask whether the improvement is more than the predictable use of prior art elements according to their established functions.”⁴⁸ The purpose of the inquiry is “to determine whether there was an *apparent reason* to combine the known elements in the fashion claimed by the patent at issue.”⁴⁹

“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,”⁵⁰ including “the effects of demands known to the design community or present in the marketplace.”⁵¹ And as the *KSR* case illustrates, the concept of “an apparent reason” to combine or modify prior art references is quite different in character, and much easier to establish, than the pre-*KSR* Federal Circuit requirement of clear and convincing evidence supporting “specific findings showing a teaching, suggestion, or motivation to combine prior art teachings.”⁵²

B. Disapproved Federal Circuit Precedent

The *KSR* decision reaffirms, as patent law “doctrine,”⁵³ the reasoning of pre-1952 Supreme Court precedents dealing with “combination” patent claims:

For over half a century, the Court has held that a “patent for a combination which only unites old elements with no change in their respective functions . . . obviously withdraws what is already known into the field of its monopoly and diminishes the resources available to skillful men.”⁵⁴

This aspect of the *KSR* decision rejects the reasoning of *Stratoflex Inc. v. Aeroquip Corp.*⁵⁵ and *Medtronic Inc.*

v. Cardiac Pacemakers Inc.,⁵⁶ in which the Federal Circuit had stated “[i]t but obfuscates the law to posit a non-statutory, judge-created classification labeled ‘combination patents,’”⁵⁷ and “[r]eference to ‘combination’ patents is, moreover, *meaningless*.”⁵⁸ Contrary to the Federal Circuit’s previously stated view, “[n]either the enactment of § 103 nor the analysis in *Graham* disturbed this Court’s earlier instructions concerning the need for caution in granting a patent based on a combination of elements found in the prior art.”⁵⁹

The *KSR* decision also reaffirms that “[t]he ultimate judgment of obviousness is a legal determination” that courts, not lay juries, have the responsibility for making.⁶⁰ *KSR* holds that “a court must ask whether the improvement is more than the predictable use of prior art elements according to established principles,”⁶¹ and “[t]o facilitate review, its analysis should be explicit.”⁶² This aspect of the *KSR* decision appears to reject the reasoning of cases such as *Perkin-Elmer Corp. v. Sarkisian*,⁶³ in which the Federal Circuit held that persons accused of patent infringement had no right to independent judicial, as opposed to lay jury, determination of the ultimate question of validity under § 103.

The *KSR* decision also reaffirms that multiple prior art references can render claimed subject matter obvious, and thus unpatentable under 35 U.S.C. § 103(a), in many more and different circumstances than the Federal Circuit had acknowledged between 1983 and at least 2005. After *KSR*, as before, a pre-existent teaching, suggestion, or motivation to combine or modify prior art references is *one* basis on which a court may deem claimed subject matter obvious for purposes of 35 U.S.C. § 103(a).⁶⁴ To this extent, “[t]here is no necessary inconsistency between *the idea underlying the TSM test and the Graham analysis*.”⁶⁵ That idea is that in *some* cases, “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 new invention does.”⁶⁶ The court cited *United States v. Adams*⁶⁷ as an example of such a case.

But after *KSR*, the *absence* of a pre-existent teaching, suggestion, or motivation to combine or modify prior

⁵⁶ 721 F.2d 1563 (Fed. Cir. 1984).

⁵⁷ 721 F.2d at 1566.

⁵⁸ 713 F.2d at 1540 (emphasis added).

⁵⁹ 82 USPQ2d at 1395 (emphasis added).

⁶⁰ 82 USPQ2d at 1400. *Cf. Markman v. Westview Instruments Inc.*, 517 U.S. 370, 371, 38 USPQ2d 1461 (1996) (51 PTCJ 715, 730, 4/25/96) (“The construction of a patent, including terms of art within its claim, is exclusively within the province of the court.”).

⁶¹ 82 USPQ2d at 1389 (emphasis added).

⁶² *Id.* at 1396. *See also Id.* at 1400 (“the district court can and should take into account expert testimony”); *Id.* at 1396 (“Often, it will be necessary for a court to look to interrelated teachings of multiple patents”); *Id.* (“a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.”); *Id.* at 1391 (“if a court, or patent examiner, conducts this analysis and concludes the claimed subject matter was obvious, the claim is invalid under § 103.”). (Emphases added.)

⁶³ 732 F.2d 888, 895 & n.5 (Fed. Cir. 1984)

⁶⁴ *E.g., Mandel Bros. Inc. v. Wallace*, 335 U.S. 291, 296, 79 USPQ 220 (1948) (prior art suggested claimed improved antiperspirant; claims held invalid).

⁶⁵ *KSR*, 82 USPQ2d 1396 (emphasis added).

⁶⁶ *Id.*

⁶⁷ 383 U.S. 39 (1966).

⁴³ *Id.* at 98.

⁴⁴ *KSR*, 82 USPQ2d at 1395.

⁴⁵ 383 U.S. 39, 148 USPQ 479 (1966).

⁴⁶ *Id.* at 51-52.

⁴⁷ 82 USPQ2d at 1389.

⁴⁸ *Id.*

⁴⁹ *Id.* (emphasis added).

⁵⁰ *Id.* at 1389 (emphasis added).

⁵¹ *Id.* at 1389.

⁵² *Teleflex Inc. v. KSR International Co.*, No. 04-1152, slip op. at 15 (Fed. Cir. Jan. 5, 2005), *rev'd*, 127 S. Ct. 1727, 82 USPQ2d 1385 (U.S. April 30, 2007) (74 PTCJ 5, 5/4/07).

⁵³ 82 USPQ2d at 1395.

⁵⁴ *Id.* (quoting *Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp.*, 340 U.S. 147 (1950)).

⁵⁵ 713 F.2d 1530, 218 USPQ 871 (Fed. Cir. 1983).

art is no longer fatal to a defense of invalidity under Section 103(a). This is a profound change from prior Federal Circuit precedent. Under *KSR*, the presence or absence of a pre-existent teaching, suggestion, or motivation to make claimed subject matter is simply one factor that may provide a sound reason for concluding that claimed subject matter should or should not be deemed “non-obvious subject matter” and thus eligible for a grant of government-backed rights to exclude. In a case like *KSR*, where the claimed subject matter was a response to an exogenous development (namely, a transition from mechanical to electronic throttle controls in the automotive industry), the absence of a pre-existent teaching, suggestion, or motivation to combine or modify prior art may have little or no bearing on the degree of skill that was needed to react to the new conditions and make at least some subject matter that falls within the scope of a broadly worded patent claim. “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.”⁶⁸

The *KSR* decision expressly disapproves, as “error,” long-standing Federal Circuit precedent holding that “a patent claim cannot be proved obvious merely by showing that the combination of elements was ‘obvious to try.’”⁶⁹ *KSR* makes clear that in appropriate circumstances, “the fact that a combination was obvious to try might show that it was obvious under § 103.”⁷⁰

The *KSR* decision further calls into question the Federal Circuit’s long-standing interpretation of the statutory presumption of patent validity, 35 U.S.C. § 282, as a presumption that “is never annihilated, destroyed, or even weakened, regardless of what facts are of record.”⁷¹ The defense of invalidity in *KSR* was grounded in part on a prior art adjustable pedal system, Asano, that had never been cited to the PTO and whose preemptive effect had never been considered or passed on by the PTO during the prosecution of the Engelgau patent. Despite this, the *KSR* plaintiffs argued that the statutory presumption of validity required the court to view the sufficiency of *KSR*’s proofs of invalidity through the lens of a clear and convincing evidence burden of proof. The court held that it “need not reach the question whether the failure to disclose Asano during the prosecution of Engelgau voids the presumption of validity given to issued patents, for claim 4 is obvious despite the presumption.”⁷² But the court added the following, very suggestive comment: “We nevertheless think it appropriate to note that the rationale underlying the presumption—that the PTO, in its expertise, has approved the claim—seems much diminished here.”⁷³

Finally, the *KSR* decision appears to reinstate the principle, often expressed in Supreme Court patent precedents, that the commercial success of a claimed in-

vention may support a legal conclusion of patentability “only in a close case where all other proof leaves the question of invention in doubt.”⁷⁴ Teleflex had argued that the claimed invention of the Engelgau patent had enjoyed “commercial success,” but the court nevertheless held: “Where, as here, the content of the prior art, the scope of the patent claim, and the level of ordinary skill in the art are not in material dispute, and the obviousness of the claim is apparent in light of these factors, summary judgment is appropriate.”⁷⁵

The court noted that in two decisions handed down in 2006, *Dystar Textilfarben GmbH v. C.H. Patrick Co.*⁷⁶ and *Alza Corp v. Mylan Laboratories Inc.*⁷⁷, the Federal Circuit had “elaborated a broader conception of the TSM test than was applied in the instant matter.”⁷⁸ The court declined to consider whether those decisions—both issued after certiorari had been granted in *KSR*—“may describe an analysis more consistent with our earlier precedents and our decision here.”⁷⁹ In fact, the *Dystar* panel majority stated that it was applying the same standard as had been articulated and applied in the now reversed Federal Circuit decision in *KSR*, and attempted to defend the Federal Circuit’s *KSR* decision in a published opinion issued Oct. 3, 2006.⁸⁰

C. Summary Judgment of Invalidity

The practical importance of the *KSR* decision is perhaps best illustrated by what the court actually did with the particular patent claim that was asserted in the *KSR* case itself: the Supreme Court reinstated a summary judgment of invalidity on the basis of evidence that the Federal Circuit had held did not make out even “a *prima facie* case of obviousness.”⁸¹ The Supreme Court stated, “When we apply the standards we have explained to the instant facts, claim 4 must be found obvious.”⁸²

The validity of the patent claim at issue in *KSR* depended on the preemptive effect of multiple prior art references. Applying its own precedents, the Federal Circuit in *KSR* had held that a jury trial was needed to determine the preemptive effect of undisputed prior art references because, in its view, “[m]otivation to combine is a question of fact.”⁸³ The Supreme Court rejected this reasoning and treated the preemptive effect of prior art as being an aspect of “[t]he ultimate judgment of obviousness,” a judgment that the court characterized as a “legal determination” and thus resolv-

⁷⁴ *Dow Chemical Co. v. Halliburton Oil Well Cementing Co.*, 324 U.S. 320, 330 (1945). Cf. *Dann v. Johnston*, 425 U.S. 219, 230 n.4 (1976) (“Commercial success without invention will not make patentability.”) (quoting *Great Atlantic*, 340 U.S. at 153)).

⁷⁵ 82 USPQ2d at 1400 (emphasis added).

⁷⁶ 464 F.3d 1356, 80 USPQ2d 1641 (Fed. Cir. 2006) (72 PTCJ 640, 10/13/06).

⁷⁷ 464 F.3d 1286, 80 USPQ2d 1001 (Fed. Cir. 2006) (72 PTCJ 502, 9/15/06).

⁷⁸ 82 USPQ2d at 1397.

⁷⁹ *Id.* at 1398.

⁸⁰ See 464 F.3d at 1367 n.3.

⁸¹ *Teleflex Inc. v. KSR International Co.*, No. 04-1152, slip op. at 13 (Fed. Cir. Jan. 5, 2005), *rev’d*, 127 S. Ct. 1727, 82 USPQ2d 1385 (U.S. April 30, 2007) (74 PTCJ 5, 5/4/07).

⁸² 82 USPQ2d at 1398.

⁸³ *Group One Ltd. v. Hallmark Cards Inc.*, 407 F.3d 1297, 1304, 74 USPQ2d 1759 (Fed. Cir. 2005) (70 PTCJ 56, 5/20/05).

⁶⁸ *KSR*, 82 USPQ2d at 1396.

⁶⁹ *Id.* at 1390 (quoting *Teleflex Inc. v. KSR International Co.*, No. 04-1152, slip op. at 13 (Fed. Cir. Jan. 5, 2005) (quoting *In re Deuel*, 51 F.3d 1552, 1559, 34 USPQ2d 1210 (Fed. Cir. 1995) (49 PTCJ 644, 3/30/95) (“‘Obvious to try’ has long been held not to constitute obviousness.”))).

⁷⁰ 82 USPQ2d at 1397.

⁷¹ *ACS Hospital Systems Inc. v. Montefiore Hospital*, 732 F.2d 1572, 1575, 221 USPQ 929 (Fed. Cir. 1984) (emphasis added).

⁷² 82 USPQ2d at 1399.

⁷³ *Id.*

able on a motion for summary judgment.⁸⁴ The plaintiffs' assertion that a hypothetical person having ordinary skill in the art would have lacked motivation to choose a particular reference, Asano, as a basis for making the claimed invention, was treated in the same fashion as any other unpersuasive legal argument: "The idea," the court held, "makes little sense."⁸⁵

In the court's view, the patent claim at issue in *KSR* was invalid under 35 U.S.C. § 103(a) as a matter of law, because: "A person having ordinary skill in the art could have combined Asano with a pedal position sensor in a fashion encompassed by claim 4, and would have seen the benefits of doing so."⁸⁶ The court then proceeded to identify a series of errors that had led the Federal Circuit to vacate the district court's award of summary judgment of invalidity.

The Federal Circuit's first error was its "holding that courts and patent examiners should look only to the problem that the patentee was trying to solve."⁸⁷ This approach failed to recognize that a problem subjectively perceived by a particular patent applicant "may be only one of many addressed by the patent's subject matter."⁸⁸ "In determining whether the subject matter of a claim is obvious, neither the particular motivation nor the avowed purpose of the patentee controls. What matters is the objective reach of the claim."⁸⁹

The Federal Circuit's second error, the court held, "lay in its assumption that a person of ordinary skill attempting to solve a problem will be led only to those elements of prior art designed to solve the same problem."⁹⁰ "Common sense teaches," the court stated, "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."⁹¹

The Federal Circuit's third error, the court held, lay in its conclusion that "a patent claim cannot be proved obvious merely by showing that the combination of elements was 'obvious to try.'"⁹² As noted above, the court held that in some cases, a showing that claimed subject matter was obvious to try could be a legally sufficient reason for concluding that it failed to meet the Section 103 condition.⁹³

⁸⁴ *KSR*, 82 USPQ2d at 1400.

⁸⁵ *Id.* at 1397.

⁸⁶ *Id.* at 1398 (emphasis added).

⁸⁷ *Id.* at 1389.

⁸⁸ *Id.* at 1397.

⁸⁹ *Id.*

⁹⁰ *Id.*

⁹¹ *Id.*

⁹² *Id.* at 1390. (quoting *Teleflex Inc. v. KSR International Co.*, No. 04-1152, slip op. at 13 (Fed. Cir. Jan. 5, 2005) (quoting *In re Deuel*, 51 F.3d 1552, 1559, 34 USPQ2d 1210 (Fed. Cir. 1995) (49 PTCJ 644, 3/30/95) (" 'Obvious to try' has long been held not to constitute obviousness.")))

⁹³ 82 USPQ2d at 1390.

Finally, the court held that the Federal Circuit "drew the wrong conclusion from the risk of courts and patent examiners falling prey to hindsight bias."⁹⁴ "A factfinder should be aware, of course, of the distortion caused by hindsight bias and must be cautious of argument reliant upon *ex post* reasoning."⁹⁵ But this did not justify the Federal Circuit's imposition of "[r]igid preventative rules that deny factfinders recourse to common sense."⁹⁶

Applying the principle that "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,"⁹⁷ the court concluded, as a matter of law, that for purposes of invalidity analysis, "it was possible to begin with the objective to upgrade Asano to work with a computer-controlled throttle."⁹⁸

Positing a known problem or objective, such as "to upgrade Asano," and inquiring whether claimed means of achieving the objective reflected "a design step well within the grasp of a person of ordinary skill in the relevant art,"⁹⁹ exemplifies the skill-based functional approach to patentability that the court first announced in *Hotchkiss v. Greenwood*,¹⁰⁰ and has now once again reaffirmed.

D. A Reaffirmation of Prior Precedent

The *KSR* decision does not purport to make new law. The decision reaffirms and applies principles that the court has articulated and applied in numerous of its patent precedents dating back to 1851. It remains an open question, therefore, whether and to what extent the *KSR* decision entitles a party to review of a lower court's non-application of Supreme Court patent precedent in the absence of a timely exception—as was made in the *KSR* case. An appellate court generally will not consider legal arguments that were available, but were not presented, to a lower court.

Between 1851 and 1976, the Supreme Court handed down a very large number of decisions addressing core patent law issues, including dozens of "judicial precedents embracing the *Hotchkiss* condition."¹⁰¹ These precedents provide a rich source of reasons, principles, and analogies for deciding whether, in a given case, claimed subject matter is properly deemed non-obvious subject matter, or not. It is reasonable to expect that Supreme Court patent precedent will play an increased role in the Federal Circuit's interpretation and application of Section 103 going forward. But in order for Supreme Court patent precedent to play such a role, litigants must give it voice.

⁹⁴ *Id.*

⁹⁵ *Id.* at 1397.

⁹⁶ *Id.*

⁹⁷ *Id.*

⁹⁸ *Id.* at 1399.

⁹⁹ *Id.* at 1400.

¹⁰⁰ 52 U.S. (11 How.) 248 (1851)

¹⁰¹ *Graham*, 383 U.S. at 17.