



KSR v. Teleflex: Obviously, The Federal Circuit Was Too Strict

May 2007

Paul J. Esatto, Jr., Peter I. Bernstein

The Supreme Court's ruling in *KSR Int'l v. Teleflex, Inc.*, No.04-1350 (U.S. Apr. 30, 2007) represents a long-awaited pronouncement on the proper application of the obviousness standard in patent applications undergoing examination as well as for unexpired patents subject to invalidity challenge.

First, the Teaching, Suggestion or Motivation (TSM) standard for determining obviousness established by the Court of Appeals for the Federal Circuit (CAFC) was held to be too strictly applied. The determination of obviousness must now be more flexible and expansive to allow for considerations of common sense, marketplace incentives and background knowledge of those having ordinary skill in the same field or related fields of the patent.

Second, the Court revived the notion that there should be caution when deciding whether to grant a combination patent of known elements, the so-called combination patents. If the combination of old elements is a predictable use of these elements according to their established functions giving predictable results, the patent should not be granted.

While the Court upheld the use of the "teaches away" argument to disprove obviousness, it shot down the "obvious to try" argument. That is, under certain circumstances such as where there is a design need or market pressure to solve a problem and there are only a finite number of identified predictable solutions, a combination patent may have been obvious to try and may therefore be unpatentable.

It is reasonable to predict that the new standards for obviousness will make it more difficult to obtain combination patents from the USPTO and easier to invalidate combination patents in litigation.

On the other hand, the Court upheld the notion that merely because an invention is a combination of known elements does not per se make it unpatentable. The Court is saying that the TSM test can be a "helpful insight" in the obviousness determination but the lack of TSM cannot be used to negate obviousness, when the other factors mentioned above would indicate otherwise. Arguments such a teaching away or that the combination as taught in the prior art would not work must be used to prove a combination patent is not obvious. Also, arguments of the secondary factors of non-obviousness are unaffected by the decision; proper showings of commercial success, long felt unsolved need and unexpected results remain useful to prove a combination patent is not obvious.

The Court was careful to say that the CAFC has no doubt applied the TSM in a manner consistent with the Supreme Court's precedent in many of its past cases, but that where it went wrong is in applying the test too rigidly. The Court was in effect saying that all of the prior decisions upholding a patent based on a lack of TSM are not overturned. However, any litigant that lost on a claim of obviousness because of a lack of TSM and the case is still pending, may now go back to court for another try to invalidate the patent. Moreover, licensees that decided to take a license rather than fight in court based on obviousness, should now rethink their position and consider challenging the validity. In view of the decision, clients would be wise to revisit opinions of counsel that relied on an obviousness argument against a claim.

The Court spoke on two additional significant points.

The Court stated that the presumption of validity is “diminished” where a reference is presented in court that was not before the examiner. Although not explained, we believe the Court is referring to the discussion about how the district court considered the prior art rejection by the examiner and how the subsequent amendment to the claim rendered the claim allowed. The district court found it important that the new reference supplied the missing element that was added to the claim to distinguish the art of record. The Supreme Court disagreed with the CAFC by indicating that the prosecution history can be relevant to the determination of obviousness. We believe that the presumption of validity would be considered diminished only in this same type of circumstance, as opposed to just merely because a new reference is being presented in court not seen by the examiner. In other words, not just any new reference would diminish the presumption.

The Court also reiterated that the ultimate judgment of obviousness is a legal determination in finding that summary judgment was appropriate. We believe this may spark a new willingness for district court judges to grant summary judgment for obviousness and possibly a new procedure where obviousness is only determined by the judge.

The USPTO has issued a memorandum to its examiners explaining the KSR decision. The memo reiterates the basic points described above. However, the memo concluded by reiterating that in rejecting claims under 35 U.S.C. § 103, “it remains necessary [for the examiners] to identify the reason why a person of ordinary skill in the art would have combined the prior art elements in the manner claimed.” This, we believe, is intended to remind the examiners do not have *carte blanche* in formulating obviousness rejections.

Scully, Scott, Murphy & Presser, P.C. publications should not be construed as legal advice on any specific facts or circumstances. The contents are intended for general information purposes only and may not be quoted or referred to in any other publication or proceeding without the prior written consent of the Firm, to be given or withheld at our discretion. The mailing of this publication is not intended to create, and receipt of it does not constitute, an attorney-client relationship. The views set forth herein are the personal views of the authors and do not necessarily reflect those of the Firm.