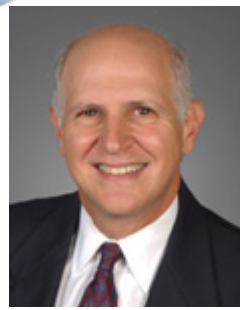
In the Wake of KSR: Sea Change or Wait-and-See?



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Webinar Overview

- Tom Elkind, Foley – How did KSR change the law?
- Curt Rose, H-P – Will KSR help or hurt established companies?
- Roger Kitterman, Partners – How will KSR affect start-up companies?
- Rob Glance, Fannie Mae – How will KSR affect business method patents?

35 U.S.C. § 103

- A patent may not be obtained . . . If the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious to a person having ordinary skill in the art in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made. . . .

Graham v. John Deere

- "Under § 103,
- the scope and content of the prior art are to be determined;
- **differences between the prior art and the claims** at issue are to be ascertained; and
- the level of **ordinary skill in the pertinent art** are resolved. Against this background the obviousness or nonobviousness of the subject matter is determined.
- Such **secondary considerations** as **commercial success**, **long felt but unsolved needs**, **failure of others**, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented."

The TSM Test

- Teaching, Suggestion, Motivation test:

  Claim is obvious only if the prior art, the problem's nature, or the knowledge of a person having ordinary skill in the art reveals some motivation or suggestion to combine the prior art teachings. *See, e.g.*, *Al-Site Corp. v. VSI Int'l, Inc.*, 174 F.3d 1308, 1323-1324 (CA Fed. 1999).

Trial Court Ruling

- Trial court granted KSR's S/J motion of invalidity under § 103
  - Applying *Graham*, court found "little difference" between art and claim
  - Also held that KSR had satisfied the TSM test
    - State of industry would have led to combination of sensors and adjustable pedals
    - Rixon provided basis for developments
    - Smith taught a solution to wire chafing problems of Rixon
    - Asano (adjustable pedal with fixed pivot point) could therefore be combined with other references

Federal Circuit

- Federal Circuit reversed (in an UNPUBLISHED, NON-PRECEDENTIAL decision)
  - "When obviousness is based on the teachings of multiple prior art references, the movant must also establish some "suggestion, teaching, 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."
  - Noted that trial court failed to establish motivation – None of the references directed to same problem as Teleflex patent.
    - Asano directed at solving "constant ratio problem"
    - Rixon "suffers from the problem" solved by Teleflex
    - Smith did not relate to adjustable pedals and although it solved wire chafing problem of Rixon, that wasn't the same problem the Teleflex patent was designed to solve.

The Supreme Court Weighs In

- Holding:

  "The Federal Circuit addressed the obviousness question in a **narrow**, **rigid** manner that is inconsistent with § 103 and this Court's precedents. KSR provided convincing evidence that . . . The Engelgau patent's claim 4 is obvious."

- "[O]ur cases have set forth an expansive and flexible approach inconsistent with the way the Court of Appeals applied in its TSM test here."

The Supreme Court Weighs In

- Applying this to the current case, the Court agreed with the trial court: "[W]e see little difference between the teachings of Asano and Smith and the adjustable electronic pedal disclosed in claim 4 of the Engelgau patent."

Post – KSR Test(s)

- **Graham v. John Deere** Test:
  - Scope and content of the prior art
  - Differences between the prior art and the claimed invention
  - Level of ordinary skill
  - Secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc.
- **TSM** (Teaching, Suggestion, Motivation) – Applicable as one test under a more flexible review
- **Design Need / Market Pressure**
- **Known Problem – Predictable Solution**
- **Person of Ordinary Creativity**
- **Ordinary Common Sense**

Cases Post - KSR

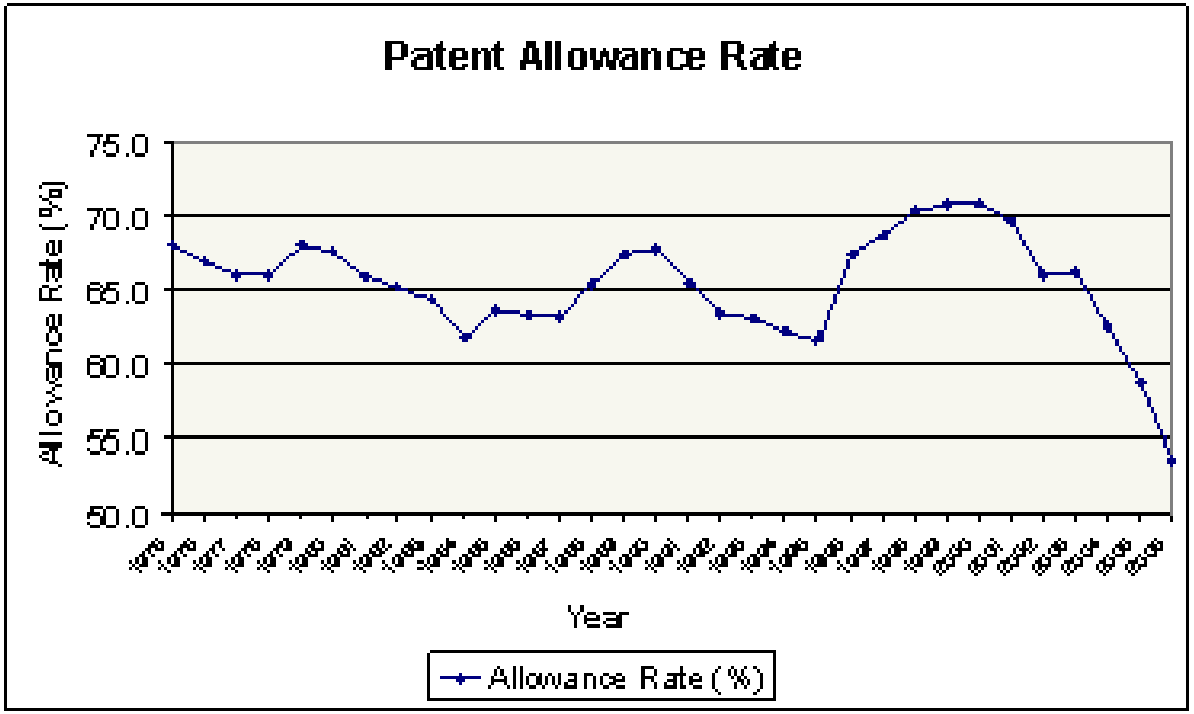
- Leapfrog Enterprises, Inc. v. Fisher-Price, Inc. decided May 9, 2007
  - Defendant argued asserted claim was obvious and that "particularized and specific motivations to combine need not be found in the prior art references themselves in the context of an improvement that arises from a desire to improve a known device."
  - Fed Cir agreed – "An obviousness determination is not the result of a rigid formula disassociated from the consideration of the facts of a case. Indeed, the common sense of those skilled in the art demonstrates why some combinations would have been obvious where others would not."

Potential Impact

- Value of Existing Patents
  - Licensing
  - Litigation
- Standard for Acquiring Patents

U.S. Patent Allowance Rate

- US Patent Office may have already implemented a tighter standard:



U.S. Patent Office Memo

- U.S. PTO Internal Memo re KSR:
  - Court reaffirmed Graham factors
  - Court did not totally reject the use of "Teaching, suggestion, or motivation" as a factor
  - Court rejected a rigid application of the TSM test before holding the claimed subject matter to be obvious
  - Court noted that the analysis supporting a rejection under 35 U.S.C. 103(a) should be made explicit

U.S. Patent Office Memo

- USPTO Internal Memo re KSR:
  - Therefore, in formulating a rejection under 103(a) based upon a combination of prior art elements, it remains necessary to identify the reason why a person of ordinary skill in the art would have combined prior art elements in the manner claimed

KSR International Co. v. Teleflex Inc

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