KSR: Business Impact

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KSR Business Impact

- KSR Winner: Large companies – less harassment from “trolls”
- KSR Loser: Large patent owners with large patent portfolios
- Winner or Loser? Or Both?

➢ Does Goldilocks have a Blackberry?

Opinion of the Court

NOTICE: This opinion is subject to formal revision before publication in the preliminary print of the United States Reports. Readers are requested to notify the Reporter of Decisions, Supreme Court of the United States, Washington, D. C. 20543, of any typographical or other formal errors, in order that corrections may be made before the preliminary print goes to press.

SUPREME COURT OF THE UNITED STATES

No. 04–1350

KSR INTERNATIONAL CO., PETITIONER *v.* TELEFLEX INC. ET AL.

"And as progress beginning from higher levels of achievement is expected in the normal course, the results of ordinary innovation are not the subject of exclusive rights under the patent laws. Were it otherwise patents might stifle, rather than promote, the progress of useful arts."

Goldilocks on Philosophy

- Is the patent system stifling innovation?
  - A patent system that is “too hot” stifles innovation
  - A patent system that is “too cold” stifles innovation
- The Supreme Court is cooling down the patent system.
  - Will KSR make it “just right”?
  - Will KSR go too far and make it “too cold”?

UNITED STATES PATENT AND TRADEMARK OFFICE

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MEMORANDUM

DATE: May 3, 2007

TO: Technology Center Directors

FROM: Margaret A. Focarino
Deputy Commissioner
for Patent Operations

SUBJECT: Supreme Court decision on ***KSR Int'l. Co., v. Teleflex, Inc.***

The Supreme Court has issued its opinion in *KSR*, regarding the issue of obviousness under 35 U.S.C. § 103(a) when the claim recites a combination of elements of the prior art. *KSR Int'l Co. v. Teleflex, Inc.*, No 04-1350 (U.S. Apr. 30, 2007). A copy of the decision is available at http://www.supremecourtus.gov/opinions/06pdf/04-1350.pdf. The Office is studying the opinion and will issue guidance to the patent examining corps in view of the KSR decision in the near future. Until the guidance is issued, the following points should be noted:

Therefore, in formulating a rejection under 35 U.S.C. § 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 the prior art elements in the manner claimed.

USPTO Post-KSR Behavior

- Very early, but…
- Canary in the coal mine
  - Appeal brief filed before KSR
  - Decision from USPTO Board of Patent Appeals and Interferences rendered after KSR

The opinion in support of the decision being entered today was *not* written for publication and is *not* binding precedent of the Board.

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

Decided: May 30, 2007

light of these factors. Since Appellants have shown no secondary factors to dislodge a determination that the claimed subject matter is obvious, claim 5 is unpatentable under §103 as long as the Examiner has provided "some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness." *KSR Int'l v. Teleflex Inc.*, 127 S.Ct. 1727, 1740, 82 USPQ2d 1385, 1396 (2007) (quoting *Kahn*). In that regard, we are satisfied that the Examiner has supported a legal conclusion of obviousness with a rational reason to combine the prior art to arrive at the claimed invention.

Post-KSR Strategies

- Wait and see, don’t overreact
  - Gauge KSR impact, especially on less “predictable” technologies (chemical, complex electrical, materials science, etc)
  - Monitor Federal Circuit case law, published appeal decisions
- Increase use of examiner interviews, 1.132 affidavits, appeals
- Move up the patent prosecution “food chain” when responding to 103 rejections
  - No Teaching, Suggestion and Motivation to Combine
  - Teaching away
  - Intended function destroyed by combination
  - European Approach
  - Japanese Approach
- Add some “sweat” to the patent application itself
  - Explain why this is “extraordinary innovation”
  - Explain why result wasn’t predictable

Post-KSR Strategies

- Consider PCT filing, designating EPO as search authority
  - Give PTO time to adjust to KSR before enter national phase in US
  - May serve to dampen PTO desire to go “fishing” for additional prior art used to support ill-conceived 03 rejections
- Address secondary considerations
- Be more selective in filing cases that appear too “ordinary”
  - If EP or JP patentability bar is too high to justify time/expense to file a patent application, US patentability bar may be too high as well