

Spring 2008

KSR International Co. v. Teleflex Inc.: Patentability Clarity or Confusion?

Stephen J. Schanz

Recommended Citation

Stephen J. Schanz, *KSR International Co. v. Teleflex Inc.: Patentability Clarity or Confusion?*, 6 NW. J. TECH. & INTELL. PROP. 192 (2008).
<https://scholarlycommons.law.northwestern.edu/njtip/vol6/iss2/4>

This Perspective is brought to you for free and open access by Northwestern Pritzker School of Law Scholarly Commons. It has been accepted for inclusion in Northwestern Journal of Technology and Intellectual Property by an authorized editor of Northwestern Pritzker School of Law Scholarly Commons.

N O R T H W E S T E R N
JOURNAL OF TECHNOLOGY
AND
INTELLECTUAL PROPERTY

KSR International Co. v. Teleflex Inc.:
Patentability Clarity or Confusion?

Stephen J. Schanz



***KSR International Co. v. Teleflex Inc.:* Patentability Clarity or Confusion?**

By Stephen J. Schanz*

¶1 On April 30, 2007, the United States Supreme Court issued its decision in *KSR International Co. v. Teleflex Inc.*¹ (*KSR*) addressing the issue of the determination of obviousness in granting patentability. The public and media initially characterized the decision in varying ways: from being a victory for high tech firms,² to imposing additional limits on patents,³ to posing a threat to weaker patents,⁴ to limiting patents.⁵ Substantial interest in the case was evident from the outset of the litigation. The Court both posited questions for the attorneys and inserted commentary ninety-seven times during the course of oral argument.⁶ A thorough review of the Court's opinion, however, indicates that the effect of the ruling may neither be as wide-sweeping nor dramatic as some have thought.

¶2 Though it remains to be seen how the United States Patent and Trademark Office (USPTO) will incorporate the recent ruling in the long term, there is evidence to suggest the *KSR* decision will be considered an extension of established standards governing patentability. That said, changes in both the rigor imposed to garner initial acceptance by the USPTO as well as the vulnerability of existing patents to judicial challenges based on obviousness may have both been expanded.⁷

I. BACKGROUND

¶3 The crux of the *KSR* decision involved the determination of whether or not a patent is obvious. At issue was an adjustable automobile pedal system, whereby the pedal's pivot point remains fixed when the pedal is adjusted. Teleflex initially sued KSR

* Stephen J. Schanz earned a J.D. from Pepperdine University School of Law and an L.L.M from Loyola University in Chicago. He is a Teaching Assistant Professor in the College of Management at North Carolina State University where he teaches in the Biopharmaceutical Management Initiative in the MBA program. The author thanks Jeff Lewis, a 2L at UNC Law School, for his assistance in the preparation of this article.

¹ 127 S. Ct. 1727 (2007).

² Peter Kaplan, *US High Court Hands Tech Firms Patent Victories*, REUTERS NEWS, Apr. 30, 2007, <http://uk.reuters.com/article/businessNews/idUKN3046605620070501>.

³ Linda Greenhouse, *High Court Puts Limits on Patents*, N.Y. TIMES, May 1, 2007.

⁴ Christopher S. Rugaber, *Court Cases Threaten Weaker Patents*, AP NEWSWIRE, Apr. 30, 2007, available at <http://nwtimes.com/articles/2007/05/01/business/business/docce80d429f6959063862572cd0074f881.txt>.

⁵ Greg Stohr, *Technology Companies Win as High Court Limits Patents*, BLOOMBERG, Apr. 30, 2007, <http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aC7WycAr3q3U>.

⁶ See Transcript of Oral Argument, *KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. 1727 (2007) (No. 04-1350).

⁷ Ryan H. Flax, *Patent Counsel Adjust to the Post-'KSR' Landscape*, NAT'L L. J., DEC. 3, 2007, at 82, available at <http://www.law.com/jsp/nlj/PubArticleNLJ.jsp?id=1196361707585> (registration required).

asserting infringement of a patent known as the “Engelgau patent” for which Teleflex held an exclusive license.⁸ Teleflex claimed the infringement arose by adding an electronic sensor to one of KSR’s pedals, and KSR responded by arguing the Engelgau patent was invalid because it was obvious, pursuant to §103 of the Patent Act addressing “[c]onditions for patentability; non-obvious subject matter.”⁹ This critical section reads, in relevant part, “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 at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.”¹⁰

¶4 KSR developed an adjustable pedal system and obtained a design patent on it.¹¹ Thereafter, it added a modular sensor to its design in order to accommodate trucks. Another patent, commonly known as the Asano patent, dealt with a structure in which the pivot point remains fixed even when the pedal location is adjusted. When the Engelgau patent was litigated in the United States District Court for the Eastern District of Michigan, the Asano patent was neither referenced in the prior art nor addressed in its prosecution.¹²

¶5 The district court granted summary judgment in favor of KSR.¹³ The Court of Appeals for the Federal Circuit, based primarily on what is known as the teaching, suggestion and motivation test (TSM test), reversed.¹⁴ In doing so, it held that the district court had not been strict enough inasmuch as it failed to find the specific principle that would have motivated one to attach an electronic control to the assembly.¹⁵

II. DETERMINATION OF OBVIOUSNESS

¶6 The Supreme Court amplified the analysis needed for making a determination of obviousness by reviewing precedent in *Graham v. John Deere Co. of Kansas City*¹⁶ and *Hotchkiss v. Greenwood*.¹⁷ Specifically, the Court explained that such a determination should be objective, as follows:

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 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 sought to be patented.¹⁸

⁸ KSR Int’l Co. v. Teleflex Inc., 127 S. Ct. 1727, 1734 (2007).

⁹ *Id.*

¹⁰ 35 U.S.C. § 103(a) (2006).

¹¹ KSR Int’l Co., 127 S. Ct. at 1736.

¹² Teleflex Inc. v. KSR Int’l Co., 298 F. Supp. 2d 581 (E.D. Mich. 2003).

¹³ *Id.* at 596.

¹⁴ Teleflex Inc. v. KSR Int’l Co., 119 F. App’x 282, 290 (Fed. Cir. 2005).

¹⁵ *Id.*

¹⁶ 383 U.S. 1 (1966).

¹⁷ 52 U.S. (11 How.) 248 (1850).

¹⁸ *Graham*, 383 U.S. at 17-18.

¶7 The Supreme Court also opined that the Court of Appeals for the Federal Circuit, which had used the TSM test to declare whether an invention is obvious, was in conflict with §103.¹⁹ It said the more appropriate approach was a flexible one and that the manner in which the court of appeals applied the TSM method was inconsistent with this. The linchpin to the obviousness question in *KSR* centered on whether a combination of various elements recognized in prior art rendered an invention unpatentable under §103. The Court clearly framed this issue, in relevant part:

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. For the same reason, 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.²⁰

¶8 The Court stressed that a “one size fits all” approach to determine obviousness was not what it intended, was not mandated by §103, and was not supported by various precedent. Rather, the Court embraced an open and flexible approach centered upon particular facts confronting the examiner or the court, as the case may be. Additionally, it specifically recognized the diversity of situations which could give rise to such an analysis:

The obviousness analysis cannot be confined by a formalistic conception of the words teaching, suggestion or motivation, or by overemphasis on the importance of published articles and the explicit content of issued patents. The diversity of inventive pursuits and of modern technology counsels against limiting the analysis in this way. 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. Granting patent protection to advances that would occur in the ordinary course without real innovation retards progress and may, in the case of patents combining previously known elements, deprive prior inventions of their value or utility.²¹

¶9 In assessing obviousness, the Court went to considerable lengths to spell out some examples. For instance, it offered that subject matter might be proved obvious by noting that at the time of the invention a known problem existed with an obvious solution within the ambit of a patentee’s claims.²²

¶10 Further, the Court laid out four areas in which the court of appeals erred in its analysis of obviousness. First, the examination looked only to the problem the patentee was trying to solve, without observing that the motivation of the patentee to solve a problem may have been only one of many addressed by his or her claims.²³ Second, the

¹⁹ *KSR Int’l Co.*, 127 S. Ct. at 1734.

²⁰ *Id.* at 1740.

²¹ *Id.* at 1741.

²² *Id.* at 1742.

²³ *Id.*

court of appeals erred in assuming that a person of ordinary skill seeking to solve a problem will look only to the elements of prior art designed to solve the same problem. Common sense, the Court said, indicates familiar items may have uses beyond their primary purposes — thereby enabling someone of ordinary skill to shape the teachings of various patents together, somewhat like pieces of a puzzle.²⁴ Third, it was erroneous to conclude that a patent cannot be proved obvious by showing that various elements were “obvious to try.”²⁵ If there is a need to solve a problem having a finite number of solutions, a person of ordinary skills may seek such solutions.²⁶ Finally, the court of appeals arrived at an erroneous conclusion when it evaluated the risk of courts and patent examiners “falling prey to hindsight bias.”²⁷ Though factfinders such as courts and patent examiners should be aware of such bias and the distortions it can create, the application of rigid rules without regard to common sense is “neither necessary under our case law nor consistent with it.”²⁸

¶11 In overturning the court of appeals’ decision, the Supreme Court found it proper to conclude, as the district court had, that it was obvious to combine the Asano patent with a pivot-mounted sensor.²⁹ This was premised upon a marketplace incentive to convert mechanical pedals to electronic ones.³⁰ The court of appeals, the Court continued, considered the issue too narrowly. Hence, the analysis of obviousness during the patent prosecution process, as well as during a judicial challenge seeking to strike an issued patent as obvious, entails a thorough though non-rigid approach.

III. EARLY REPERCUSSIONS

¶12 Over time, judicial decisions will determine the real impact of the *KSR* decision, though recent administrative action by the USPTO can give a glimpse of the immediate changes which might be forthcoming. On October 10, 2007, the USPTO published “Examination Guidelines for Determining Obviousness Under 35 U.S.C. § 103 in View of the Supreme Court Decision in *KSR International Co. v. Teleflex Inc.*”³¹ That document summarized the history of the *KSR* litigation and the Supreme Court’s analysis. It reiterated the Court’s emphasis on exercising caution when granting a patent based on a combination of elements set forth in prior art.³² It further instructed USPTO personnel to include findings of fact pertaining to the state of the art and teachings derived therefrom when rejecting due to obviousness.³³ On the issue of prior art teachings, it also suggested explicit findings on how a person of ordinary skill would have understood the art could be set forth.³⁴

²⁴ *Id.*

²⁵ *Id.* at 1732.

²⁶ *Id.* at 1742.

²⁷ *Id.*

²⁸ *Id.* at 1742-43.

²⁹ *Id.* at 1743.

³⁰ *Id.* at 1744.

³¹ Examination Guidelines for Determining Obviousness Under 35 U.S.C. § 103 in View of the Supreme Court Decision in *KSR International Co. v. Teleflex Inc.*, 72 Fed. Reg. 57,526 (Oct. 10, 2007).

³² *Id.*

³³ *Id.* at 57,527.

³⁴ *Id.*

¶13 Addressing the broad scope of prior art inquiry, the guidelines indicated that prior art can be in the field of the applicant's endeavor or be related to the problem the applicant was addressing. The guidelines specifically noted that prior art other than in the applicant's field of endeavor or which solved a problem different than what the applicant sought to solve could be considered in determining obviousness under §103.³⁵

¶14 The guidelines clearly stated that rejection pursuant to §103 should state the reason(s) why the invention is obvious and that such determinations should not be conclusory, but instead be premised upon some rationale supporting the conclusion. The guidelines then listed seven rationales as follows:

- (1) Combining prior art elements according to known methods to yield predictable results;
- (2) Simple substitution of one known element for another to obtain predictable results;
- (3) Use of known technique to improve similar devices (methods, or products) in the same way;
- (4) Applying a known technique to a known device (method, or product) ready for improvement to yield predictable results;
- (5) "Obvious to try" — choosing from a finite number of identified, predictable solutions, with a reasonable expectation of success;
- (6) Known work in one field of endeavor may prompt variations of it for use in either the same field or a different one based on design incentives or other market forces if the variations would have been predictable to one of ordinary skill in the art;
- (7) Some teaching, suggestion, or motivation in the prior art that would have led one of ordinary skill to modify the prior art reference or to combine prior art reference teachings to arrive at the claimed invention.³⁶

IV. CONCLUSION

¶15 Based on the Court's articulation of the need for an analysis broader — and less rigid — than the TSM approach, it is reasonable to expect more extensive scrutiny by patent examiners beyond the prior art specifically relating to the applicant's invention. Only time will tell how far the examination boundaries will be pushed, as obviousness can rest not only on prior art but also on combinations of prior art that would have led a person of ordinary skill to the same conclusion. Such combinations may also be derived from differing fields of endeavor. Similarly, litigants challenging existing patents on obviousness grounds might now possess a larger arsenal of reasoning to support their position.

³⁵ *Id.* at 57,527-28.

³⁶ *Id.* at 57,528-29.