



Supreme Court Issues Long-Awaited Decision on Obviousness

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This week, the Supreme Court issued its long-awaited decision in *KSR Int'l Co. v. Teleflex, Inc.*, its first major decision on the standard for determining whether a patent is invalid as obvious in more than 40 years. The Court established the modern standard for obviousness in the landmark decisions *Graham v. John Deere* and *United States v. Adams*, decided together in 1966. Based on the Justices' questions during oral argument it was widely expected that the high court would rule that the tests used by the Court of Appeals for the Federal Circuit had made it inordinately difficult to invalidate patents for obviousness. This week's decision did not disappoint the pundits.

The specific question presented in this case was whether an accused infringer challenging the validity of a patent for obviousness needed to prove the existence of a "teaching, suggestion, or motivation" in the prior art that would motivate a hypothetical ordinary artisan to modify the prior art and create the patented invention.

While perhaps sounding abstruse to anyone other than a patent lawyer, this is an important issue because many patents differ only slightly from what was already known to the public. For example, consider the old commercials for Reese's Peanut Butter Cups, which presented comical situations involving the mixing of chocolate with peanut butter, culminating in the actors declaring that the result was delicious. According to critics of the Federal Circuit's recent jurisprudence, the combination of chocolate and peanut butter would not be obvious (and thus would be patentable) under a strict application of the "teaching, suggestion, or motivation" test unless some identified teaching in the prior art suggested the combination. And while some (including the Federal Circuit) have defended the test as necessary to guard against hindsight reconstruction—under which even truly great inventions seem obvious once they are known—there is little dispute that this test is often the greatest hurdle a challenger faces in trying to knock down a patent as obvious.

Background

The patent at issue in *KSR v. Teleflex* related to a vehicle accelerator pedal whose position could be moved to adjust for the height of the driver. The pedal included an electronic sensor on a fixed support to control the engine, as opposed to the mechanical linkages that physically connected the pedal to the engine in older cars. Prior art references relied on by the defendants during the case taught every aspect of the patent claim at issue except the use of an electronic sensor. However, the use of electronic sensors to control the engine was also well known in the automotive industry at the time the patent application was filed.

The district court ruled on summary judgment that the patent was invalid as a matter of law under 35 U.S.C. § 103 for obviousness. Section 103 states that a patent is invalid 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 at the time the invention was made to a person



having ordinary skill in the art to which said subject matter pertains.

In *Graham v. John Deere*, which set forth the criteria to determine whether a claimed invention is obvious, the Supreme Court found that a proper obviousness analysis required consideration of: (1) the scope and content of the prior art; (2) the level of ordinary skill in the art; (3) the differences between the claimed invention and the prior art; and (4) secondary considerations, or objective indicia of nonobviousness, such as a long-felt need for the claimed invention, commercial success of the invention, unexpected results produced by the invention, and failure of others to discover the invention. Subsequent lower court precedents added an additional criteria, namely that a patent claim is only invalid if the teachings of the prior art provide a teaching, suggestion or motivation to combine or modify the disclosures of the prior art to with some expectation of success. This inquiry is usually referred to as the teaching-suggestion-motivation test, or the “TSM” test. Under a rigid application of the TSM test, these teachings, suggestions, or motivations must be found explicitly in the prior art, and must be presented to solve the same problem that the patent claim is attempting to solve.

In *KSR v. Teleflex*, the district court applied the *Graham v. Deere* test, and also applied the Federal Circuit’s TSM test and determined that the references rendered the claimed invention obvious. The Federal Circuit reversed the district court’s judgment that the patent was invalid, holding that its application of the TSM test was incorrect because the district court had not been strict enough in applying the TSM test. The Federal Circuit explained that, in order to show obviousness, a prior art reference must specifically address the precise problem that the patentee was trying to solve, not merely suffer from that same problem. *Teleflex, Inc. v. KSR Int’l. Co.*, 119 Fed. Appx. 282 (Fed. Cir. 2005).

Arguments Before the Supreme Court

The Supreme Court heard oral argument in November 2006.

Defendant KSR argued that under the Federal Circuit’s test for obviousness, a combination of pre-existing elements will always be a patentable invention unless there is evidence of some suggestion or motivation to combine the prior art teachings in the manner claimed. Consequently, patents would be granted undeservedly because of the difficulty in demonstrating the motivation to combine. KSR claimed that a test that puts a higher burden on the defendant to show obviousness would also put more pressure on the Patent & Trademark Office, excessively favoring patentability. KSR also recognized that this case would provide an opportunity to clarify the teaching-suggestion-motivation test that should be applied by the Federal Circuit.

Interestingly, the Patent and Trademark Office itself argued in an amicus that the Federal Circuit had applied an erroneous and excessively rigid test that is inconsistent with Supreme Court precedent. In the PTO’s opinion, since *Graham v. Deere*, the Federal Circuit had articulated and applied the key principles governing the obviousness inquiry, which did not include an obligation to prove the motivation to combine. The PTO explained that, in certain situations, no affirmative evidence is available to show a motivation to combine prior art



references. According to the PTO, the test is and should remain one, of several, methods to determine if a patent/application is obvious, not a required test. To hold otherwise would be to place a heavier burden on the Examiner, lowering the bar to patentability and depriving the public of obvious improvements undeserving of protection under the patent laws. This concern is only amplified by the statutory presumption of validity which makes it more difficult to prove invalidity in litigation (requiring proof sufficient to satisfy a clear and convincing evidence standard, as opposed to a mere preponderance of the evidence standard).

Teleflex argued that the teaching-suggestion-motivation standard has consistently been applied by courts in a way that compels a suggestion inquiry to establish more than just an implicit suggestion and should be maintained. As Teleflex explained in its brief, “[b]ecause inventions are so often evolutionary rather than revolutionary,” without a requirement to show a specific motivation to combine, any invention can be considered obvious using hindsight. Teleflex asserted that KSR’s “capability and synergy” standards are inconsistent with the Federal Circuit’s precedent and with 35 U.S.C. § 103 and improperly invite the use of hindsight in the obviousness determination. According to Teleflex, the test is indeed flexible and guards against overpatenting.

The Supreme Court Speaks

Enter the Supreme Court, which in recent years has shown a renewed interest in patents. In a unanimous decision written by Justice Kennedy, the Supreme Court reversed the decision of the Federal Circuit and held the asserted patent invalid as obvious. The Court noted that the TSM test, first introduced by the Court of Customs and Patent Appeals prior to the creation of the Federal Circuit, can provide helpful insights for an obviousness analysis. The Court held that the Federal Circuit, relying heavily on a strict application of the TSM test, “analyzed the issue in a narrow, rigid manner inconsistent with § 103” and Supreme Court precedent. Acknowledging that the TSM test is not facially defective, the Supreme Court stated:

There is no necessary inconsistency between the idea underlying the TSM test and the Graham analysis. But when a court transforms the general principle into a rigid rule that limits the obviousness inquiry, as the Court of Appeals did here, it errs.

The Federal Circuit had long held that a patent claim cannot be proven obvious merely because it would be “obvious to try” the combination of elements claimed and that use of the TSM test was intended to prevent hindsight reconstruction. The Court simultaneously criticized this rationale for a rigid application of the TSM test and the Federal Circuit’s view that “obvious to try” cannot be equivalent to § 103 obviousness, stating:

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 the fact that a



combination was obvious to try might show that it was obvious under § 103.

The Court noted that the TSM test had been used to protect courts and patent examiners from falling prey to hindsight biases. The Court agreed that factfinders should be wary of hindsight biases, but “[r]igid preventative rules that deny factfinders recourse to common sense, however, are neither necessary under our case law nor consistent with it.”

The Federal Circuit appears to have anticipated the result of this week’s Supreme Court decision. Since the Court agreed to review the decision in *KSR v. Teleflex* last year, the Federal Circuit has insisted that it is not wed to a rigid TSM test, and has claimed to apply a less rigid version of the TSM test in cases such as *Alza v. Mylan Labs., Inc.*, 464 F.3d 1286 (Fed. Cir. 2006) and *DyStar Textilfarben GmbH & Co. Deutschland KG v. C. H. Patrick Co.*, 464 F.3d 1356 (Fed. Cir. 2006). In this week’s decision, the Supreme Court noted these recent cases, but did not comment on whether the TSM test was applied in an appropriate manner in those cases.

In *Teleflex*, the Court did not remand the case to the lower courts to review their prior findings in light of this ruling. Instead, the Court reversed the Federal Circuit and held that the claim at issue was invalid as obvious. The Court ruled that a conclusory opinion by an expert on the issue of obviousness is insufficient to avoid summary judgment. In so ruling, the Court reiterated the notion that the ultimate judgment of obviousness is a legal, not factual, determination.

At the end of the opinion Justice Kennedy hints at what the Court’s view towards patents may be in the future:

We build and create by bringing to the tangible and palpable reality around us new works based on instinct, simple logic, ordinary inferences, extraordinary ideas, and sometimes even genius. These advances, once part of our shared knowledge, define a new threshold from which innovation starts once more. 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. See U.S. Const. Art. I, § 8, cl. 8.