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KSR v. Teleflex, Redefining The Obvious

For the first time since the creation of the U.S. Court of Appeals for the Federal Circuit, the Supreme Court has ruled in a case involving the issue of when a new idea is obvious and therefore unpatentable—one of the fundamental pillars of U.S. patent law jurisprudence.

In *KSR v. Teleflex*, the Supreme Court rejected the Federal Circuit’s rigid application of the so-called “teaching, suggestion, motivation test,” holding instead that the analysis of when a patent is obvious must be more flexibly applied.

This more flexible rule of law will make it easier to find a patent obvious under the patent laws. However, it will also likely be more difficult to apply and will require further jurisprudence to clarify the subject.

This article reviews the Supreme Court’s decision in *KSR v. Teleflex*, and raises issues that will need to be addressed in its wake.

Factual Background of the KSR Case

The dispute in the *KSR* case involved a particular kind of gas pedal for an automobile. The patent at issue taught and claimed how to use an electronic sensor on the fixed pivot point of an adjustable automobile pedal so that the pedal’s position could be transmitted to a computer that controls the throttle in the car’s engine. (Slip op. at 1)

The prior art recognized that cars without computer-controlled throttles were known to have gas pedals that acted as a lever around a pivot point and opened valves in the carburetor so that fuel and air would be released to the carburetor causing combustion and thus allowing the car to accelerate. (Slip op. at 3)

Likewise, it was recognized that in cars that had computer-controlled throttles, valves are opened and closed in response to electronic signals, rather than by force transferred from the pedal, as was the case with cars without computer-controlled throttles.

In such designs, sensors were used to monitor changes in the amount the pedal is depressed, and electrical signals from the sensors would inform the engine of the change in pedal depression. (Id.)

Traditionally, in the case of cars with an engine not having computer controlled throttles, one could not adjust the position of the pedal in the foot well by sliding the pedal either forward or back. (Slip op. at 4) Thus, through the years, various solutions were devised to adjust the position of the pedal to accommodate the driver. (Id.)

As for engines with computer-controlled throttles, the prior art contained patents involving the placement of sensors on an adjustable pedal assembly with an electronic sensor for detecting the pedal’s position. In one of the patents, the sensor is located in the pedal footpad. (Slip op. at 5)

The KSR Court Decisions

The district court found that the patent at issue was obvious.

Specifically, it found that although the idea of using an electronic sensor on a fixed point of an adjustable automatic pedal in conjunction with a computer controlled throttle was not disclosed in any single prior art reference, one of ordinary skill in the art would have realized that such a sensor could be incorporated in the pivot point of the design used for pedals with non-computer controlled throttles based on a combination of multiple prior art references.

The District Court granted summary judgment of obviousness in view of the known prior art. (Slip op. at 8-9)

The Federal Circuit reversed the district court's decision, because the district court had not found a motivation to combine the sensors in the computer controlled throttle designs with pedals having the non-computer controlled throttle designs.

Looking at pedal prior art for the non-computer controlled throttles, the Federal Circuit noted that the problem sought to be solved by the prior art would not lead one of ordinary skill in the art to look to the computer controlled throttle art to add the required sensor.

The Federal Circuit also held that whether the combination is obvious to try was irrelevant to the obviousness analysis. (Slip op. at 9-11)

The Supreme Court reversed the Federal Circuit's ruling, taking issue with the Federal Circuit's analysis as contrary to the Supreme Court precedent on obviousness that has existed since well before the Federal Circuit was created. (Slip op. at 2-3)

The Supreme Court's New Obviousness Test

In KSR, the Supreme Court unanimously rejected the "rigid approach" of the Federal Circuit's "teaching, suggestion, or motivation" ("TSM") test as inconsistent with the Supreme Court's "expansive and flexible approach." (Slip op. at 11)

Looking at its prior landmark decision on obviousness in *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1 (1966), the Supreme Court noted that in an obviousness analysis, courts should determine the scope and content of the prior art, ascertain differences between the prior art and the claims at issue, and resolve the level of ordinary skill. (Slip op. at 2)

In addition to this broad inquiry, the court may also look at any secondary considerations that would prove instructive. (Slip op. at 11)

As for a patent based on a combination of elements found in the prior art, the Supreme Court invoked its half-century old doctrine that a "patent for a combination which only unites old elements with no change in their respective functions...obviously withdraws what is already known into the field of its monopoly and diminishes the resources available to skillful men." (Slip op. at 11-12 (quoting *Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp.*, 340 U.S. 147, 152 (1950))(internal quotation marks omitted))

Importantly, the Court states that it is this policy reason for declining the allowance of patents for what is obvious. (Slip op. at 12)

In particular, the Supreme Court held that the “combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” (Id.)

This “predictable results” test of obviousness is likely to make innovations and new ideas based on combinations in what many consider as predictable arts, such as electronics, mechanics and software art, less likely to be patentable, while making innovations based on combinations in what many consider as unpredictable arts, such as chemistry, pharmacology, and biotechnology, more likely to be patentable.

In other words, the Supreme Court rejected prior Federal Circuit jurisprudence which had required the teaching, suggestion or motivation to combine prior art elements to render a claim obvious, and instead looks for a more global understanding of the hypothetical artisan of ordinary skill having knowledge of all the relevant prior art and problems and unresolved needs in the field.

The Supreme Court now instructs that the proper inquiry is “whether a...designer of ordinary skill, facing the wide range of needs created by developments in the field of endeavor, would have seen a benefit” of combining prior art elements. (Id. at 20)

The Supreme Court identified the following guidelines for this more flexible obviousness analysis:

- Merely substituting one element for another known in the field would be considered obvious unless it yields a result that is not predictable. (Slip op. at 12) (This test is the converse of the traditional test of “unexpected results” which renders a combination not obvious.)
- When the prior art teaches away from combining certain known elements, discovery of a successful means of combining them is more likely to be non-obvious. (Id.) (This test appears to mirror the classic “teaches away” test for finding a combination not obvious.)
- A combination of items would be obvious if a person of ordinary skill in the art would recognize the combination to improve similar devices in the same way, unless the application of the technique is beyond his or her skill. (Slip op. at 13) (Note that this test still requires that the “same” way—in contrast to a “similar” way”—be taught in the prior art. This test recognizes that the prior art must enable—i.e., teach how to practice—the new invention in the combination.)
- “In determining whether the subject matter of a patent claim is obvious, neither the particular motivation nor the avowed purpose of the patentee controls. What matters is the objective reach of the claim. If the claim extends to what is obvious, it is invalid under § 103.” (Slip op. at 16) (Here, the Supreme Court has focused on an objective analysis of what the claim states.)

Of particular importance, the Supreme Court requires that a court ask “whether the improvement is more than the predictable use of prior art elements according to their established functions.” (Slip op. at 13)

Under these principles, to determine whether there is an apparent reason to combine the known elements in the fashion claimed by the patent at issue, the Court suggests that a court will often need to look to “interrelated teachings of multiple patents; the effects of demands known to the design community or present in the marketplace; and the background knowledge possessed by a person having ordinary skill in the art.” (Slip op. at 14)

The court need not, however, “seek out precise teachings directed to the specific subject matter of the challenged claim.” (Id.)

The Supreme Court now allows a court (and for that matter, a patent examiner at the U.S. Patent Office) to “take account of the inferences and creative steps that a person of ordinary skill in the art would employ.” (Id.)

The Supreme Court further requires that a court’s obviousness analysis should be made “explicit” to facilitate review, and not be based on “mere conclusory statements.” (Id.)

In so doing, the Supreme Court has on the one hand invited conjecture as to what “inferences” and “creative steps” should be considered. This conjecture need not be supported by specific statements in the written prior art.

On the other hand, the Supreme Court is requiring that the fact finder of obviousness be explicit in detailing what inferences and creative steps it is relying on. This new structure of obviousness inquiry harkens memories of the old pornography standards of “I know it when I see it.”

Such an amorphous test is likely to create greater confusion and unpredictability in analysis of new ideas and issued patents.

Significantly, the Supreme Court did not totally reject the usefulness of the prior TSM (i.e., “motivation to combine”) test and acknowledged that “it can be important to identify a reason that would have prompted a person of ordinary skill in the relevant field to combine the elements in the way the claimed new invention does.” (Slip op. at 15) Instead, it characterized this inquiry as a “helpful insight” to show that a patent composed of several elements is not proved obvious merely by demonstrating that each of the elements was independently known in the prior art. (Slip op. at 14-15)

The Supreme Court warns, however, that this helpful insight provided by the TSM test, should not be turned into “rigid and mandatory formulas.” (Slip op. at 15)

The obviousness analysis cannot be confined by a “formalistic conception of the words teaching, suggestion, and motivation, or by overemphasis on the importance of published articles and the explicit content of issued patents.” (Id.)

The Supreme Court warned that to do so “retards progress and may...deprive prior inventions of their value.” (Id.)

In particular, the Supreme Court criticized the following aspects of the Federal Circuit’s “constricted analysis” based on the TSM test:

- “[A]ny need or problem known in the field of endeavor at the time of invention and addressed by the patent can provide a reason for combining the elements in the manner claimed.” (Slip op. at 16) Accordingly, the Federal Circuit’s holding that courts and patent examiners should look only to the problem the patentee was trying to resolve was in error.
- The Federal Circuit’s assumption that “a person of ordinary skill attempting to solve a problem will be led only to those elements of prior art designed to solve the same problem” is erroneous. “Common sense teaches... that familiar items may have obvious uses beyond their primary purposes, and in many cases a person or

ordinary skill will be able to fit the teachings of multiple patents together like pieces of a puzzle.... A person of ordinary skill is also a person of ordinary creativity, not an automaton.” (Slip op. at 16-17)

- Furthermore, the Federal Circuit’s conclusion that that a patent claim cannot be rendered obvious merely by showing that the combination of prior art elements was “obvious to try” was in error. “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.” (Slip op. at 17) In this situation, the fact that a combination of prior art elements is “obvious to try” may render the claim obvious.
- The Supreme Court also criticized the Federal Circuit’s rigid rules for denying factfinders “recourse to common sense” in the name of preventing the risk of falling prey to hindsight bias. (Id.)

Now the Federal Circuit, the district courts and the patent office will be left to grapple with devising new guidelines on how to determine whether an invention is obvious in a fair, predictable and objectively reasonable manner.

Such guidelines will also need to address how to avoid invoking impermissible hindsight, as well as avoid using the patent claims as a blueprint to the invention when formulating an obviousness argument.

Finally, the Supreme Court underscored that the ultimate determination of obviousness is a legal issue. (Slip op. at 23) This statement was apparently meant to encourage courts to determine if patents claims are obvious as a matter of law, and avoid unnecessary jury trials.

Based on the expansive and flexible approach as set forth in the decision, the Supreme Court found the patent claim at issue to be invalid under 35 U.S.C. § 103 over the prior art combination and also held that the District Court’s summary judgment of obviousness was appropriate. (Slip op. at 20-23)

* Recent Federal Circuit Decisions In Light of KSR *

As noted in the Supreme Court’s KSR decision, the Federal Circuit has recently articulated a less rigid application of the TSM test than that applied in the KSR case.

For instance, in *DyStar Textilfarben GmbH & Co. Deutschland KG v. C. H. Patrick Co.*, 464 F. 3d 1356, 1367 (2006), the Federal Circuit stated that “[o]ur suggestion test is in actuality quite flexible and not only permits, but requires, consideration of common knowledge and common sense.”

Similarly, in *Alza Corp. v. Mylan Labs. Inc.*, 464 F. 3d 1286, 1291 (2006), the Federal Circuit noted that “[t]here is flexibility in our obviousness jurisprudence because a motivation may be found implicitly in the prior art. We do not have a rigid test that requires an actual teaching to combine....” (Slip op. at 17-18)

As the KSR Court stated, “[t]hose decisions, of course, are not now before us and do not correct the errors of law made by the Court of Appeals in this case.” (Id.)

However, these cases do highlight the direction that future Federal Circuit precedent might follow in seeking to apply a more flexible obviousness analysis, consistent with the Supreme Court’s holding in KSR.

Conclusion

Under this new jurisprudence of obviousness, we can expect more patent claims to be the subject of obviousness challenges in courts and the U.S. Patent Office, and more district courts to grant summary judgment of invalidity due to obviousness.

However, how this new “flexible” rule will be applied in practice is yet to be determined.

The challenge that our profession faces is how to avoid granting patents that are withdrawing obvious variations of the prior art that would already be known in an objective, predictable, and reliable manner.

At the same time, we must not discourage innovation and deprive innovators of the fruits of their inventions, whether they are incremental or momentous.

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