

RATNERPRESTIA CASE UPDATE: KSR V. TELEFLEX

KSR V. TELEFLEX: SUPREME COURT TELLS FEDERAL CIRCUIT TO USE COMMON SENSE

Patents just became harder to obtain and enforce. In *KSR International Co. v. Teleflex, Inc.*, decided April 30, 2007, the U.S. Supreme Court held that the test for obviousness used by the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) was inconsistent with the Patent Statute and Supreme Court precedent. According to the Supreme Court, the Federal Circuit’s obviousness test was applied in a “narrow, rigid manner.” The Court noted that “rules that deny factfinders recourse to common sense . . . are neither necessary under our case law nor consistent with it.”

Under U.S. Patent Law, a patent may not be issued, or an issued patent may be invalidated, if someone with ordinary skill in the patented technology (“skilled person”) would have found the claimed invention “obvious.” Because the Patent Law does not define this term, the courts have developed tests to determine whether an invention is obvious. Before the KSR decision, the Federal Circuit deemed an invention obvious if the basic elements of a claimed invention were found in the “prior art” (*i.e.*, known documents or knowledge of the skilled person) and if there existed some teaching, suggestion, or motivation that would have led the skilled person, at the time of the invention, to combine those elements in the same way as in the claimed invention (the “TSM test”). The teaching, suggestion or motivation to combine could be found explicitly or implicitly in the prior art, or even derived from the knowledge of a skilled person. The purpose of the TSM test was to avoid a hindsight analysis, *i.e.*, a later analysis using knowledge - including the invention - that was not available at the time the invention was made.

The TSM test came under scrutiny in the KSR case. Teleflex sued KSR for patent infringement and KSR argued in response that the Teleflex patent was obvious from the disclosures of two earlier patents. The district court agreed with KSR, holding the patent invalid. On appeal, the Federal Circuit reversed, holding that the patent was not invalid because KSR had not shown that there was a “suggestion or motivation” to combine the teachings of the prior technology in the particular manner claimed by the patent. The Supreme Court agreed to hear the case and decide whether the TSM test should be required to determine obviousness.

The Supreme Court held that, while the TSM test is a useful tool, it needs to be applied flexibly and with common sense. The Court observed that “[t]he flaws in the analysis of the [Federal Circuit] relate for the most part to the court’s narrow conception of the obviousness inquiry reflected in its application of the TSM test.” According to the Court, the Federal Circuit: (1) focused too narrowly on the inventor’s stated problem; (2) limited its analysis to items that only addressed the inventor’s stated problem; (3) failed to recognize that it was obvious to try the claimed combination; and (4) excluded common sense from the analysis. In addressing these “flaws,” the Supreme Court expanded the obviousness inquiry beyond the Federal Circuit’s strict application of the TSM test.

In the briefing prior to the Supreme Court’s decision, briefs were filed by representatives from groups that include government, industry, and academia. The interested groups were sharply divided on how obviousness should be determined. In criticizing the TSM test, the Solicitor General noted in his brief that the TSM test “‘‘exact[s] a heavy cost in the form of unwarranted extension of patent protection to obvious subject matter.’’” This sentiment was reflected by other interested parties that were concerned with the issuance of patents of dubious quality. For example, the AARP noted that “[i]f the Federal Circuit’s decision extending patent protection to non-innovative combinations is permitted to stand, generic drug entries into the marketplace will be delayed and consumers will be forced to pay significantly higher prices which many of them can not afford.” By contrast, others were concerned with the impact of removing the predictability of the TSM test. As noted by Teleflex in its brief, “[l]iterally millions of patents have been issued in reliance on the suggestion test, each of which would become susceptible to *post hoc* litigation in federal district courts around the nation if this Court were to call that standard into question.” Many patent owners expressed concerns similar to Teleflex. For example, the Pharmaceutical Research and Manufacturers of America (“PhRMA”) stated that “[s]uch an undesirable change in the law will significantly undermine the confidence of innovators such as PhRMA members in their ability to enforce patents against free-riding infringers who use the fruits of research and clinical-testing efforts of PhRMA members without incurring the costly expenses associated with developing, testing, and obtaining approval of new drug products.” Given the diverse viewpoints and the potential economic implications, it may be several years before the full impact of the KSR decision is known.

On the specific facts at issue in this case, the Supreme Court found that the skilled person aware of the industry problems and presented with the prior art would have found the invention obvious. It will be interesting to see if, on remand, the trial court continues to apply the TSM test and if Teleflex will be able to rebut the Supreme Court’s obviousness determination.

