

Supreme Court Set To Review Obviousness

Monday, June 26, 2006 --- The U.S. Supreme Court said Monday it will take a look at when an invention is too obvious to receive protection in the U.S. patent system, using a quarrel over gas pedal designs as its vehicle.

The Supreme Court's review of the obviousness doctrine in patent law was sparked by the case of Teleflex Inc., an industrial engineering company that alleged KSR International Inc., a Canadian manufacturer of gas pedals, infringed several of its patents.

Patent experts will carefully watch the case after following a ruling by the Federal Circuit Court of Appeals in Washington, D.C. In January 2005, the Federal Circuit made it more difficult to challenge patented inventions for being too obvious. It ruled that the challenger must show existing "teaching, suggestion or motivation would have led a person of ordinary skill in the art" to produce the invention.

The case will have far-reaching implications for all patent cases, according to Frank Porcelli of Fish & Richardson PC.

"We have a patent activist Supreme Court much more so than there's been in decades. Patent law and intellectual property have become much more important. The Supreme Court realizes this, and wants to get involved in this. It's a reflection of the importance of technology in the U.S. economy, and therefore the importance of patents," Porcelli said.

This case will likely affect inventions and industries across the board, Stephen Schreiner of Hunton & Williams said.

"The Business Software Alliance tends to be anti-patent, and it does not want patents to impede software development. Pharmaceutical companies think the existing standard is a good standard," he said.

The Supreme Court has not revisited patent obviousness since 1966 when it decided a case with the John Deere Co., which is now known as Deere & Co.

In the Teleflex and KSR case, the companies both make gas pedal parts, and the dispute focuses on patent claims related to car gas pedal design involving an electronic sensor that measures the pedal's location at its pivot point.

Teleflex claimed that KSR's assemblies for truck pedals violate its patents.

A district court found that Teleflex's patent was invalid based upon the obviousness doctrine. But the Federal Court said more court examination was necessary to determine the test for teaching, suggestion or motivation.

U.S. Solicitor General Paul Clement claimed the Federal Circuit's ruling was inaccurate, and he called on the justices to overturn the decision.

Clement alleged that the test makes patent examination and litigation more expensive and that it allows patent applicants to be rewarded for submitting matter that is not innovative.

The case is going to be closely watched and a lot of people are going to have a stake in it, according to Tony Fitzpatrick of Duane Morris LLP.

"This has already been an unpredictable term in terms of the Supreme Court and patent decisions," he said. "It's difficult to know how this one will come out. The Solicitor General is saying that the Federal Circuit's test goes beyond what the Supreme Court held as the test in the John Deere case, which makes the issue of obviousness a more formal or rigid issue. And so the Solicitor General says lets clarify the law here. Let's move toward a flexible test. Whether the court will do that is difficult to predict."

Attorneys use obviousness to defend against accusations of patent infringement, and the doctrine gives the accused an opportunity to show that the invention in question is merely the obvious next move in existing technology. As long as obviousness can be shown, a patent can be rendered invalid and an infringement suit ended.

The central issue is whether the Supreme Court finds a basis within the framework of earlier decisions for the Federal Circuit's creation of the test for suggestion, teaching or motivation, according to Gene Lee of the Fish & Neave IP group of Ropes & Gray LLP.

"The critics of the older Supreme Court standard say that it's too vague and too general. And the suggestion, teaching or motivation test is a way to crystallize earlier Supreme Court decisions to make them easier to apply in practice. The critics of the Federal Circuit say there is no basis for its decision. It just made up an additional requirement on its own that doesn't have a foundation in the earlier Supreme Court decision," he said.

Lee did not think the Supreme Court will come out with a new rule.

"The Supreme Court will try to clarify its earlier standard to make it easier to apply in a forward-going fashion," he said.

Schreiner wondered whether the Supreme Court would consider the Federal Circuit test the only test.

"The tea leaf part of this case is whether the obviousness requirement is the only test," he said. "The most aggressive thing the Supreme Court could say

is that it's not the only test and remand to the Federal Circuit to say something on the topic. I, personally, can't think of another test."

David Harth of HellerEhrman LLP said how the Supreme Court decides to rule is anyone's guess.

"It's true that Graham versus John Deere does not mandate the teaching, suggestion or motivation test, but it doesn't explicitly rule out the use of that test either. The bottom line may be whether the Justices think there are too many patents being issued on obvious inventions. Reversing the Federal Circuit will make it easier to invalidate those patents," Harth said.

However, James Foster at Wolf Greenfield & Sacks PC speculated that the Supreme Court would not have taken the case unless it was likely to follow up on the Solicitor General's opinion and make a reversal.

He said the U.S. Patent and Trademark Office is dealing with a large backlog of patents.

"There's an administrative problem getting the work done, and there's a perception that patents being granted should not be granted. In the eBay versus Mercexchange case, the Supreme Court took a slam at business method patents, showing that a lot of stuff is slipping through the Patent Office," he said.

Foster said if the Supreme Court decides to make a reversal, it will affect the Patent Office more than the courts.

"Fewer patents will be issued from the Patent Office, and those that it does issue will have narrower claims," Foster said.

Many companies—such as technology companies Microsoft Corp. and Cisco Systems Inc., as well as a number of manufacturing companies—urged the Supreme Court to hear the KSR case.

The companies and many attorneys are hoping the case ends in a decision that will make it more difficult to obtain patents and easier to challenge infringement suits.

Arguments are set to begin in the fall.

The case is KSR International Co. v. Teleflex Inc., case number 04-1350, in the U.S. Supreme Court.

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