AN AFTERWORD TO: A PANEL DISCUSSION ON OBVIOUSNESS IN PATENT LITIGATION: KSR INTERNATIONAL V. TELEFLEX

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ABSTRACT

In KSR International v. Teleflex, Inc., the Supreme Court may have sparked the question: How should obviousness be decided as a procedural matter? KSR reaffirmed the holding in Graham v. John Deere Co.—that obviousness is a legal determination decided against the background of particular facts. However, KSR moved beyond Graham and stated on a number of occasions that “the court” is to make various determinations. KSR’s language logically suggests that the jury is to answer interrogatories on specific factual questions and then the judge is to decide the obviousness issue based on those answers. How the Federal Circuit and the district courts interpret KSR to address obviousness as a procedural matter remains to be seen.

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THOUGHTS ON THE IMPACT OF KSR ON THE PROCESS FOR MAKING OBVIOUSNESS DETERMINATIONS

One of the interesting questions presented by the Supreme Court's decision in KSR is what impact it has, if any, on the process the district courts should follow to decide obviousness challenges. The panel touched on this issue several times but did not have the opportunity to explore it in any depth. It is a question that merits some attention because KSR can be read to suggest that the Supreme Court and the lower federal courts may have very different ideas concerning how obviousness should be decided as a procedural matter.

In Graham v. John Deere Co., the Supreme Court held that the ultimate question whether a patent is invalid under 35 U.S.C. § 103 is a question of law. The obviousness question of law, however, “lends itself to several basic factual inquiries,”—specifically, the scope and content of the prior art, differences between the prior art and the patent claims, and the level of ordinary skill in the relevant field. These factual determinations form the background against which “the obviousness or non-obviousness of the subject matter is determined.” Further light may be shed on the obviousness inquiry by “secondary considerations.”

Although Graham sets out a framework of an ultimate question of law decided against the background of particular facts, Graham says nothing about the process through which obviousness determinations are to be made. Logically, the Graham framework appears to contemplate an approach in which specific factual questions are decided by a jury and the judge then determines the legal question of obviousness with those facts in mind. As a practical matter, however, the district courts typically do not proceed in this manner, and the Federal Circuit, although it has approved the

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2 Id. at 17.
3 Id.
4 Id.
5 Id. at 17–18. Secondary factors a court may consider, but is not limited to, include: commercial success, long felt but unsolved needs, and failure of others. Id.
The jury/judge split described above, has not required it and indeed has permitted district courts simply to submit the ultimate question of obviousness to the jury. The decision in *KSR International, Inc. v. Teleflex Inc.*, provides a basis to argue that permitting the jury to decide the ultimate question of obviousness is wrong. First, *KSR* strongly reaffirms *Graham*, in particular *Graham*’s holding that “the ultimate judgment of obviousness is a legal determination.” Second, unlike *Graham*, *KSR* affirmatively states on a number of occasions that “the court” is to make various determinations. The most extensive discussion follows:

Often, it will be necessary for a *court* 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, all in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue. To facilitate review, this analysis should be made explicit. *See In re Kahn*, 441 F.3d 997, 998 (CA Fed. 2006) (“Rejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.”).

This passage seems to contemplate that the court will consider the scope and content of the prior art ("teachings of multiple patents" and "demands known to the design community..."), in light of the level of ordinary skill in the field ("background knowledge possessed by a person having ordinary skill"), and then decide whether the differences between the prior art and the claims (e.g., the particular combination of "the known elements in the fashion claimed") would have been obvious. Further explaining the court’s task, *KSR* goes on to state that “a *court* must ask whether the improvement is more than the predictable use of prior art elements according to their established functions,” and that “a *court* can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.” It seems quite clear from this that the Supreme Court sees obviousness as a decision for the judge.

One possible response to the argument that *KSR* commits the obviousness determination to the court is that, because *KSR* involved summary judgment, all of the references to “the court” must be read with that procedural setting in mind. That response seems incorrect. At several points in its opinion, the Court makes clear that the obviousness analysis it is requiring is to be employed by patent examiners, as well as by courts, thus divorcing that analysis from the specific procedural context

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6) See *Allen Organ Co. v. Kimball Int'l., Inc.*, 839 F.2d 1556, 1561-62 (Fed. Cir. 1988) (stating with regard to a finding of obviousness in the district court that "the jury makes written findings on each factual issue, and the court applies the law to the jury's findings").
7) See *McGinley v. Franklin Sports, Inc.*, 262 F.3d 1339, 1356 (Fed. Cir. 2001) (overruling the district court’s holding that the patent was obvious as a matter of law because the jury’s factual findings on obviousness were substantially contradictory to such a holding).
9) Id. at 1745.
10) Id. at 1740-41 (emphasis added).
11) Id.
12) Id. at 1740 (emphasis added).
13) Id. at 1741 (emphasis added).
14) See, e.g., id. at 1734, 1742.
of summary judgment in litigation. Moreover, the KSR opinion devotes a separate section to the question whether summary judgment was appropriate or was precluded by disputed issues of fact. This separate discussion of summary judgment confirms that the discussion that precedes it addresses obviousness determinations as a general proposition, not just on summary judgment.

So, a strong argument can be made that KSR requires that jury interrogatories be submitted on specific factual questions and that the obviousness decision itself be made by the judge. Of course, whether that is the correct approach as a tactical matter is a separate question. The party who wins a general obviousness verdict is in a stronger position on appeal because all factual issues are presumed to have been resolved in favor of that party. On the other hand, if a party proposes or acquiesces in the general verdict approach and loses, it will be foreclosed from arguing on appeal that jury interrogatories should have been used.

Procedurally, it would seem that the best way to tee up an obviousness case is for the defendant (or the plaintiff) to move for summary judgment. If the court grants the motion, of course, there will be no trial on obviousness. If the court denies the motion, it must, in theory at least, have done so because there are disputed issues of underlying fact. Since obviousness itself is a legal question, the denial of summary judgment can only rest on some underlying factual dispute. The order denying summary judgment should identify the disputed issue or issues, and those issues presumably would be the subject of the trial and would form the basis for specific jury interrogatories. One approach a litigant can take is to move for summary judgment and see what happens—i.e., if the motion is denied, what factual issues are identified as being in dispute?—and decide then whether to propose jury questions or a general verdict. The litigant could make its judgment based on its assessment of its chances of persuading the jury as to specific disputed issues.

Of course, as with many things in the law, identifying the correct approach in theory—i.e., specific jury questions with the judge making the final decision—and figuring out how to implement that approach in practice are two very different things. It is easy to say that the jury should not be asked the ultimate question of obviousness, but should address only the Graham factual inquiries that form the “background” against which the district court will make the ultimate legal ruling. How a district judge actually constructs a manageable and understandable, and useful, verdict form, and then uses the jury’s responses to decide the legal issue of obviousness, is another matter altogether. Or, perhaps there are other alternatives. For example, can a district court fulfill its obligations under KSR by allowing the jury to decide obviousness and then conducting the required detailed analysis in the context of post-trial motions? The extent to which district courts, and the Federal Circuit, interpret KSR to impose these obligations on the district courts, and the techniques the courts develop to fulfill those obligations, remain to be seen.

15 Indeed, the case the Supreme Court cited for its requirement that the obviousness analysis be made explicit, In re Kahn, 441 F.3d 977 (Fed. Cir. 2006), was an appeal from a PTO determination.
16 See id. at 1745–46.