A PANEL DISCUSSION ON OBVIOUSNESS IN PATENT LITIGATION:

KSR INTERNATIONAL V. TELEFLEX

PRESENTED BY:

THE JOHN MARSHALL LAW SCHOOL CENTER FOR INTELLECTUAL PROPERTY LAW AND
THE INTELLECTUAL PROPERTY LAW ASSOCIATION OF CHICAGO

ABSTRACT

In *KSR International Co. v. Teleflex Inc.*, the Supreme Court considered what test applies to
determine whether an invention is "obvious." The Court ruled that the teaching-suggestion-
motivation ("TSM") test, developed over the years by the Federal Circuit to defend against
hindsight reconstruction, is only one method a court or patent examiner may use when
addressing obviousness. The Court's holding overturned Federal Circuit precedent, which
required a finding of non-obviousness unless a teaching, suggestion, or motivation to combine
was established. The panel discussion brings together leading jurists; former law clerks of
the Supreme Court, the Federal Circuit, and other courts; leading patent litigators; patent
office practitioners; and professors of patent law to examine the potential effects of *KSR*.

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*KSR INTERNATIONAL V. TELEFLEX* 1

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**PANEL MODERATOR**

Edward D. Manzo, Cook Alex

William T. McGrath, Associate Director of the Center for Intellectual Property at The John Marshall Law School

**INTRODUCTION**

William T. McGrath:

Good afternoon. Welcome to The John Marshall Law School. I am Bill McGrath, the Associate Director of the Center for Intellectual Property Law here at John Marshall, and we are absolutely delighted to be co-sponsoring this event with the Intellectual Property Law Association of Chicago (“IPLAC”). Edward Manzo and his IPLAC Litigation Committee have done a great job putting this program together.

Ed Manzo is moderating today’s event. He is one of the founding partners of the Cook Alex law firm. He has worked tirelessly with IPLAC for many years doing work on the Claim Construction Manual that IPLAC puts out each year,2 and he is now the Editor in Chief of the *Claim Construction in the Federal Circuit* book.3 He has been a Board member and a Litigation Committee member at IPLAC for many years. He is well known to the Intellectual Property (“IP”) community in Chicago. Ed

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1 Available at http://www.jmripl.com
2 See *e.g.*, LITIG. COMM., INTELLECTUAL PROP. LAW ASS’N OF CHICAGO, FEDERAL CIRCUIT REVIEW OF CLAIM CONSTRUCTION CASES (2005) (Edward D. Manzo ed., 2006).
deserves thanks for putting this amazing panel together on very short notice. And
with that, I will turn it over to Ed.

PANEL DISCUSSION

Edward D. Manzo:

Thank you very much, Bill. Thank you everybody for being here today. We have
a wonderful topic to discuss: The obviousness of inventions, and what the Supreme
Court thinks about it. My name is Edward Manzo.

It is my pleasure today to have a very distinguished panel beginning with Chief
Judge James Holderman of the U.S. District Court for the Northern District of
Illinois. Chief Judge Holderman is a graduate from the University of Illinois, where
he received both his undergraduate and law degrees. After graduating law school, he
served as a district law clerk, was an Assistant U.S. Attorney, and joined the
Sonnenschein, Nath & Rosenthal law firm. In 1985, he became a member of our
court. He is our Chief Judge now, and he has a very strong background in patent
cases.

District Judge Matthew Kennelly is a graduate from Notre Dame and then
Harvard Law School. He was a law clerk to U.S. District Judge Prentice Marshall
and then went into private practice. He has been a member of the U.S. District
Court for the Northern District of Illinois since 1999, and he is a frequent speaker in
patent matters. In fact, Judge Kennelly is leading a panel that is preparing pattern
jury instructions for patent cases for the U.S. Court of Appeals for the Seventh
Circuit.

Meredith Martin ("Mimi") Addy is a patent lawyer with a degree in electrical
engineering. She clerked for Federal Circuit Judge Paul Michel. She is a litigation
attorney at the Brinks Hofer Gilson & Lione law firm and chairs that firm's appellate
practice group. She and I are both outgoing members of IPLAC's Board of Managers.
Mimi is on the Federal Circuit Advisory Council. She is President of the Richard
Linn Inn of Court. Lastly, she is working on jury instructions with Judge Kennelly.

Pat Burns is a patent lawyer, also with a degree in electrical engineering. He is
a founding partner at Greer, Burns & Crain. He is an Adjunct Professor of Patent
Law at the Chicago-Kent College of Law, Illinois Institute of Technology. He is a
lecturer for the Patent Resources Group ("PRG"). He is a contributing author of
Designing Around Valid U.S. Patents,4 published by PRG and Electronics and
Computer Patent and Copyright Practice5 by PRG. He is also a member of the
Advisory Board of Bureau of National Affair's ("BNA") Patent, Trademark and
Copyright Journal. He is the past Chairman of the Patent, Trademark and
Copyright ("PTC") Committee of the Chicago Bar Association, and he is the newly
elected Vice President of IPLAC.

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4 PATRICK G. BURNS, ET. AL., "DESIGNING AROUND" VALID U.S. PATENTS (Patent Resources
Group 2007).

5 DAVID A. BLUMENTHAL ET AL., ELECTRONICS & COMPUTER PATENT & COPYRIGHT PRACTICE
Brad Lyerla is an IP litigator formerly from Jenner & Block; now a partner at Marshall, Gerstein & Borun. He has publications and speaking engagements literally too numerous to mention. He chaired the IPLAC Litigation Committee for two years. He co-chaired with me an annual seminar on patent claim construction for Law Seminars International, and he is newly elected to the IPLAC Board of Managers.

George McAndrews is a patent lawyer with a degree in mechanical engineering and a law degree from Notre Dame. He is the senior founder of the law firm of McAndrews, Held & Malloy here in Chicago. He was the Editor in Chief of the Notre Dame Law Review. He was the Chairman of the National Council of Law Review Editors. He was a law clerk at the Seventh Circuit. He is currently on the Advisory Council at the College of Law at Notre Dame. He lectures widely before business and academic groups on IP matters and trial techniques. He has honorary doctorates of humane letters and human biology from academic institutions in the United States. Lastly, he is a veteran of the United States Navy. On behalf of IPLAC, we thank you for your military service.

Professor David Schwartz is a patent lawyer with a degree in chemical engineering. He was a contributing editor to the University of Michigan Law Review. He was an associate at Jenner & Block and then a partner at various IP boutiques in Chicago. He was former Chair of IPLAC's Biotechnology Committee. He taught advanced patent law at the University of Illinois Law School, and he joined the law faculty at the John Marshall Law School in 2006.

Constantine Trela and I first met as opponents. Connie was Editor in Chief of the Northwestern Law School Law Review. He was a law clerk in the Seventh Circuit to Judge Sprecher. He then clerked for Justice Stevens at the Supreme Court. He is now a partner at Sidley Austin and a leader of the appellate practice group there. A substantial part of his practice is Federal Circuit appeals, and he has argued about fifteen of them in recent years, one of which was against me.

That concludes our introductions.

Briefs Filed by Panelists

Edward D. Manzo:

Now, panel, which of you have worked on any briefs that were filed with the Supreme Court in the *KSR* case?

Meredith Martin Addy:

I have.

Edward D. Manzo:

What brief did you file and what was its main position?
Meredith Martin Addy:

We filed a brief on behalf of chemistry and bioengineering professors to uphold the teaching-suggestion-motivation (“TSM”) test. And we specifically focused on how synergy, as a test, would not work, and we also talked about how those chemistry and bioengineering professors thought that the TSM test was a reliable test and a test that they use in deciding whether or not to file patent applications.

And we looked at some of the business implications of how they go about determining whether or not to file and without a TSM test, or with some type of less predictable test, what they would have to do or how they would have to change their practice in determining what kinds of applications to file. So we supported respondents. We were against synergy. Obviously, things did not come out the way of our amicus.

Patrick G. Burns:

Yes. We filed a brief on behalf of IPLAC. Our brief went along the lines of Mimi’s brief. We supported the TSM test because it is objective. And we suggested to the Court that whatever the test is, not necessarily the TSM test, it should be objective, not subjective. We did it primarily because of our experience in the Patent Office. We felt that the Patent Office runs more smoothly and its results are more predictable if there is an objective test of non-obviousness, recognizing, of course, that there is always some subjective element to it. We felt that the more objective it was, the better.

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6 Brief for Chemistry and Bioengineering Professors as Amici Curiae in Support of Respondents at 5–7, KSR, 127 S. Ct. 1727 (No. 04-1350) (arguing that the TSM test is consistent with Supreme Court precedent and that it is a useful way to assess obviousness).
7 Id. at 10 (“Thus, Petitioner’s proposed ‘synergy test’ would improperly allow patent protection for categories of inventions whose results may be ‘synergistic’ but also maybe expected. Yet, Petitioner’s proposed test would improperly preclude patent protection for inventions involving results that are unexpected, but not ‘synergistic.’”).
8 Id. at 7 (“Thus, amici have an understanding of what those of skill in their arts would recognize as a teaching, suggestion or motivation in the art. The TSM test is a practical test that allows amici to predict with reasonable accuracy whether conducting proposed research may result in a patentable invention.”).
9 Id. at 7.
10 Id. at 17 (asserting that the “untenable ‘synergy test’ proposed by Petitioner would preclude amici and other innovators from predictably defining or applying the test to enable them to evaluate the potential value of proposed research.”).
12 Id. at 3 (asserting that “[f]rom an administrative standpoint in the U.S. Patent and Trademark Office (‘PTO’), objective evidence showing obviousness to modify and combine is essential for training purposes, review and consistency”).
13 Id. at 3 (“[P]atent prosecution in the PTO is relatively consistent and predictable, in part because of the TSM standard. Without objective evidence sufficient to meet the TSM standard, the presently orderly and relatively predictable prosecution of patents is apt to devolve into a chaotic condition of unpredictability and uncertainty.”).
The Questions Presented

Edward D. Manzo:

Well, we have a very full list of questions today, so I’m going to try to give them in rapid-fire and look for quick responses.

The question presented in KSR International, Inc. v. Teleflex, Inc., according to the Supreme Court, was this: Whether a claimed invention can be obvious and therefore unpatentable under 35 U.S.C. § 103(a) without proof of some teaching, suggestion or motivation to modify or combine the prior art in the manner claimed. Brad Lyerla, what was the answer by the Court, if any, to that question?

Bradford P. Lyerla:

The short answer was yes. I think a good way to think about it is as follows: Before the KSR decision, most of us believed that the exclusive way to invalidate a claim under section 103 was through the TSM test. After the Court’s decision in KSR, it is now clear that you can still invalidate through the use of the TSM test, but a defendant is no longer limited to that test. Now, after KSR, there are other ways that one might go about trying to invalidate a claim under section 103, although it is not always clear what those other ways might be.

The Degree of Change in the Law

Edward D. Manzo:

Is the ruling in KSR a minor change in the patent law, or on the other hand, does it turn the universe upside-down? Professor Schwartz.

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15 35 U.S.C. § 103 (2006). Section (a) states:

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, 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 of the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negative by the manner in which the invention was made.

Id.

16 KSR, 127 S. Ct. at 1741.
17 See, e.g., Al-Site Corp. v. VSI Int’l, Inc., 174 F.3d 1308 (Fed. Cir. 1999) (asserting “[t]hese party seeking patent invalidity based on obviousness must also show some motivation or suggestion to combine the prior art teachings”).
18 See KSR, 127 S. Ct. at 1741 (stating that the “flaws in the analysis of the Court of Appeals relate for the most part to the court’s narrow conception of the obviousness inquiry reflected in its application of the TSM test”).
Professor David L. Schwartz:

Well, what we have is a change from a reliable test. Everybody knows how the TSM test works and everybody that has been involved in the patent system has used that test to evaluate whether things are patentable, and whether patents are not valid. Now, we have shifted to more of a subjective test. And I think it is going to take a few years to sort out how the courts and the Patent Office are going to approach that. So, I think right now, there is some uncertainty as to whether the KSR opinion will turn the universe upside down, or if it will only cause minor changes.

But in general, I think it is a significant change, and I think it is going to affect different industries differently. The Supreme Court seems to say that common sense and predictability are things that should guide the test. Industries that use mechanical inventions or computer science inventions are going to be hit harder by this, and it is going to be harder for companies in those industries to obtain patents and to protect their patents that already issued. However, in the life science and pharmaceuticals industries, which concern technologies known as "unpredictable arts," I think that the impact generally is going to be less.

Edward D. Manzo:

Chief Judge Holderman, can you tell us your view of the narrowest holding of this decision by the Supreme Court?

Chief Judge James F. Holderman:

Well, the narrowest holding was exactly what has been stated. The answer is yes. The TSM test is no longer the test. In fact, the Supreme Court referred to it as a helpful insight, and that is all it is. But, I believe the Supreme Court believes that it changed the law substantially, and it meant to.

I specifically asked Justice Stevens about the whole group of patent reversals that have taken place over the past year. In essence, he said the Court felt that the Federal Circuit perhaps was not taking a broad enough view of the application of the law. And he was talking about all the cases.

So I would be wary in the future of using the TSM test in any argument to any court other than to say it is a helpful insight because that is what the Supreme Court referred to it as.

Edward D. Manzo:

Connie Trela, you clerked for the Supreme Court. And as you remember a few years ago, they said that they would leave the details of patent law to be worked out

19 See id. at 1742 ("Common sense teaches, however, that familiar items may have obvious uses beyond their primary purposes, and in many cases a person of ordinary skill will be able to fit the teachings of multiple patents together like pieces of a puzzle.").

20 See id. at 1741 (asserting that although the Court of Customs and Patent Appeals' establishment of the TSM test was helpful, "helpful insights... need not become rigid and mandatory formulas; and when it is so applied, the TSM test is incompatible with our precedents").
by the Federal Circuit. What motivated the Supreme Court to take the action it did here?

Constantine L. Trela, Jr.:

Well, I think, actually, Chief Judge Holderman's comments were really getting to what motivated the Court here. I think after sort of a grace period following the formation of the Federal Circuit, during which I think the Supreme Court thought, "We'll leave this new court alone and let them develop their law." I think the Supreme Court has become increasingly disenchanted with the Federal Circuit in two main areas.

First, I think the Court perceives that there is a tendency in the Federal Circuit to view patent law as this island on which normal legal principles do not apply. And I think you can see that concern manifested in cases like eBay and MedImmune, where the Federal Circuit had its own body of law for issues that really exist throughout the law.

Second, I think, the Court is concerned with junk patents, frankly. And you can see that concern in Justice Breyer's dissent from the dismissal in LabCorp. You can see it in the eBay concurrence that was joined in by four Justices, where they referred to "patents of suspect validity." During the oral argument in Microsoft Corp. v. AT&T Corp., which was decided the same day as KSR, a number of questions from several Justices expressed skepticism about the whole area of patents for software and software-related inventions.

So, I think what you are seeing in KSR is the culmination of increasing dissatisfaction and concern with the Federal Circuit. And so, stated bluntly, I think the Supreme Court took this step because it was not sure that the Federal Circuit could be trusted to get it right, or, maybe expressed a little bit more charitably, the Supreme Court did it this way to make sure that its message was not misunderstood. As Chief Judge Holderman said, I think the message the Court thinks it is sending is a pretty clear one.

23 See eBay, Inc., 126 S. Ct. at 1839 (holding that "well-established principles of equity" require a plaintiff to comply with a four-factor test before obtaining a permanent injunction and that "[t]hese familiar principles apply with equal force to disputes arising under the Patent Act"); MedImmune, Inc., 126 S. Ct. at 773 (holding that the Federal Circuit's requirement that a licensee discontinue royalty payments before challenging the validity of the licensed patent to obtain declaratory judgment jurisdiction was contrary to Supreme Court precedent).
24 See Lab Corp. of Am. Holdings v. Metabolite Labs., Inc., 126 S. Ct. 2921, 2922 (2006) (Breyer, J., dissenting) (arguing that a decision about the validity of a patent for testing a bodily fluid to diagnose vitamin deficiencies was sorely needed to avoid "overprotection" of some ideas because "sometimes too much patent protection can impede rather than 'promote the Progress of Science and useful Arts,' the constitutional objective of patent and copyright protection").
25 See eBay, Inc., 126 S. Ct. at 1842 (Kennedy, J., concurring) ("The potential vagueness and suspect validity of some of these patents may affect the calculus under the four-factor test.")
27 Transcript of Oral Argument, at 6, Microsoft, 127 S. Ct. 1746 (No. 05-1056). Justice Ginsburg asked "whether digital software code, an intangible sequence of 1's and 0's may be considered a component of a patent, patented invention?" Id. Justice Stevens asked, "What is patented? Is the physical object patented or is the software patented?" Id. at 10.
Edward D. Manzo:

So were you surprised or not that there was no dissent to this opinion?

Constantine L. Trela, Jr.:

Well, I was surprised only to the extent that unanimous opinions are not that common in any area. eBay was unanimous, though there were concurrences, but it was a unanimous opinion. At least five or six Justices in oral arguments and in separate opinions have expressed these kinds of concerns about the Federal Circuit. So, I am not really surprised that it was unanimous.

The Fate of the TSM Test

Edward D. Manzo:

George McAndrews, did the Supreme Court actually overrule the TSM test and say it is invalid?

George P. McAndrews:

No, it did not. I think what the Supreme Court has done is condemn everyone in this room and Congress. I mean that seriously. What the Supreme Court has said over and over again is that the Constitution says Congress shall have the power.

I will not change the way I try suits that I have been doing for 45 years. I will tell you the standards I use in trying to convince jurors. This is what I think KSR did for people like me that will always go to a judge or jury with questions like this:

- Time from the need to the solution
- Economic and reputation barriers
- Number of alternative pathways
- Others who have tried and failed
- Entities who have copied
- Success of introduction
- Time components have been available without being combined.
- Skill of those seeking solution to the problem
- Extent of benefit to industry, economy, society or human family or any portion thereof
- Extent of improvement in efficiency and effectiveness of existing solutions
- Unexpected results
- Occasionally synergism

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28 eBay, 126 S. Ct. 1837.
29 Id. at 1841 (Roberts, C.J., with whom Scalia & Ginsburg. JJ., joined, concurring; Kennedy, J., with whom Stevens, Souter, & Breyer, JJ., joined, concurring).
I think that Congress should be taking action, and that is why I said we are to be condemned. We should have industry and we should have patent attorneys addressing obviousness, not generalists. Like the Justices of the Supreme Court have said, they are not inventors. They are not patent lawyers. They are not in industry. Congress should decide whether to overrule the TSM test. It is not a constitutional issue.

Edward D. Manzo:

Pat Burns, if the TSM test was not overruled, when can we use it, if ever?

Patrick G. Burns:

Well, there are two places where this question will come up. The first place is in the United States Patent and Trademark Office. The examiners are going to use the TSM test when they want to. And frankly, I think they are going to keep using it a lot because of administrative forces—that is, a need for certainty and predictability in the Patent Office. I think they are hiring something like a thousand new examiners every year, and they have to get detailed findings from those young examiners or there will just be too much chaos in the Patent Office.

One question, I guess, is this: When we respond to a rejection, and the examiner raises the TSM test, what do we do? Do we have to worry about all these other things the Supreme Court talked about, such as market forces? I am really not sure, but I do not think so. I am just going to address whatever the examiner raises, and I am going to presume that if the examiner did not raise other ideas or avenues, then the examiner decided that they just did not apply to that case.

Now, the other place where this is going to come up, of course, is in litigation. When you are defending, can you raise these other issues? Well, I think you can, but you are going to face the presumption of validity if those references were considered by the examiner. So in other words, prior to KSR, the examiner performed a TSM analysis. But now you are in litigation with the same reference, and the arguments are that market forces were driving this invention and it is trivial and so forth. I still think you are going to face that presumption of validity, and it is going to be hard to overcome.

With references that were not considered by the examiner, of course, it is a different ballgame, and we have the flexibility under KSR to raise whatever arguments we think make sense.
The Constitutional Standard for Patents

Edward D. Manzo:

The Court spoke about a constitutional standard for patents. Connie Trela, you were at the Supreme Court clerking. What are they talking about as a constitutional standard?

Constantine L. Trela, Jr.:

Obviously, the patent laws rest on the patent clause of the Constitution. The patent clause says that Congress, for the purpose of promoting the progress of useful arts, may grant authors and inventors the exclusive right to their writings and discoveries. And I think what the Supreme Court takes from that is, first of all, whatever Congress does has to promote the useful arts.

If you look at Supreme Court cases on related subjects like the Bonito Boats case, for example, the Court has made clear that granting a patent that should not be granted not only does not promote the useful arts, but actually stifles them by removing from the artisan's toolbox, if you will, information and tools that should be there and should be available to make what the Court would consider genuine discoveries.

So, I think what the Court understands the Constitution to require is that patents should not be granted for new developments or for what might be generically called innovations, but for innovations that will genuinely promote the progress of the arts by coming up with something that is beyond the ken of the ordinary artisan. I think the Court's view is that everything that is out there now, plus everything that the ordinarily skilled artisan can build from what is out there, belongs to the public and should be free from patents and free from exclusivity. So you have to get beyond that, as a constitutional matter, in the Court's view.

Edward D. Manzo:

Does section 103 embody the constitutional standard that the Court has announced? Professor?

Professor David L. Schwartz:

I think the Supreme Court thinks that you are supposed to use the constitutional IP clause in the negative way. By that, I mean that the Supreme Court believes that we must make sure that section 103 does not impede innovation. The precise language of the Constitution says that the patent laws are to promote the progress of science and the useful arts—to promote innovation. And I think it is

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32 Id. at 1745.
33 U.S. CONST. art. I, § 8, cl. 8.
35 Id. at 156–57 (explaining that the novelty and non-obviousness requirements are based on the idea that concepts that are so obvious are the tools of creation available to everyone).
36 U.S. CONST. art. I, § 8, cl. 8.
most interesting to look at the Supreme Court's view toward the patent laws in distinction to its view toward the copyright laws. *KSR* may have made it harder to get patents, *eBay* may potentially limit remedies of patentees, and *MedImmune* may make it easier for courts to find jurisdiction to hear patent challenges.

In contrast, in the last few copyright cases the Supreme Court has heard, they have allowed term extensions. Copyright is based on the same constitutional clause, and yet the Court has allowed copyright terms to lengthen. The Court also created new rights for copyright holders in the *Grokster* case by introducing a right to prevent inducement of copyright infringement, which is not in the statute. However, the Supreme Court takes a different view of patents. I think the reason gets back to what Connie said earlier: the Court is concerned that there are too many junk patents. The Supreme Court's language about "impeding innovation" is one way of articulating that.

**Ramifications Toward the Synergy Test**

Edward D. Manzo:

Brad Lyerla, we've heard the word 'synergy' before. Did the Supreme Court reinstate synergy as a test, if it ever was the test?

Bradford P. Lyerla:

There is some significant debate around whether it was ever the test. But it is pretty clear they did not reinstate it, if it was the test once upon a time. It seems to me that the Court is trying to avoid a formulaic approach, including formulaic approaches that were intended to capture the Supreme Court jurisprudence prior to the Federal Circuit. So it seems to me that synergy, while it is something that can be argued, is not the exclusive test, and the Court did not mean for it to become the exclusive test.

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37 See *KSR*, 127 S. Ct. at 1742–43 (finding the TSM test to be inconsistent with previous case law).

38 See *eBay*, Inc. v. MercExchange, L.L.C., 126 S. Ct. 1837, 1841 (2006) (holding that the four-factor test for a permanent injunction used in non-patent cases should be applied to patent cases as well).

39 See *MedImmune*, Inc. v. Genentech, Inc., 127 S. Ct. 764 (finding that the licensee was not required to terminate its license agreement before seeking a declaratory judgment in federal court).

40 See *Eldred* v. Ashcroft, 537 U.S. 186, 222 (2003) (affirming the Court of Appeals judgment which found the Copyright Term Extension Act of 1998 was constitutional under Article I, Section 8 of the United States Constitution).


42 Id. at 915–16 (referring to the inducement doctrine which is invoked when there is evidence of active steps taken to encourage direct infringement by ordinary use of a particular product).


44 See *Anderson's-Black Rock*, Inc. v. *Pavement Salvage* Co., 396 U.S. 57, 61 (1969) ("A combination of elements may result in an effect greater than the sum of the several effects taken separately. No such synergistic result is argued here.").
Edward D. Manzo:

The companion case for synergy is patents on combinations of old elements. What is the status of patents for combinations for old elements, Brad?

Bradford P. Lyerla:

That is the tough issue here. The Court talked about a number of different factors that are to be taken into account when one is evaluating whether a patent that combines old elements is invalid or not under section 103. But the Court did not give us a principled test that we cannot apply reliably in every case.

It seems to me that we are left with a bunch of choices—a menu of factors that will have to be picked and chosen from by the lawyers and the judge in the case to determine whether or not an invention is obvious under section 103. That is not necessarily a bad way to go, but it does have the downside of being unpredictable. It probably will result in non-uniformity of results. It also is an approach that is difficult for the patent office to apply.

The Supreme Court's approach has an upside in the sense that Connie was talking about a moment ago. It empowers judges to invalidate junk patents. In that sense it is good. But it carries with it cost, and the cost is that there may be worthwhile inventions that go unprotected in the future.

The law is not necessarily supposed to be empirical, but it is supposed to be experiential. The problem is that we do not have enough data to know whether we are going to be invalidating good patents using this new standard, and whether the cost of that will outweigh the benefits of invalidating junk patents. That is the thing that we should be weighing, but we do not have the data. So, instead of being guided by something concrete, the Court may have changed the law based on a political judgment.

Earlier Supreme Court Cases

Edward D. Manzo:

Professor, how does the decision in KSR fit with earlier Supreme Court precedent on obviousness?

Professor David L. Schwartz:

Well, definitely the Graham case has been reaffirmed, and everybody has always operated under Graham, including the Patent Office. But interestingly, there
were several other pre-Federal Circuit Supreme Court cases that people have been talking about, like *Sakraida*\(^4\) and *Anderson’s Black Rock*\(^4\)—cases that were decided after *Graham* and that the Federal Circuit essentially was not following, which included, for example, a "synergy" requirement for certain inventions to be non-obvious.\(^5\)

And those cases were cited and spoken about in the *KSR* decision in kind of positive terms, although it does not look like the Supreme Court is suggesting that the law should revert back to the synergy test. I mean, "synergy" was used in *KSR* in the discussion of those old cases,\(^6\) but then the rest of the opinion departs and never mentions synergy again. So, I think that *KSR* expresses that all the old Supreme Court case law is still good, but I do not think we have gone back to pre-Federal Circuit days where, depending on which circuit you sued in, you would have a much different chance of prevailing on the issue of validity.

*High Level of Patentability*

**Edward D. Manzo:**

Judge Kennelly, what, if anything, justifies the Supreme Court’s pronouncements on the high level of patentability that they strive for?

**Judge Matthew F. Kennelly:**

I think what it means is that the Supreme Court has basically accepted the idea that too many patents are being issued, and that the Federal Circuit has more or less departed from what the Supreme Court has said about what the proper purpose of patent law is. If I had to boil this case down into two things, it would be, number one, the Supreme Court is saying to the Federal Circuit, "You’re not the Supreme Court of patent law. We are.” Number two, “You’ve screwed it up.” I think that is the narrow holding of *KSR*, frankly.

**Edward D. Manzo:**

As many of us know, there are different types of patents that people can get. The one involved here was a utility patent. But there are also plant patents and design patents. Connie Trela, do the pronouncements of the Supreme Court about the constitutional standard apply to those too?

\(^5\) *See id.* at 61–63 (finding the invention obvious since no synergistic result occurred—the combination of the elements of the invention did not produce a result greater than the sum of the effects taken separately).
\(^6\) *See KSR, 127 S. Ct. at 1739–41.*
Constantine L. Trela, Jr.:

I think that certainly in the case of design patents, it is under the patent clause of the Constitution, and as a statutory matter, Congress has said, "We intend the same standards to apply." So I think if the Supreme Court thought about design patents, it would say that the same standards apply. It is the same constitutional grant of power, and Congress has implemented it in precisely the same way.

Edward D. Manzo:

Well, if it were the case that the Patent Office routinely grants design patents on ornamental designs that are marginally novel and far from extraordinary, would this be a difference in view between the Patent Office and the Supreme Court on the constitutional standard for that subject matter?

Constantine L. Trela, Jr.:

I think it would be a difference of view, certainly, if patentees are routinely granted patents for designs that are only marginally novel. I think the Supreme Court said, "That is not what we are talking about here. A marginally novel invention is not patentable."

Chief Judge James F. Holderman:

Frankly, the Supreme Court used the word "doctrine" in the KSR opinion one time. It said, "The combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results." Then the Supreme Court, in the very next sentence, referred to its prior sentence that I just read as "doctrine." So, it seems to me in the design patent area, what you are going to have to have is more than a predictable difference; more than a predictable result in combining familiar elements. And that is what I think we judges are going to have to start applying. That is the doctrine of this case.

Obvious to Try

Edward D. Manzo:

The Court spoke about "obvious to try." That is a phrase that we have heard for years. The Federal Circuit has said "obvious to try" is not the test. Professor Schwartz, can you summarize what the Supreme Court said about "obvious to try"?

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52 See id. at 1739.
53 Id.
54 See id. at 1742.
55 See, e.g., In re Deuel, 51 F.3d 1552, 1559 (Fed. Cir. 1995) (reiterating the rejection of an "obvious to try test" because "a general incentive does not make obvious a particular result").
Professor David L. Schwartz:

Well, it has long been understood that under Federal Circuit law, when there are a broad range of possibilities and the inventor selects one of them and it works well, that it is not obvious just because it would have been obvious to try all of those different possibilities and vary all of the possible parameters.\textsuperscript{36} The prior art must indicate which parameters are critical or which direction is likely to be successful.\textsuperscript{57} One of skill in the art would need to have a reasonable expectation of success.\textsuperscript{58}

And here, in the \textit{KSR} decision, the Supreme Court says that the "obvious to try" doctrine is not totally dead.\textsuperscript{59} It rejects the Federal Circuit's view that it is totally dead, although the Supreme Court kind of cabins it in and does not just say "obvious to try" is the standard for obviousness. Rather, it says an invention can be obvious to try "if there's a design need or market pressure and a finite number of identified predictable solutions."\textsuperscript{60} So, the Supreme Court puts a limited category of items in which the "obvious to try" doctrine is applicable.

Edward D. Manzo:

What are the implications of this new thinking on "obvious to try"?

Professor David L. Schwartz:

When no TSM exists in either patent prosecution or litigation matters, such that the claimed invention is just a combination of old elements, I think those involved are going to look at whether market forces were present to encourage somebody to combine the old elements. So, I think it is going to be another arrow in the quiver of accused infringers or the Patent Office in opposing patents.

Edward D. Manzo:

I think there is a story about Thomas Edison, and how he tried so many times to find the right substance for the filament of his lamp, the electric lamp. And after many, many failures, the question was, "Did you learn anything today?" I think the

\textsuperscript{36} Pfizer, Inc. v. Apotex, Inc., 488 F.3d 1377, 1379 (Fed. Cir. 2007) ("In Gillette Co. v. S.C. Johnson & Son, Inc., 919 F.2d 720, 725 (Fed. Cir. 1990) this court stated that 'we have consistently held that 'obvious to try' is not to be equated with obviousness.'").

\textsuperscript{57} See \textit{In re O'Farrell}, 853 F.2d 894, 903 (Fed. Cir. 1988). The court stated:

In some cases, what would have been "obvious to try" would have been to vary all parameters or try each of numerous possible choices until one possibly arrived at a successful result, where the prior art gave either no indication of which parameters were critical or no direction as to which of many possible choices is likely to be successful.

\textit{Id.}

\textsuperscript{58} See \textit{id.} at 904 ("For obviousness under § 103, all that is required is a reasonable expectation of success.").

\textsuperscript{59} See \textit{KSR}, 127 S. Ct. at 1742 ("In that instance the fact that a combination was obvious to try might show that it was obvious under § 103.").
answer was, "Yes, I learned today that something else did not work, and I am on to the next one tomorrow."

And after a few thousand tries, I guess he came upon with the carbon filament and whatever else he came up with. If that were the approach that Thomas Edison followed, where we think of all the possible materials that might work, and test each one of them seriatim, would that approach mean that the resulting (successful) combination is unpatentable because it was obvious to try each combination?

Professor David L. Schwartz:

My understanding is consistent with what you just stated: Thomas Edison was not the first to invent the electric lamp; he determined that of all the possible filaments, the carbon filament worked best. Assuming that the Patent Office's "reasonable probability of success" doctrine may be gone, and if really there were just a set number of possibilities that it was obvious to try and there was probably a market demand (e.g., there was a public demand for an electric lamp), then I think it is a decent argument that a defendant could raise—even a patent like Thomas Edison's patent could be invalid. And that, I think, shows the potential breadth of this case. If KSR is construed and interpreted by the Patent Office and by the courts really broadly, think about how many patents could be affected by this.

Chief Judge James F. Holderman:

I disagree. I think that in that particular hypothetical, which is not a hypothetical but reality, I think there has to be a familiar element. And that is what the Supreme Court said: a combination of familiar elements. What Edison ended up with was not a combination of familiar elements. So I do not think it would be obvious.

George P. McAndrews:

Hasn't the Court already decided if you have four chemicals that could be tried, that is easy, but if they hand you the chemical workbook with thousands of chemicals, that is not easy? It depends, again, on facts and circumstances, and that has to be argued. There have to be standards.

Edward D. Manzo:

How does the "obvious to try" doctrine fit in with the last sentence of section 103(a), which declares that "[p]atentability shall not be negatived by the manner in which the invention was made." Professor?

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61 See KSR, 127 S. Ct. at 1739 ("The combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.").
62 See Yamanouchi Pharm. Co. v. Danbury Pharmacal, Inc., 231 F.3d 1339 (Fed. Cir. 2000) (upholding as non-obvious a claim directed to H sub2 compounds, only four of which, out of a possible 11,000 candidates, were approved by the FDA).
Professor David L. Schwartz:

Well, that last sentence of section 103(a) was not actually cited in the *KSR* decision. It's funny—*KSR* cites the statute and quotes section 103, although it omits any reference to that last sentence of section 103(a). And that sentence of section 103(a) was included, essentially, to reverse an old Supreme Court case that said that you had to have a flash of genius to be entitled to a patent. Actually, I do not think that the "obvious to try" doctrine really affects or relates to that last sentence of section 103(a) because that last sentence deals with the way that the inventor actually came up with the invention. So, the inventors do not need to have a flash of genius.

But the "obvious to try" doctrine is focused more on that hypothetical person in the arts. So, would the hypothetical person in the arts have found it obvious to try? It does not matter whether the inventor himself or herself found it obvious to try. So the "obvious to try" doctrine looks at obviousness from a different perspective.

Constantine L. Trela, Jr.:

I would just add one observation on that. Last week, the Federal Circuit decided the *Leapfrog* case and cited *KSR*, although it did not expressly acknowledge that *KSR* was a significant change. I think they are still trying to figure out what to do with it. But the reason I raise it is that in the Federal Circuit's *Leapfrog* opinion, they make a statement that seems to be directly contrary to the last sentence of section 103(a) in the process of affirming a decision holding a patent invalid for obviousness.

The Federal Circuit states, "Our conclusion is further reinforced by testimony from the sole inventor at trial that he did not have a technical background, could not have actually built the prototype himself, and relied on the assistance of an electrical engineer and Sandia National Laboratory to build a prototype of his invention." And you wonder, in light of the last sentence of section 103, why is this even in an obviousness analysis?

Edward D. Manzo:

I have to confess that I scratched my head a few times when I read that passage.

George P. McAndrews:

How about the word "discovery" rather than invention? The Constitution says, "inventions and discoveries," and you are entitled to a patent on a discovery whether or not you just drop your India rubber and sulfur on the stove by accident

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64 See Cuno Eng'g Corp. v. Automatic Devices Corp., 314 U.S. 84, 91 (1941) ("That is to say, the new device, however useful it may be must reveal the flash of creative genius, not merely the skill of the calling.").


66 Id. at 1162.

67 U.S. CONST. art. I, § 8, cl. 8.
and then you pick it up and you say, "Eureka!" That last sentence in section 103(a) applies to discoveries.

The Market Context

Edward D. Manzo:

There were many passages or paragraphs in the KSR decision about the market context. Brad Lyerla, can you summarize what the Court said on that topic?

Bradford P. Lyerla:

The Court made specific references to market context. In each of its references to market context, the Court pointed to something that might be observed in a market that can be cited to argue that the patent is obvious. For example, the Court observed that where work is available in one field of art, and someone applies the work to another field of art, that might be indicative of obviousness.

The Court observed that, where the innovation would have occurred anyway, where it was inevitable because the forces in the marketplace and the movement of science was in that direction, then that might indicate the invention was obvious. The Court said, where there is a finite number of identifiable, predictable solutions, selecting one might be obvious. The Court also referred to a marketplace that creates a strong incentive to go where the inventor went—then that might be indicative of obviousness.

Let me say that I did not like the TSM test. When IPLAC convened to discuss whether we should file an amicus brief, I wanted to file a brief criticizing the TSM test. But I became converted, and I came around to the point of view that the TSM test might be okay. Although it does permit some patents that could be characterized as junk patents to be enforced, I became concerned that changing the analysis to an ill-defined test would create even more mischief. So I came around to the idea that the TSM test might be better than the alternatives.

But I am not in love with the TSM test and I do not bemoan its passing. However, I do question whether these statements of the Court concerning the market are helpful. Consider Moore’s law. Under Moore’s Law, the speed of

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68 See KSR Int’l Co. v. Teleflex, Inc., 127 S. Ct. 1727, 1740 (2007). For example, the Court said, “When a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it, either in the same field or a different one. If a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability.” Id.
69 See id.
70 See id.
71 See id. at 1742 (“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 a good reason to pursue the known options within his or her technical grasp.”).
72 See id.
73 See James Lindgren, Predicting the Future of Empirical Legal Studies, 86 B.U. L. REV. 1447, 1455 (2006) (“One of the chestnuts of the computer field is Moore’s Law, which was first articulated in 1965 by Intel cofounder Gordon Moore.”).
microprocessors doubles every eighteen months.\textsuperscript{74} That pattern has held true for fifty years. We know that in eighteen months, there is a group in Northern California who will double the speed of microprocessors, and if they do not, there is a group in Boston that will or a group in Texas that will. We know this is going to happen. They are trying the same things, they are working the same science, they are using the same math. But when it happens, my god, what a wonderful thing it is, and shouldn't it be protectable under the patent laws?

My worry is that a very, very broad reading of \textit{KSR}, maybe a mindlessly broad reading could result in a regime where innovations predicted by Moore's law are not respected as patentable. That just seems wrong to me. Yet, I cannot articulate a principle under \textit{KSR}, although I think Judge Holderman may have come close, that distinguishes the Moore's Law patent from the junk patent, at least not in a way that is consistent and predictable and uniform. That is what worries me about the KSR decision.

\textbf{Patrick G. Burns:}

I think Brad makes a good point. What invention is not driven by market forces? What company spends money on R&D with no relation to the market or something they are trying to accomplish? So if \textit{KSR} is applied broadly, I think it could be a disaster. On the other hand, another way to look at these cases is: How easy is this invention to understand? And some people would say, look, any time the invention is really easy to understand, you are in trouble when you go to the Supreme Court or other courts.

And in Brad's example, you are doubling the speed of a microprocessor. I do not know how innovative it really is, but no one is going to understand it, so I think you have a better chance.

\textit{The Presumption of Validity}

\textbf{Edward D. Manzo:}

The \textit{KSR} decision mentioned something about the presumption of validity. Who wants to explain what they said?

\textbf{Professor David L. Schwartz:}

In dicta, the Court said that the reference that was at issue in the case had not been before the Patent Office.\textsuperscript{75} Because the invention at issue in the \textit{KSR} case was invalid in any event, the Supreme Court said it need not decide whether or not they needed to give the presumption of validity.\textsuperscript{76} But the Supreme Court essentially told

\textsuperscript{74} See id. ("Among its many versions are ones that posit that computer processing power (or the number of transistors on a chip) doubles every eighteen to twenty-four months.").

\textsuperscript{75} See \textit{KSR}, 127 S. Ct. at 1745.

\textsuperscript{76} See id. The Court held:

We need not reach the question whether the failure to disclose Asano during the prosecution of Engelgau voids the presumption of validity given to issued
the Federal Circuit that it made less sense to have a presumption of validity when
the reference was not before the Patent Office in prosecution. And it essentially
invited the Patent Office to reconsider its blanket presumption of validity.

Constantine L. Trela, Jr.:

One thought that comes to mind, and I puzzled over this when I first read the
case, is that the presumption of validity is statutory in section 282. This is not a
judge-made doctrine where the Court said, "Well, when the Patent Office does a good
job, we are going to presume the patent is valid." Congress said, "Issued patents
shall be presumed valid." Whether somebody later thinks the Patent Office did a
good job or not, the presumption remains in place. So I am not sure where the Court
was going with that comment.

Professor David L. Schwartz:

I think that it is interesting because the Microsoft v. AT&T opinion was issued
on the same day as the KSR decision. In the Microsoft case, the Court looked at
section 271(f) and said, "It's Congress' job to amend it. We're going to have to send
this back to Congress if you want to establish this liability." Here, in KSR, it says
to the Federal Circuit: "this statute," which is pretty clear—an issued patent is
presumed valid—"interpret it as if it has a qualification that the art was in front of
the Patent Office." The Supreme Court seems willing to tweak the statute
judicially in this instance.

Bradford P. Lyerla:

Here is what I think might happen, Ed. The patentee is always going to be
entitled to a jury instruction on the presumption of validity, because it is in the
statute. What has changed is that now, arguably, the defendant should be able to
request the trial court also to instruct the jury that because the art was already
considered by the Patent Office, then the jury may ask itself whether the reason for
the presumption of validity is present in the case.

patents, for claim 4 is obvious despite the presumption. We nevertheless think it
appropriate to note that the rationale underlying the presumption—that the PTO,
in its expertise, has approved the claim—seems much diminished here.

Id.
79 35 U.S.C. § 271(f); Microsoft, 127 S. Ct. at 1760 n.18. "[Section] 271(f)(1) applies to the
supply abroad of 'all or a substantial portion of a patented invention's components. Id. And
section 271(f)(2) applies to the export of even a single component if it is 'especially adapted for use in
the invention and not a staple article or commodity of commerce suitable for substantial noninfringing use.' Id.
80 Microsoft, 127 S. Ct. at 1760 ("If the patent law is to be adjusted better 'to account for the
realities of software distribution,' the alteration should be made after focused legislative
consideration, and not be the Judiciary foreasting Congress' likely disposition.").
81 See KSR, 127 S. Ct. at 1739.
In other words, a defendant now can ask for an additional instruction based on this language from the Court. I do not know if judges will give that instruction. Fiddling around with the jury instructions is always hairy because it is an easy way to commit reversible error. But as a defendant, I would ask for an additional instruction based on this language.

Constantine L. Trela, Jr.:

The other question is whether this is a signal that maybe the clear and convincing evidence standard, which is not statutory, should not apply. You can have a presumption without having a clear and convincing evidence standard. And so maybe that is where the Court is going.

Professor David L. Schwartz:

The other interesting thing about this is that I do not believe either party briefed this issue. The presumption of validity issue was mentioned in an FTC report put out a few years ago on the patent system that mentioned this issue. Perhaps the Justices or their clerks have been reading up on this issue, but I do not think this issue was presented to the Court directly by the parties.

Edward D. Manzo:

Well, has the presumption been weakened? Would you say that, Mimi?

Meredith Martin Addy:

I think it is about to be open season on the presumption, and how you go about attacking it, I think we are all left a little bit unsure. But it is clear that we are all left wondering what message the Court was intending to send here. A couple of things come to mind. First, the basis of the presumption is that the examiner is presumed to have done a reasonable examination and to have done his job. So what is left?

Well, as a prosecutor, if I am a patentee, I need to make sure I get all the art in front of the examiner because I do not know what is going to happen five or ten years down the road. My patent issues in two years. Is the law somehow going to change? Somebody is out there planting seeds to get the law changed. So, do I need to get more art in front of the examiner? I am already dumping lots of art in front of the examiner, right?

But, if the presumption is somehow decreased, and if I am just mercilessly dumping art on the examiner, I think that a good litigator is going to argue, "Well, what is the difference? The examiner did not have time to go through all this art. So what is the difference in not having the art before him at all?"

So, I think that you are kind of stuck between a rock and a hard place, and you are going to have to start analyzing if there is a way the examiner sees the best art. And then, of course, we all know the problems that are implicit in that type of analysis. So, that is the worry that this type of brazen statement leaves behind. To me, it has more pertinent implications for a prosecutor right now trying to figure out, "What do I need to do to make sure that I am covered five or ten years down the road?" Maybe it has some creative implications for a litigator trying to figure out, "How can I do more for my client?"

Chief Judge James F. Holderman:

I would want to hear that from the Federal Circuit as opposed to this dicta from the Supreme Court. I am not sure the Supreme Court meant us to now start reexamining the presumption of validity. I would rather have further direction. I agree—if Congress wants to do something about it, then I will follow that. But right now, I am going to apply the presumption of validity when it comes out of the Patent Office, or at least instruct the jury on that and not try to diminish it.

Is the KSR Test a Subjective or Objective Test?

Edward D. Manzo:

The topics that we have yet to cover are: future applications, seeing what happened to all of the concerns voiced by the amici who were in favor of the TSM test, the implications for the district court for this decision, the implications at the Federal Circuit, the implications at the Patent and Trademark Office, the corporate filing implications, small inventor applications and patent practitioner applications, and legislative change. So let's press forward and see if we can get through some of those.

My next question: Is the KSR test completely subjective or partly subjective?

George P. McAndrews:

Both. You subjectively look at the invention, and then it is the lawyer's job to make it objective. You have to turn it around to show judges and juries why it is beneficial overall. And if you cannot convince yourself subjectively, how are you going to turn that around? You have to make the benefit to society from the patent be objectively understandable by the judge or jury.

So is it subjective? No. It is subjective and objective. Our job is to bring alive why inventions are important. And if they are lousy, you should settle the case.

Constantine L. Trela, Jr.:

I think all the Court means is that it is objective in the sense that we are not looking at how this inventor made this invention. Obviously, the last sentence of section 103(a) makes that same point. The process by which this invention came to be is not the subject of the inquiry. The subject of the inquiry is the hypothetical
person of ordinary skill—what is the content of the art and all that. So I think that is all that is meant by saying it is an objective test.

Edward D. Manzo:

Would you not agree that section 103 and the Supreme Court in *Graham* tell us that we have to establish certain factual criteria? And the Supreme Court said that we can add in the secondary considerations. But then the Court does not exactly tell you how to decide whether it was obvious or not. Do you agree or disagree?

Constantine L. Trela, Jr.:

I think that is absolutely right. I have always been amazed at the fact that district judges can manage the *Graham* test because you have these factual inquiries, all of which seem fairly self-evident—they are the sorts of things you would want to look at. And then all that remains is to decide whether it is obvious. So you are absolutely right, Ed.

Edward D. Manzo:

That's the tricky part. Chief Judge Holderman, how can we tell when we have a non-obvious invention on our hands?

Chief Judge James F. Holderman:

I cannot tell you in a vacuum. We would have to look at the circumstances and apply the tests. That is what we have to do. That is why I am saying, this is a benefit to us lawyers, because that is what now is open to us for further argument. It is not a benefit, necessarily, to patent holders or patent applicants, but I think it is a benefit to the lawyers.

Predictable Variation

Edward D. Manzo:

Well, the Supreme Court spoke about predictable variations. Judge Kennelly, how do we know when a combination is a predictable variation?

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84 *Id.* at 18 (“Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.”).
85 See *KSR*, 127 S. Ct. at 1740 (“If a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability.”).
Judge Matthew F. Kennelly:

Picking up on what Judge Holderman just said, I think the right answer to that question is pretty much the same as the right answer to every legal question—it depends. I just do not think there is any clear way to tell. The Court has not left us with a particularly easy standard to apply. It is a very mushy standard.

My view of this case, quite frankly, is that given what they decided, they should have agreed that the summary judgment should have been denied and should have sent it back, because they ended up with a mushier test as opposed to a clearer test, which to me is an indication that there should be less summary judgment. But maybe I am missing something.

“Real” v. Ordinary Innovation

Edward D. Manzo:

Professor, another statement of the Court is that we should not grant patents, or sustain them, on an advance that would occur in the ordinary course without real innovation. How do you tell when you have one of those?

Professor David L. Schwartz:

Like Judge Kennelly just said, it is a mushy standard and it is very fact-specific. I think the key—where the rubber hits the road on this—is going to be how the standard is articulated in jury instructions, once those are worked out, and in the Manual of Patent Examining Procedure (“MPEP”), what it explains as the standard. But right now, I think that language in the KSR opinion itself is essentially unhelpful.

The Implications of KSR

Edward D. Manzo:

I'm going to give you some examples of combinations and ask for comments on the obviousness of them.

Let us start with a simple but elegant mechanical invention where the parts are old and they work as they predictably would have worked. But the only reason you combine them this way is to solve the problem presented to the inventor. Judge Holderman, does that sound like a patentable invention?

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86 Id. at 1741 (“Granting patent protection to advances that would occur in the ordinary course without real innovation retards progress and may, in the case of patents combining previously known elements, deprive prior inventions of their value or utility.”).

Chief Judge James F. Holderman:

Well, let me apply the doctrine. Are we combining familiar elements according to known methods? Because that is likely to be obvious when it does no more than produce predictable results.

Edward D. Manzo:

Well, what if we have a more complex mechanical invention?

George P. McAndrews:

You make them understand—hopefully the judge, but certainly the jury—you have to make them understand why a paper machine the size of an aircraft carrier, 700 feet long, spitting paper out allows the public to not pay twenty dollars for a sheet of paper. Those types of machines benefit everyone. Somebody had to risk this. It is just not an economist that is taking risks. The people who invented it are taking risks also. How do you personally benefit from it? Every time you go into a drugstore and get a little card, you have benefited from that paper machine even though you have never seen one. That is how I would approach it.

Edward D. Manzo:

Well, let me try an electrical invention. And of course, we are talking about the Supreme Court's focus on predictability. So Pat, let us talk about a circuit invention where each component operates as it worked before. Resistors provide resistance, transistors perform switching, capacitors store charge. You just combine them in another way. Is that patentable or not patentable?

Patrick G. Burns:

Well, I agree with George. It is going to be how you present the invention and so forth. I think what might happen as a result of this case is that we are going to focus more on how these circuitry elements are combined, and we are going to get into more detail about how to show that this combination was not exactly driven by market forces or whatever these other factors are. So we might find ourselves just getting more technical.

One thing we might do is show other ways to do this thing—that we chose one way out of several other alternatives. The problem with that, of course, is that you are setting up design-arounds, and that is not a good thing either. So it is kind of a dilemma.

Edward D. Manzo:

Let me ask next about a semiconductor layout invention. Brad, suppose someone comes to you with a semiconductor layout invention that reduces the number of steps or the number of masks that you need to produce an integrated circuit. Is that a viable candidate for a patent under KSR?
Bradford P. Lyerla:

I think it is. If a client came to me and had a patent that covered a method for producing an ASIC or an integrated circuit that eliminated steps that had been present in the prior art, I would be confident that I could defend that patent against a charge that it was obvious. Absolutely confident.

Edward D. Manzo:

But they all work the way they always worked before.

Bradford P. Lyerla:

If the patented invention eliminates steps or eliminates masks. The patent does something innovative, and I would be absolutely confident. What I thought you were going to ask me was a different question, which is, if I have just done what everybody is always doing, namely, I just made the wires a little smaller and the logic gates a little smaller so I can put more on the chip and make the chip work faster, that I have less confidence about after KSR. But if I am actually eliminating steps in the creation of the chip itself, I am confident that patent will not be invalidated under the new KSR standard.

Edward D. Manzo:

Well, let's talk about a business method invention. Mimi, suppose there is a business method invention that is primarily software. Can that be patentable?

Meredith Martin Addy:

This is a tough one. I think a lot of business method patents that are of questionable inventiveness may not survive a new KSR standard because you are not going to be able to deny that they are market-driven; they are going to be predictable. The Court said that really, any reason at all to combine teachings in the prior art is good enough. So what do you have to do?

I think looking at these reasons for obviousness overlooks the details of what goes into these inventions. And, the devil’s in the details. You have to look at what might go into the programming, and ask: is there something about one of these modules that is new, that is different, that is creative? Does it accomplish a specific task that is different, and is there something you can get into that is going to allow you to survive obviousness?

The Federal Circuit’s recent decision in the Leapfrog case provides clues to the direction for business methods and software. The court said, "Accommodating a prior art mechanical device to modern electronics would have been reasonably obvious to one of ordinary skill. Applying modern electronics to older mechanical devices has been commonplace in recent years." That is enlightening, as it signals to overcome

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89 Id. at 1161.
obviousness post *KSR*, one cannot simply rely on the new electronics or software, but must delve into the “why” and the “how” of the new thing. If there is nothing new about the “why” or the “how,” then that may not be enough. Creative claim drafting is going to become even more important.

So I think you are going to have to look at the details of the invention, and you are going to have to dig into the details in order to find the differences that are going to help you survive obviousness. Relying on some of these bold pronouncements is just going to get you in trouble.

Edward D. Manzo:

Let me switch gears and go to a biotech invention. Brad, your firm does a lot of biotech litigation. Suppose Company H comes to you and it has an invention to the use of monoclonal antibodies in immunoassays to detect if antigens, which are molecules and parts of molecules, are present in a sample where the prior art happens to have disclosed immunoassay diagnostic methods using polyclonal antibodies in assays to detect antigens in a sample.

Bradford P. Lyerla:

I am confident that patent can be defended against an attack under section 103, applying the *KSR* test. At our office, we talk about big molecules and little molecules. Big molecules are biotech; little molecules are chemistry. You probably use similar terminology in your offices. Big molecules are notoriously unpredictable in their behavior. Little ones are too, to an extent, but big molecules are more so.

The Supreme Court has recognized this. The Federal Circuit understands it too. Therefore, inventions involving biotech are rarely subject to attack for obviousness, and I do not think that is going to change.

Edward D. Manzo:

Suppose we have a pharmaceutical invention. When would that be patentable? Professor?

Professor David L. Schwartz:

Like everyone is saying, it is very fact-specific. In general, biotechnology or pharmaceutical inventions are known as being more unpredictable, so I think that would weigh in favor of not having an obviousness problem. However, I think the big issue for each of these is that there is a distinction between litigation in front of a judge or a jury, and prosecution in front of the Patent Office.

So along the lines of what Pat Burns said earlier, I think you need, in front of a judge and jury, kind of a "wow" invention. I mean, like a pharmaceutical invention, a biotechnology invention, for the most part, everyone is probably going to "wow"

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90 See, e.g., *In re Mayne*, 104 F.3d 1339, 1343 (Fed. Cir. 1997) ("The principle applies most often to the less predictable fields, such as chemistry, where minor changes in a product or process may yield substantially different results.").
them. That *Leapfrog* case that other panelists have been talking about was a patent claiming a children’s hand-held game to teach phonics.\(^9\) The invention looked pretty simple. That is not a "wow" invention. In front of the Patent Office, I do not think that a "wow" invention matters as much because the examiners theoretically know the field of art, even in complex technologies, and it is difficult to "wow" the Patent Office.

**Edward D. Manzo:**

Let me ask Connie Trela. Suppose we have an inventor who has come up with a process to make potato chips more efficiently. Is that patentable subject matter?

**Constantine L. Trela, Jr.:**

To pick up on what Professor Schwartz was just talking about, in litigation, you do have the "wow" factor. In this example, I would call it a "wow" factor problem because you are not curing cancer. You are not even making the Super Bowl appear more clearly on a TV screen. It is merely an improvement for potato chips.

But I think the right answer is, essentially, the same answer Brad gave to your question about making the integrated circuit manufacturing process more efficient. Obviously, without knowing the details of the improvement, you cannot really answer the question. If you are defending the patent, what you might do is you might resort to the TSM test. The Court did not say that it is not relevant. In fact, the Court said it is relevant.\(^9\)

So, as a patentee, if you have a strong case in which there is no teaching, suggestion or motivation, by all means, present it. You do not argue that it is the be all, end all. But you absolutely present it. If you have some synergy, if you added a component to your process that everybody thought would improve efficiency by 10%, and it improved it by 90%, then obviously that is the sort of thing you want to bring out.

But I think, as Brad said, you are looking for unexpected results and real improvements in the process. So I think it can be defended.

**Edward D. Manzo:**

I want to talk about the amicus briefs that were in favor of the TSM test. One of the briefs that I especially liked was the one that Pat Burns wrote for IPLAC.\(^9\) In that brief, we presented the question of whether one can get patents on incremental improvements.

\(^9\) *Leapfrog* 485 F.3d at 1158.
\(^9\) See *KSR Int’l Co. v. Teleflex, Inc.*, 127 S. Ct. 1727, 1741 (2007) (“When it first established the requirement of demonstrating a teaching, suggestion, or motivation to combine known elements in order to show that the combination is obvious, the Court of Customs and Patent Appeals captured a helpful insight.”).
advances. Should the patent system encourage the disclosure of incremental improvements, and if you allow patents on only gigantic improvements, will that slow or prevent the disclosure of incremental improvements? Judge?

Judge Matthew F. Kennelly:

Well, I do not think this case has established a standard or a doctrine that you do not get a patent on an incremental improvement. I think the answer is going to be that it is going to depend on the particular facts and circumstances. It may depend on the particular field you are in, as a couple people have suggested before. But no district judge is going to derive from KSR a standard that says, if your improvement is only incremental, then you do not get a patent. Honestly, all improvements are incremental in one way or another unless you are going to invent time travel or something like that.

Summary Judgment in Patent Cases

Edward D. Manzo:

Judge Holderman, does the KSR decision place many patents under a cloud?

Chief Judge James F. Holderman:

I think it places some because frankly, we are no longer confined to the TSM test. There are other arguments to be made. And again, the Supreme Court intended to do that. So, I think the Supreme Court intended that some patents would be under a cloud.

Edward D. Manzo:

Let’s talk about the district court implications. Judge Kennelly, could you summarize for us what the Supreme Court said about summary judgment procedures and whether they are proper in the case of obviousness.

Judge Matthew F. Kennelly:

I know what the Court said, but honestly, I have no clue what it meant. It struck me as gobbledygook, frankly. The Court said you can take into account expert testimony, but not necessarily. They further stated that you should not take expert testimony into account if it is conclusory. Here, the expert’s testimony is conclusory. I am not sure the Court was right. I think the Supreme Court basically

94 Id. at 3 ("It is important that the system encourage disclosure of incremental improvements, as well as pioneering breakthroughs in technology.").

95 See KSR, 127 S. Ct. at 1745 ("In considering summary judgment on that question the district court can and should take into account expert testimony, which may resolve or keep open certain questions of fact. That is not the end of the issue, however. The ultimate judgment of obviousness is a legal determination.").
said, "We are ruling the way we are in this case." However, I do not think they intended to say anything profound about summary judgment.

Edward D. Manzo:

Well, Judge Holderman, do you think that the KSR ruling portends more summary judgments in patent cases on obviousness?

Chief Judge James F. Holderman:

I think it could. I do not know what is going to ultimately come out. In my opinion, we have to apply this doctrine that has now been articulated again.

Edward D. Manzo:

Mimi Addy, briefly, how, in view of KSR, should we try to defeat a motion of summary judgment of obviousness?

Meredith Martin Addy:

Certainly, I would continue doing what I do anyway. You have got to get your declarations in. You have got to get your issues of facts raised. And you have got to do more to show that this is an important invention. The invention does not necessarily have to be earth-shattering, but you must show that there is some sort of inventive, not necessarily that it does not satisfy TSM. I think you have to consider everything we have been talking about today, and figure out how you can get that into a declaration or some other issue of fact in order to get it into your motion for summary judgment. Other than that, I would not change the procedure in which I argue against a motion for summary judgment.

Edward D. Manzo:

Brad Lyerla, you are putting together a motion for summary judgment based on obviousness. What do you do in light of KSR now?

Bradford P. Lyerla:

I will do everything in my power to make the patent look like a junk patent and I would say, "This is exactly the kind of patent that the Supreme Court said we do not need. And Judge, you ought to kill this junk patent and do the world a favor."

Edward D. Manzo:

Well, suppose there is an expert opinion. George McAndrews, what should experts be doing with their opinions on obviousness?
George P. McAndrews:

They should be going through the long list of things about why the patent is not obvious. And judges always tell the jurors, what the lawyers say is just argument: it is not fact. Okay? So there are two ways to turn argument into fact. The first way is to get your expert to enter an opinion. By definition, it is not fact. It is an opinion. The second way is to have a lawyer write an opinion and then submit it as evidence. That waives the privilege. I always feel queasy doing that, but it allows the jury to see the opinion—a printed record of a law firm that is nothing but argument on paper. This enables the lawyer to get around the judge’s instructions that what the lawyers addressing you are saying is argument, not fact.

Now, I think the skilled experts have to go through a detailed list of elements to put flesh on the subjective invention and make the invention’s benefits look objective. It is the only way you are going to be able to do it. Otherwise, I do not know where we stand with the Seventh Amendment. Obviousness is an issue of law based on underlying findings of fact. Who makes the underlying findings of fact under the Seventh Amendment? I am sure the Judges, from their experience, can probably tell me who does it, but it seems to me that the jury has the right to make those underlying findings of fact.

So, I address the expert’s opinion—again, it is just opinion, not fact—and try to convince the judge in a story-like way that there is merit to the invention, or the other way around.

Jury Considerations

Edward D. Manzo:

Do any of our jurists want to comment on the Seventh Amendment question?

Judge Matthew F. Kennelly:

Well, I do not think the Supreme Court changed anything about that. It is a jury question unless it is appropriate for summary judgment. I do not think anybody should draw from KSR that we are now going to have some sort of a system where we just give the jury a list of facts to find, and then the judge is going to make the decision of obviousness. The summary judgment standard is not just the lack of a genuine issue of material fact. It is also that the party moving is entitled to judgment as a matter of law.

We tell juries in every trial that one of their jobs is to apply the law as I give it to them to the facts as they find them. So the jury is going to be making that decision.

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86 U.S. CONST. amend. VII. The Seventh Amendment states:

In suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise reexamined in any court of the United States, than according to the rules of the common law.

Id.

97 See KSR, 127 S. Ct. at 1745.
Chief Judge James F. Holderman:

I agree wholeheartedly with Judge Kennelly on this.

Edward D. Manzo:

So courts will continue to give obviousness to the jury?

Chief Judge James F. Holderman:

Absolutely.

Edward D. Manzo:

What kind of jury instruction for obviousness would be appropriate?

Judge Matthew F. Kennelly:

The committee that I am chairing drafted an obviousness instruction that essentially had a bracketed paragraph with the TSM test, which I assume is now going to come out. But my view of jury instructions, which I believe also is the view of the Seventh Circuit, is not to tell juries about presumptions because they are not going to understand that concept. So we tend to skip past that and just tell them what obviousness means.

We tell them that obviousness has to be proved by clear and convincing evidence. We give them the test, and we give them the factors and the secondary considerations that are in Graham v. John Deere Co. It really is, as George says, going to be left to the lawyers, basically, to take this list of factors and find the places for the jury to hang their hat on.

Edward D. Manzo:

Does obviousness remain an issue of law ultimately?

Chief Judge James F. Holderman:

Well, in the Supreme Court it is.

George P. McAndrews:

The Supreme Court said it does.

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98 See Graham v. John Deere Co., 383 U.S. 1, 18 (1966) (“Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc, might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.”).

99 See KSR, 127 S. Ct. at 1745 (“The ultimate judgment of obviousness is a legal determination.”).
Judge Matthew F. Kennelly:

Well, the Supreme Court does not try lawsuits. So when they say it is an issue of law, that does not mean that when you get to a trial, the judge is going to be deciding it, unless he decides it by a Rule 50 motion,\(^{100}\) which is the equivalent, essentially, of a summary judgment motion in the middle of a trial. The jury is going to be making the decision on obviousness if the case goes to trial.

*Rule 11 Implications*

Edward D. Manzo:

The Supreme Court talked about combinations of old elements in a mechanical case. Let us say you have a mechanical case and you are thinking of filing a lawsuit. Now, in light of *KSR*, does Rule 11\(^ {101}\) require the lawyer to make a study, before filing the suit, of why the claims are not obvious? Judges?

Judge Matthew F. Kennelly:

You know, the quantity of adverse Rule 11 rulings in patent cases is probably small enough to fit on the head of a pin. So I think, really, the question is more a question about what you need to do for your client as opposed to a Rule 11 question. I think you will want to do for your client what the Supreme Court now seems to be telling us the test is. But I do not honestly think, except in an extreme case, it is going to make much of a difference about Rule 11.

Constantine L. Trela, Jr.:

On the Rule 11 point, notwithstanding *KSR*, because an issued patent is presumed valid, I do not see how filing suit on that patent could possibly be a Rule 11 violation.

Judge Matthew F. Kennelly:

That is clearly right.

Meredith Martin Addy:

And in addition to the presumption of validity, the burden of proving invalidity is on the defendant, not on the plaintiff. So there are a couple things at play here.

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\(^{100}\) *Fed. R. Civ. P.* 50 (regarding judgment as a matter of law).

\(^{101}\) *Fed. R. Civ. P.* 11 (regarding sanctions).
Edward D. Manzo:

So you would all agree that not all patents that have been issued on combinations of old elements are presumptively invalid?

Meredith Martin Addy:

Not yet.

Prosecution History Examinations

Edward D. Manzo:

The Supreme Court looked extensively at the prosecution history in this case.\textsuperscript{102} Is that going to be something we will see more of in the future? Professor?

Professor David L. Schwartz:

I think you always have to look at it for claim construction, so for a different reason, I think you always need to look at it. And I think it \textit{is} necessary in the \textit{Graham} factors to determine what the scope of the art is, what at least the Patent Office considered the scope of the art, and what the patentee considered the scope of the art. To the extent that the prosecution history deals with a rejection based on the old TSM standard, I think it is probably less necessary to spend a lot of time focusing on that.

\textit{Avoiding Hindsight without TSM}

Edward D. Manzo:

Chief Judge Holderman, one of the main virtues of TSM was to avoid hindsight.\textsuperscript{103} How, with the demise of TSM, or the instruction that TSM is not the exclusive way to determine obviousness, will courts avoid hindsight?

Chief Judge James F. Holderman:

We will do the best we can. That is all I can say. In my opinion, the creation of the TSM test by the Federal Circuit was for the purpose of assisting us judges. The Federal Circuit is trying to help the district judges, who are basically generalists, do a better job. Judge Kennelly is not running out to a patent trial right now. Consequently, we will just muddle through as best we can until we get further direction. We will follow the direction that has been provided us now.

\footnote{\textsuperscript{102} See \textit{KSR}, 127 S. Ct. at 1736–38.}

\footnote{\textsuperscript{103} See \textit{id.} at 1742 ("A fact finder should be aware, of course, of the distortion caused by hindsight bias and must be cautious of arguments reliant upon ex post reasoning.").}
Edward D. Manzo:

Let's talk about Federal Circuit implications of KSR. Mimi, what does the Federal Circuit have to do now in view of the KSR decision?

Meredith Martin Addy:

Well, I think the Federal Circuit is ready to get down to business and figure out how to apply KSR. In a recent issue of Legal Times, Chief Judge Michel was quoted as saying, "It is extremely helpful to have a single opinion [from the Court]. I'm very happy to have that; it will make it very much easier to apply." He also said that the TSM test "remains a part of the calculation of obviousness, but it gives us forceful instruction on the manner in which the test is to be applied." Recall that the Federal Circuit has been applying a broader test for obviousness while KSR has been pending in its Kahn, Alza Pharma., and Dystar cases. So, in many cases, you will see the same type of analysis as you see in those cases but tailored also along with the decision in KSR.

Edward D. Manzo:

Connie Trela, does the Court need to replace TSM?

Constantine L. Trela, Jr.:

If by "replace," you mean, come up with another sort of threshold standard, I think not only do they not have to, I think they absolutely should not. The Supreme Court talked in terms of an expansive and flexible obviousness analysis. So, I think a new standard in the TSM sense is not at all what is intended. I think Mimi is quite right. TSM remains part of the analysis. I think the Court described it, as somebody said, as a useful insight at a minimum. I do not think the Federal Circuit needs to replace TSM in the sense of throwing it out. Nor do I think it needs to come up with a new, definitive standard.

Edward D. Manzo:

The Court was careful to point out that that useful insight came from the predecessor to the Federal Circuit—the United States Court of Customs and Patent Appeals. Mimi, further thoughts on this?

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2 Id.
3 In re Kahn, 441 F.3d 977 (Fed. Cir. 2006).
4 Alza Corp. v. Mylan Lab., Inc., 464 F.3d 1286 (Fed. Cir. 2006).
Meredith Martin Addy:

Yes. I think the Federal Circuit is going to continue to apply TSM in the future, and I think it is going to do so in the manner of *Dystar*¹⁰⁹ and the trilogy of cases surrounding *Dystar*. But I do think the Federal Circuit is open to new tests.

That means, be creative—for example, in your briefing. Employ one of skill in the art and use one of skill in the art to your advantage using the language from *KSR*. You can create your own test, and you can use the flexibility that is provided in *KSR* to create a test that the Federal Circuit might like. So, I think this is an interesting time because you can be creative in briefing.

Edward D. Manzo:

Will section 103 rulings at the Federal Circuit be panel-dependent? Judge Holderman.

Chief Judge James F. Holderman:

I do not think so. I think the Federal Circuit is trying very hard to speak with one voice. Of course, it is made up of the various judges. However, beginning last fall, Judge Michel began to ask us district court judges to sit on panels of the Federal Circuit. I am going to be sitting next month. I think he has done this because he foresaw the problems that this past year has borne out from the Supreme Court.

Having the district court judges sit on panels serves two purposes. First, it educates us district judges as to how the Federal Circuit works from the inside. Second, it provides the judges of the Federal Circuit more exposure as to how the Federal Circuit works on the outside—how it works in the trenches where we are. Judge Michel made it very clear to me that I had to come to the all-judges lunches during the time I was sitting.

Edward D. Manzo:

Any comment further on panel dependency from our former clerks of various courts?

Meredith Martin Addy:

I do not think that we are going to have to worry too much on panel dependency on this TSM issue because it is subjective. The panel dependency issue arises when you have a rigid test that the court is trying to apply for a variety of different factual situations that do not always seem to fit the rigid test. So, I think when you have this subjective situation and you have a varying set of factual instances where you are trying to apply subjective tests, you can distinguish the cases much easier on the facts, and you do not see such panel dependence issues.

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¹⁰⁹ *Id.* at 1367.
Again, I agree with everything Chief Judge Holderman has said. The Federal Circuit is trying very hard to avoid these issues and working hard to be a little more open to the way things work, both outside and within the court.

Edward D. Manzo:

George McAndrews, what is the Federal Circuit likely to do regarding obviousness in terms of law development over the next twelve months?

George P. McAndrews:

Well, I cannot guarantee it, but I think the Federal Circuit will be begging the Patent Bar, the businesses involved, the scientists and engineers, and the scholars from our academic institutions to address the issue of what in the hell is invention under the Constitution. And then, they will ask the Federal Circuit to come up with a list that they can submit to Congress so that we can have something more than the statement: it was not obvious to somebody of ordinary skill in the art at the time the invention was made. That is too narrow.

I will say it, even though it is against my best interests—such a statement gives too much range for an appeal to almost any emotion. We ought to have some sort of standards. I know the Supreme Court would like it. My belief is that the Supreme Court wishes it never took patent cases. I read the colloquy with the Justices and the lawyers. It was almost comical. The Justices are not inventors. They are not scientists. They are issuing orders that are going to impact our economy tremendously. They are worried about it.

I am hopeful that in the next twelve months, the Federal Circuit, the good people, educated people in this room, the Inns of Court, everybody, get their thinking caps on and come up with some standards that can go into section 103.

Bradford P. Lyerla:

I think we will have a series of obviousness decisions from the Federal Circuit that are idiosyncratic to their facts. After *KSR*, obviousness is now is going to be litigated based on idiosyncrasies. I mean, what we have now is not really a standard. I am not sure whether I would say it is subjective or objective. I just think it is not a standard. What we have now is a list of several different factors that the Court has said should be considered in connection with the question of obviousness. But, the Court has not told us how to put the factors together or how to weigh them.

The cases are going to become more and more idiosyncratic and less and less principled.

Edward D. Manzo:

Connie Trela, is the Supreme Court likely to grant certiorari on another obviousness case in this decade?
Constantine L. Trela, Jr.:

Absent something that they interpret as outright defiance by the Federal Circuit, I do not think they will take an obviousness case as such, although I do have to say that I disagree with George a little bit. I do not think the Supreme Court is crying out for help on this issue. I think they are quite confident that they have got it right, and they are not looking for Congress to fix it.

But I think you could see the Supreme Court delve into obviousness issues again because I would not be at all surprised to see the Court take a business method or software-type patent case, and there are three or four candidates pending in the Federal Circuit right now. That could come up under a section 101 patentable subject matter guise. It also could come up under section 103. The Supreme Court may not be completely done in this area.

Edward D. Manzo:

Members of the panel. I am essentially out of time. I am going to ask a few final short questions. True or false: KSR will drive up the cost of preparing and prosecuting a patent application. Who says true?

Chief Judge James F. Holderman:

True.

George P. McAndrews:

False.

Edward D. Manzo:

Well, members of the panel, we have a lot more to cover, but we are out of time. Thank you all for your participation today.

[End of panel discussion.]