

EMPIRICAL IMPACT OF *KSR*

STATE BAR OF TEXAS
2008 ANNUAL IP CLE PROGRAM

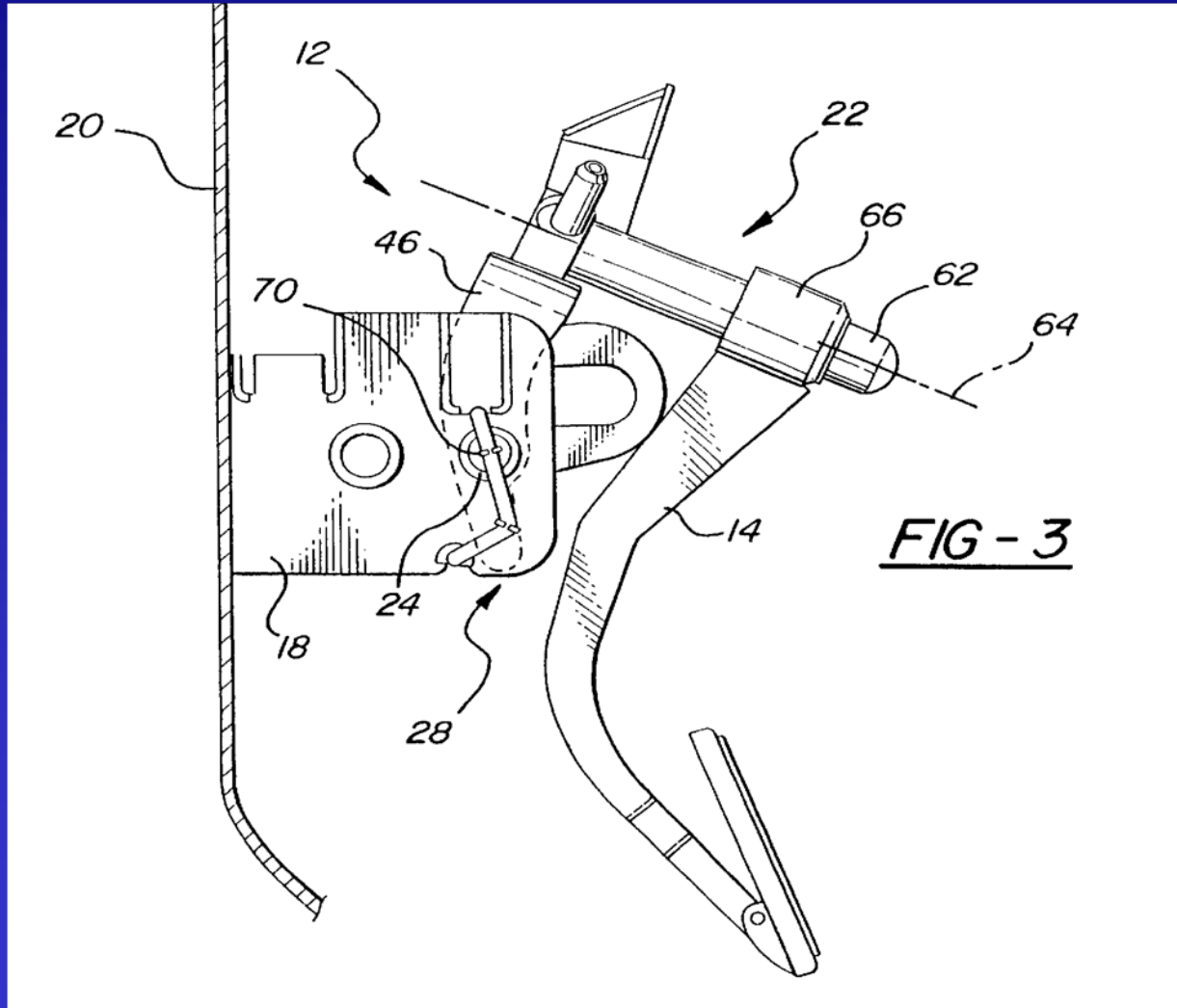
HOUSTON, TX

JUNE 27, 2008

- **HOLDING**
KSR V. TELEFLEX

(12) **United States Patent**
Engelgau

(10) Patent No.: US 6,237,565 B1
(45) Date of Patent: *May 29, 2001



- Fed. Cir. reversed District Court's finding of obviousness
- Supreme Court reverses Fed. Cir., finds obviousness
- Rejects “the rigid approach of the Court of Appeals”
- Rejects “explicit” TSM requirement

- S. Ct. adopts “implicit” or “flexible” TSM
- *Graham v. Deere* test endorsed:
 - Determining the **scope and content of the prior art**;
 - Ascertaining the **differences between the claimed invention and the prior art**; and
 - Resolving the **level of ordinary skill** in the pertinent art.
- These are factual inquiries

- “... a patent composed of several elements is not proved obvious merely by demonstrating that each of its elements was, independently, known in the prior art.”
- must “look with care” at claims for a combination of **known devices** according to **their established functions**
- analysis must be “explicit”

- “rejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated **reasoning** with some **rational underpinning** to support the legal conclusion of obviousness.”

- “The combination of **familiar elements** according to **known methods** is likely to be obvious when it does no more than yield **predictable results ...**”
- “If a person of ordinary skill can implement a **predictable variation**, §103 likely bars its patentability.”
- “... a court must ask whether the improvement is more than **the predictable use of prior art elements** according to their **established functions.**”

To determine whether there existed a sufficient reason to combine the known elements in the way claimed by the patent, consider:

- interrelated teachings of multiple patents;
- demands known to the design community or present in the marketplace; and
- knowledge possessed by a person of ordinary skill

- Assuming a person of ordinary skill attempting to solve a problem will be led to only prior art designed to address that same problem
 - “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.**”

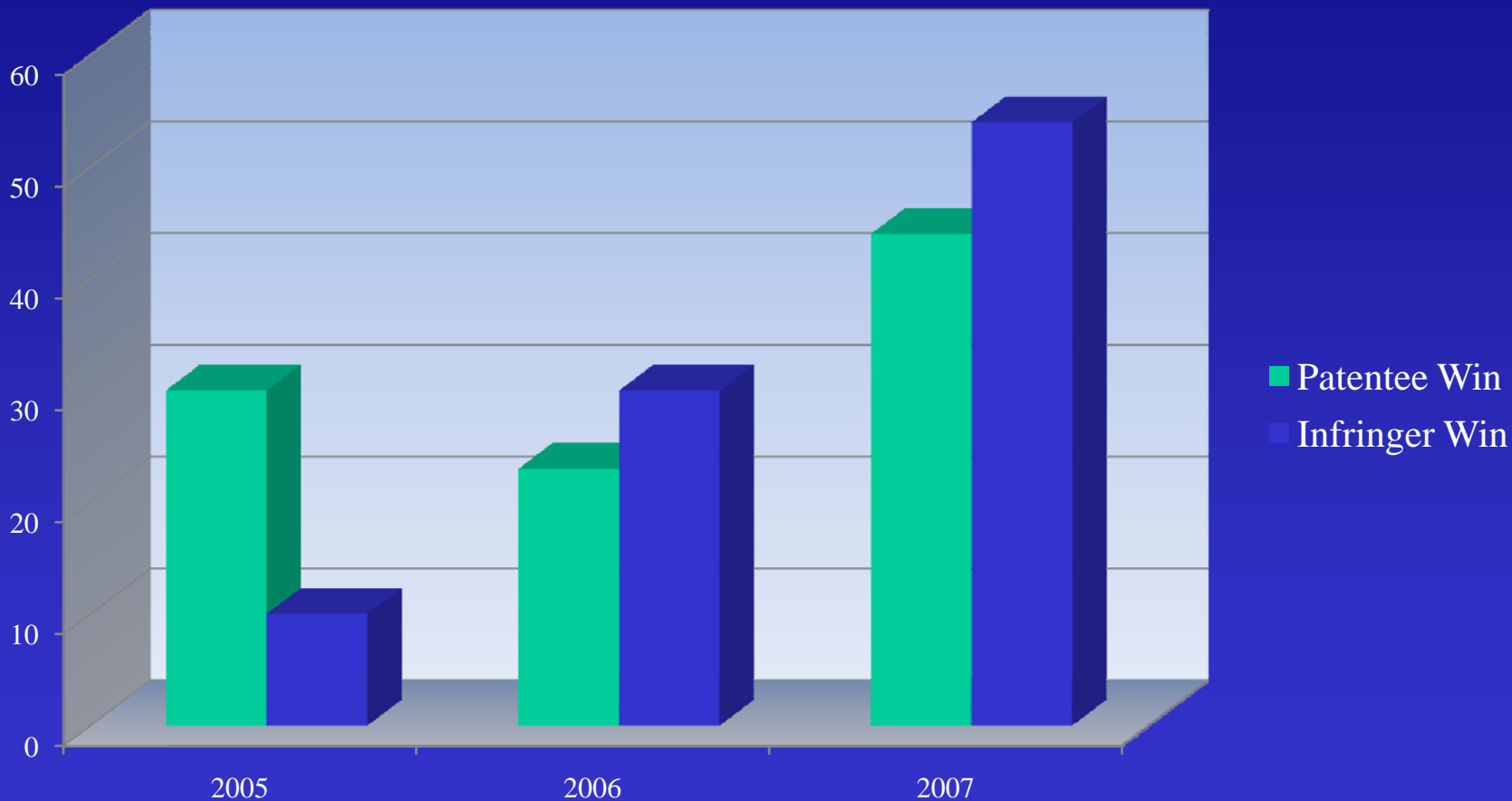
- “Obvious to try” can be a valid way to show obviousness
- Cannot have rigid rules that deny recourse to **common sense**

“A factfinder should be aware ... of the distortion caused by hindsight bias and must be cautious of arguments reliant upon *ex post* reasoning.”

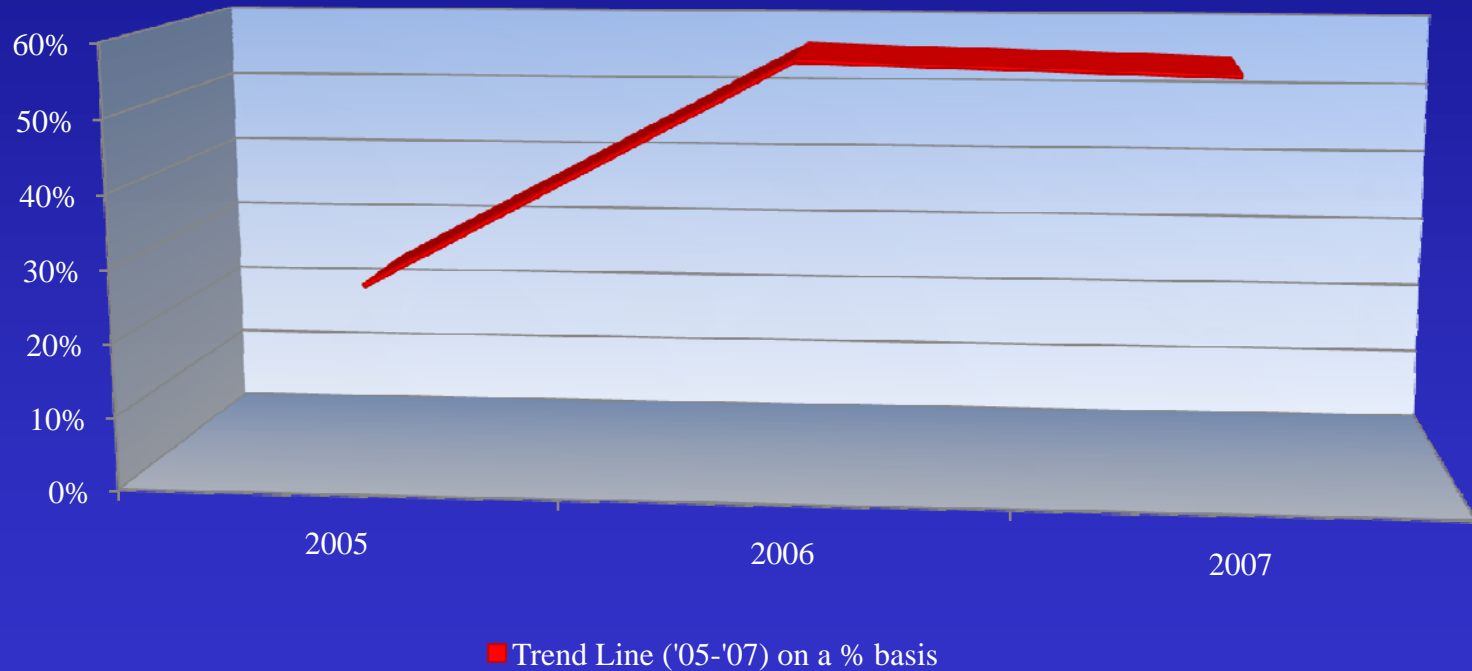
Graham v. John Deere, 383 U.S. 1, 36 (1966).

- **LITIGATION**

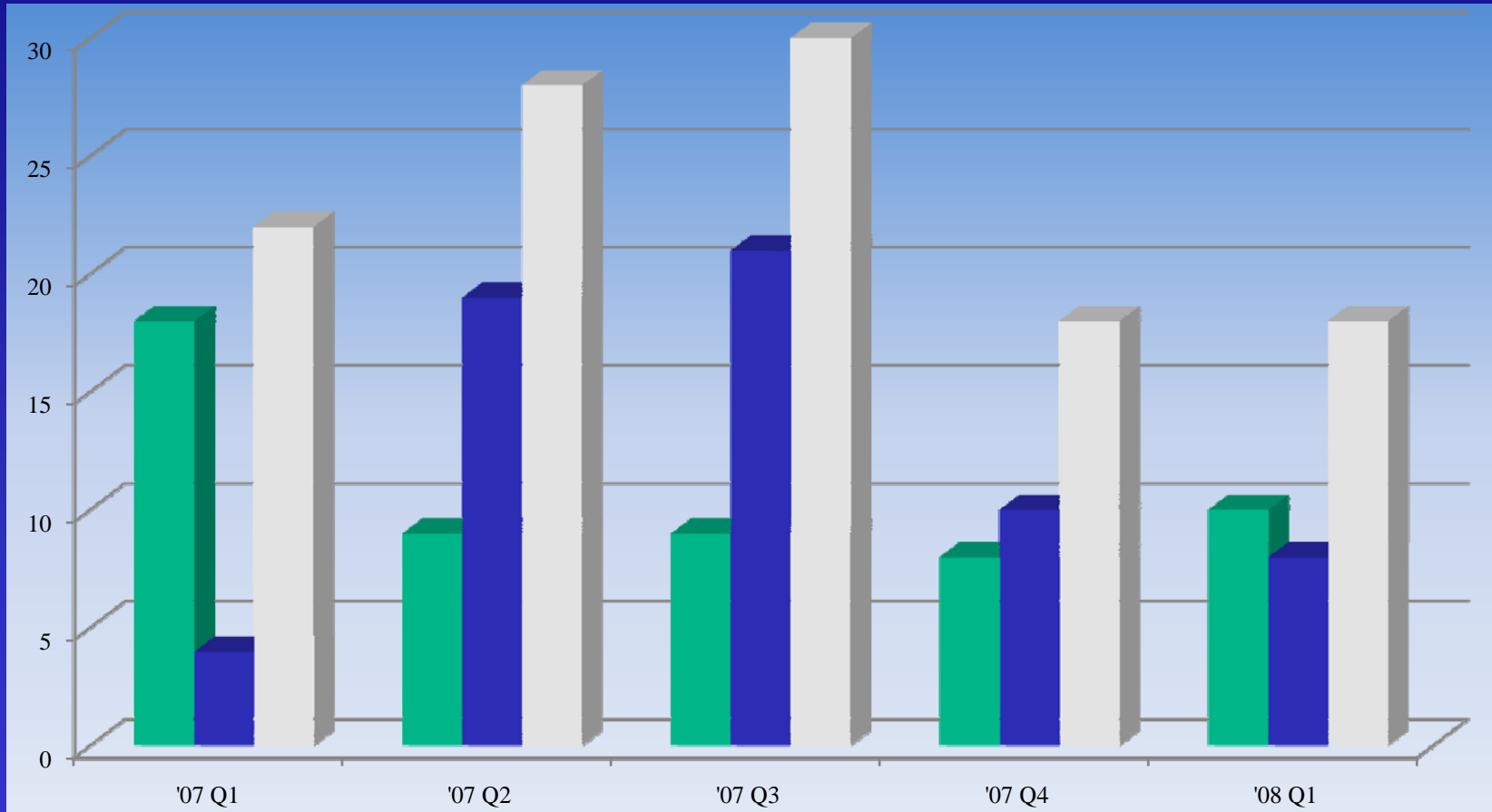
*Data from patstats.org



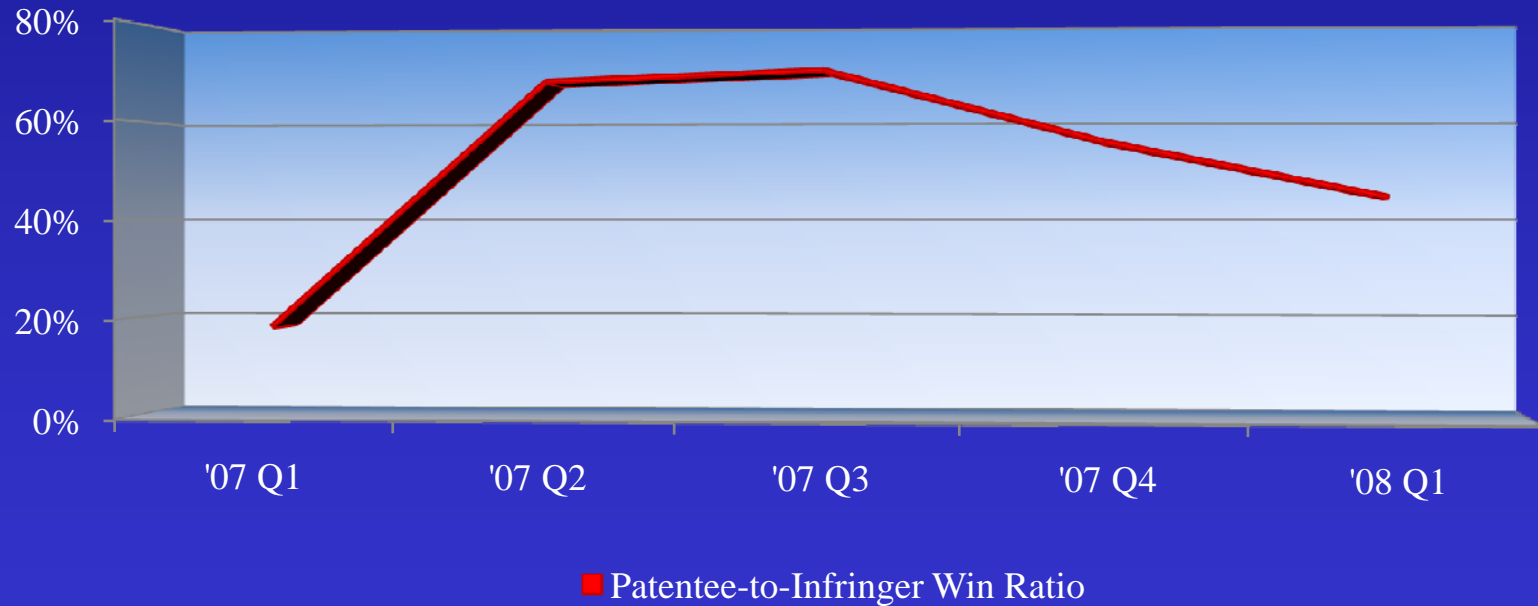
Overall Infringer Victory Trend

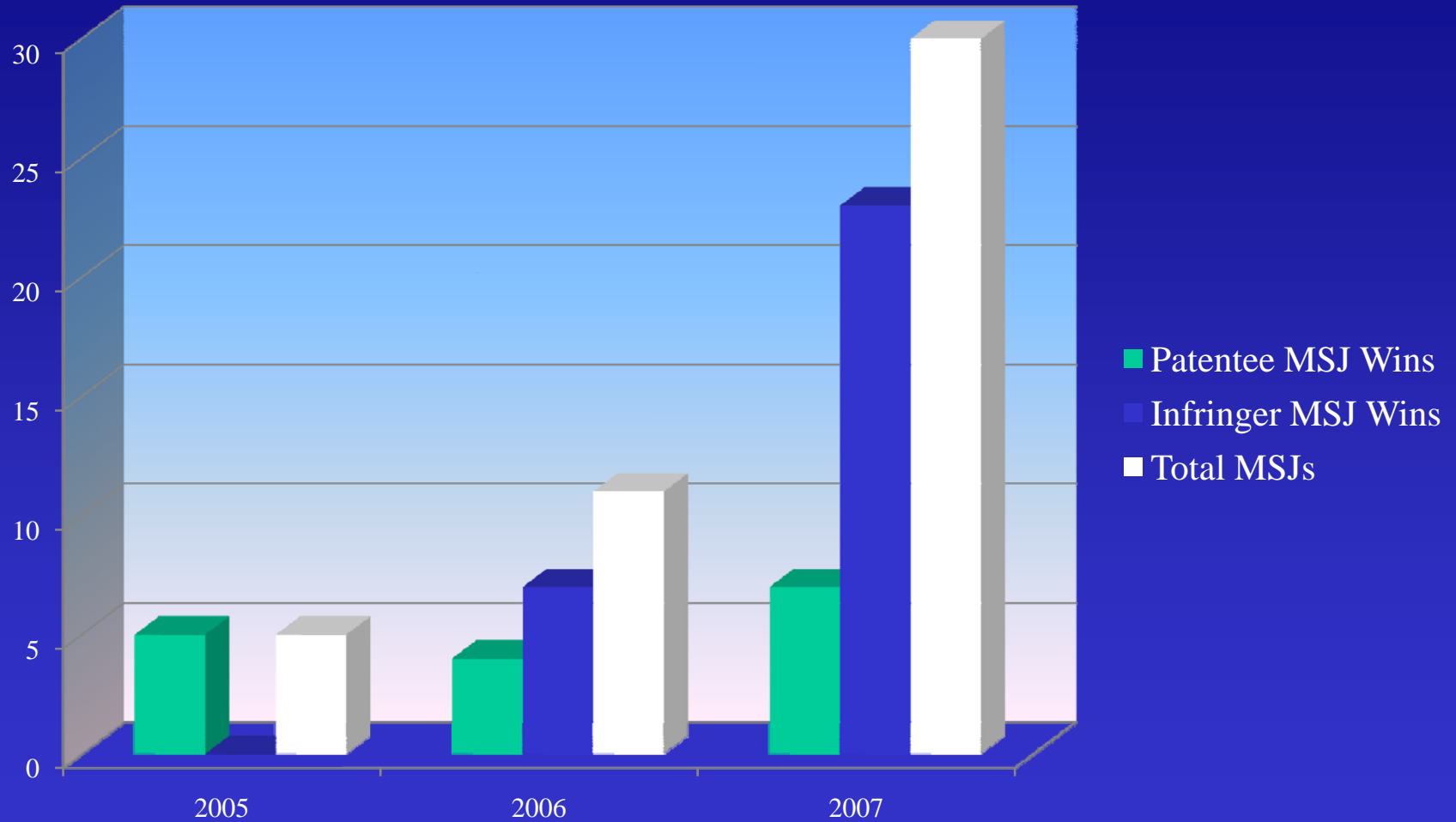


§103 Win Tally--2007 Breakdown

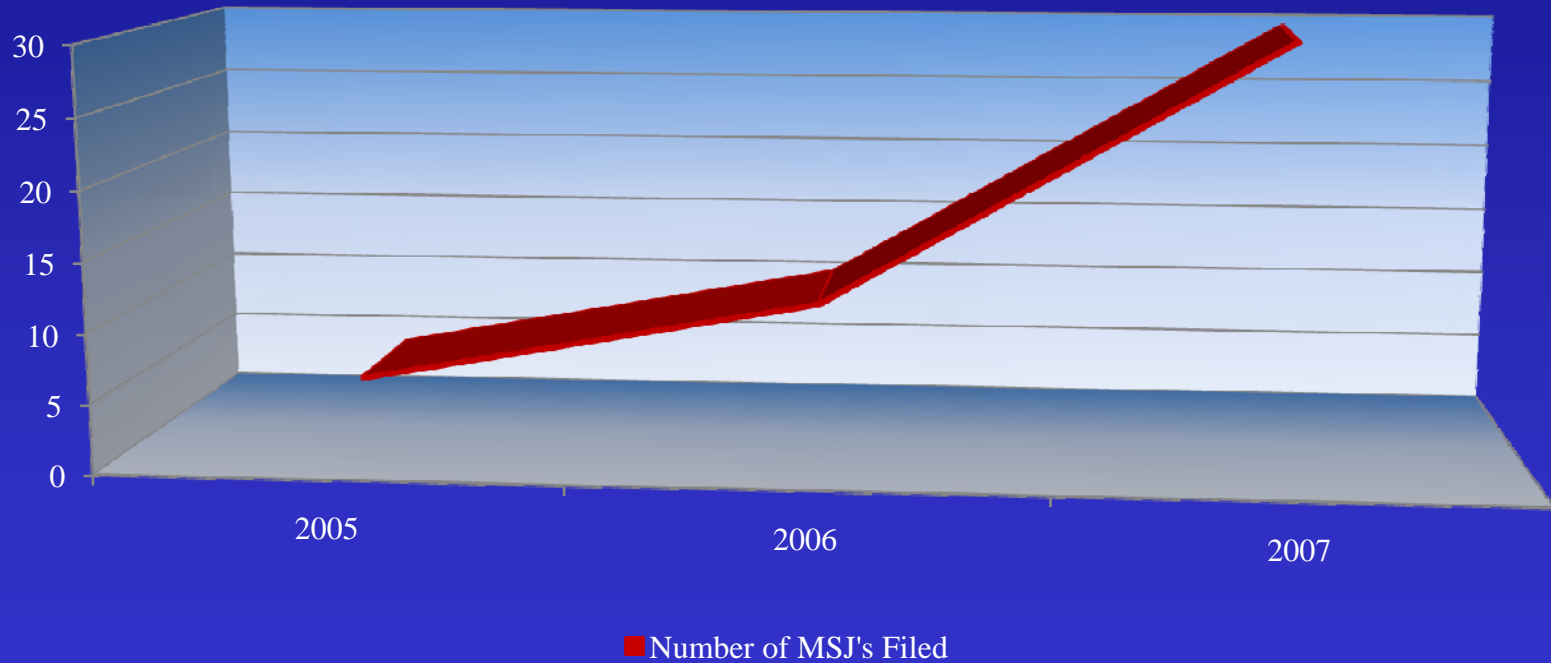


Overall Infringer Victory Trend (2007)





Total Number of MSJ's Filed

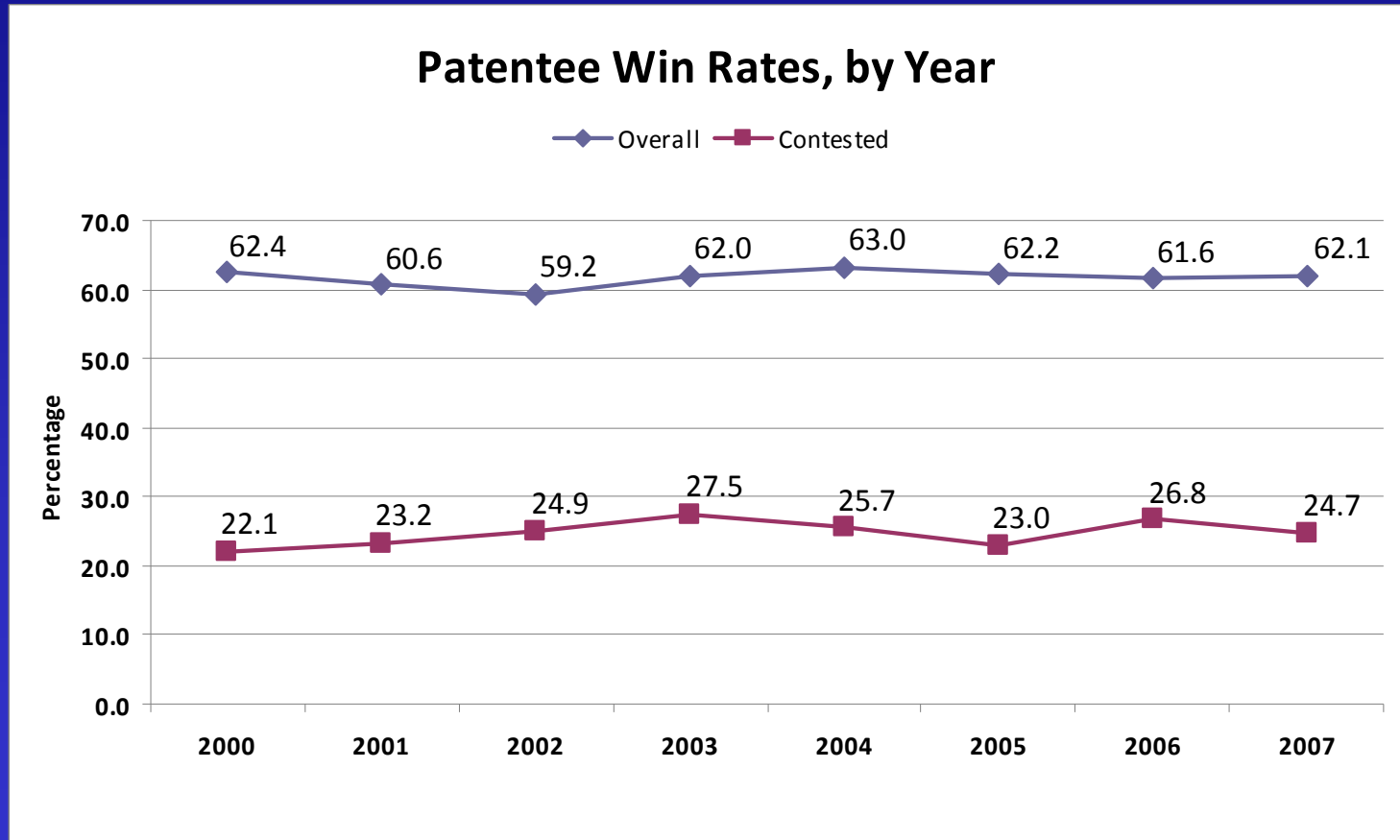


Trend Line (2005 - 2007) MSJ Infringer Victories on a % basis

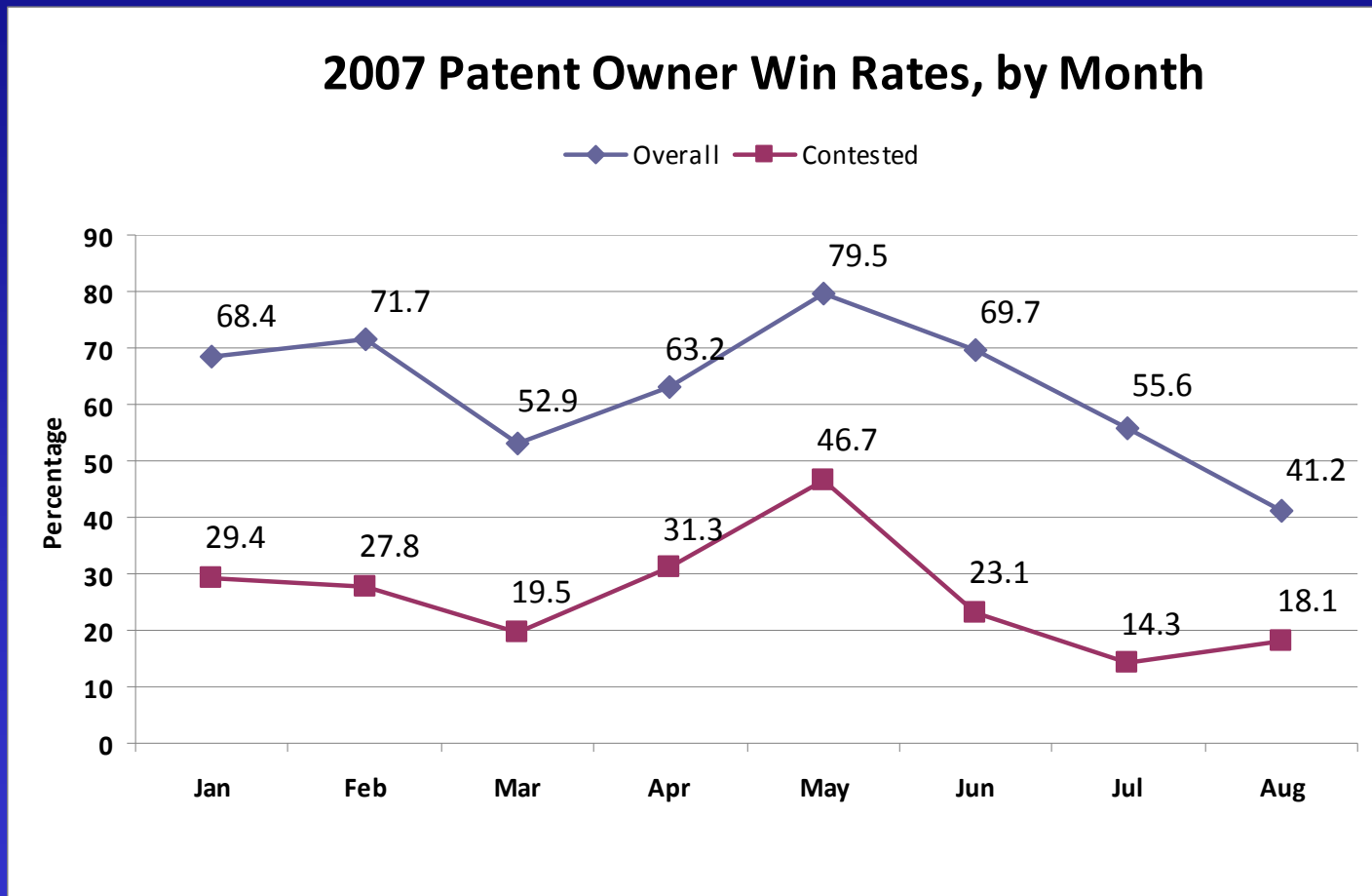


■ Trend Line (2005 - 2007) MSJ Infringer Victories on a % basis

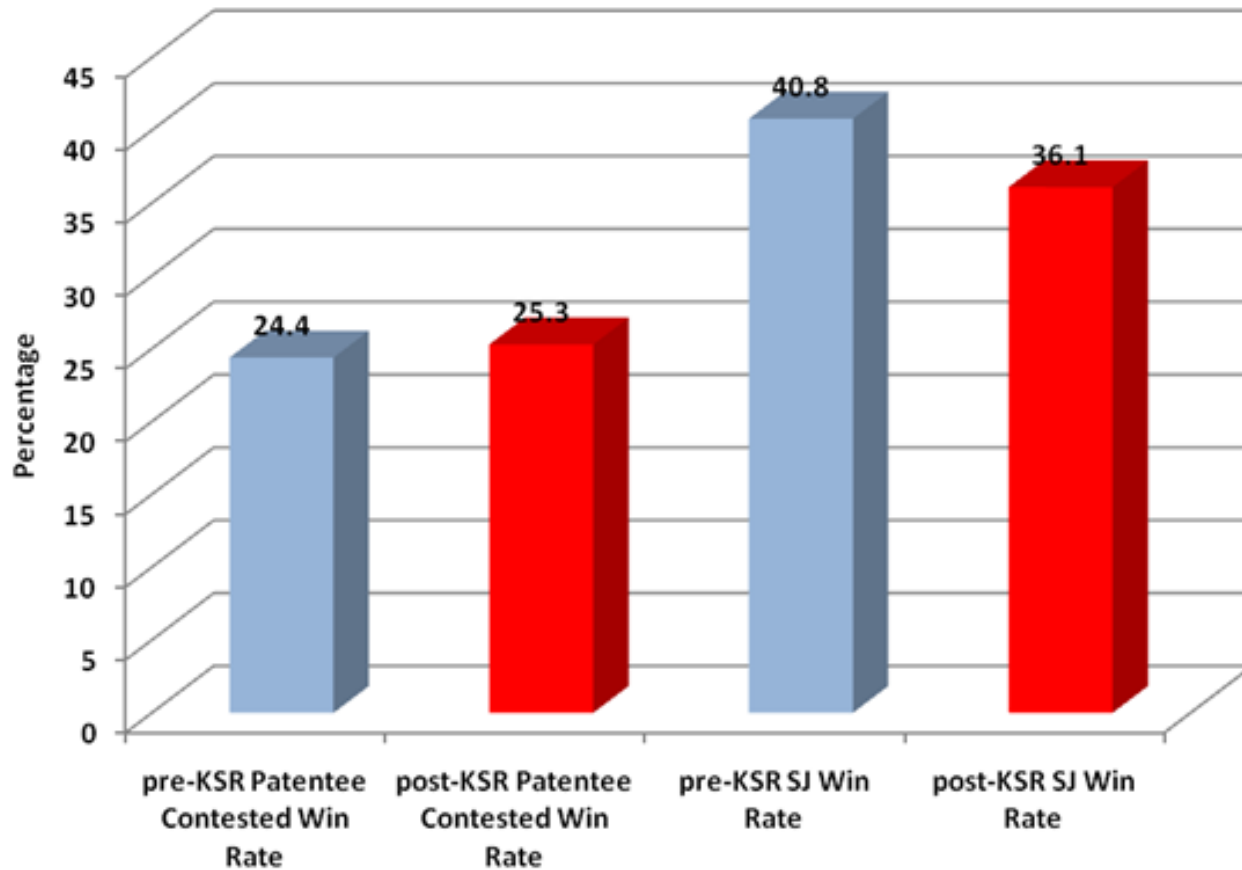
Patent Owner Win Rates (Year)



2007 Patent Owner Win Rates (Month)



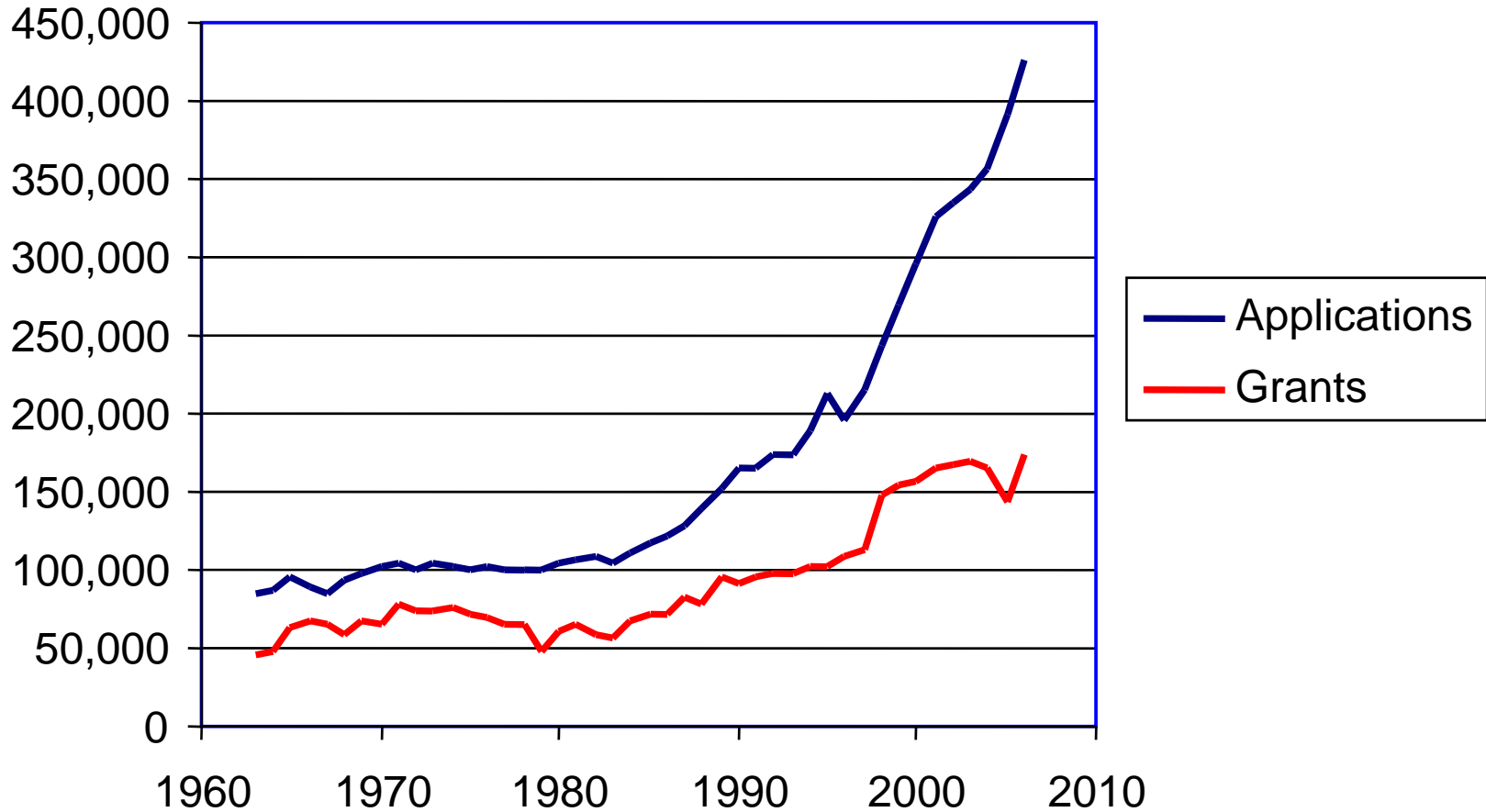
Case and SJ Win Rates



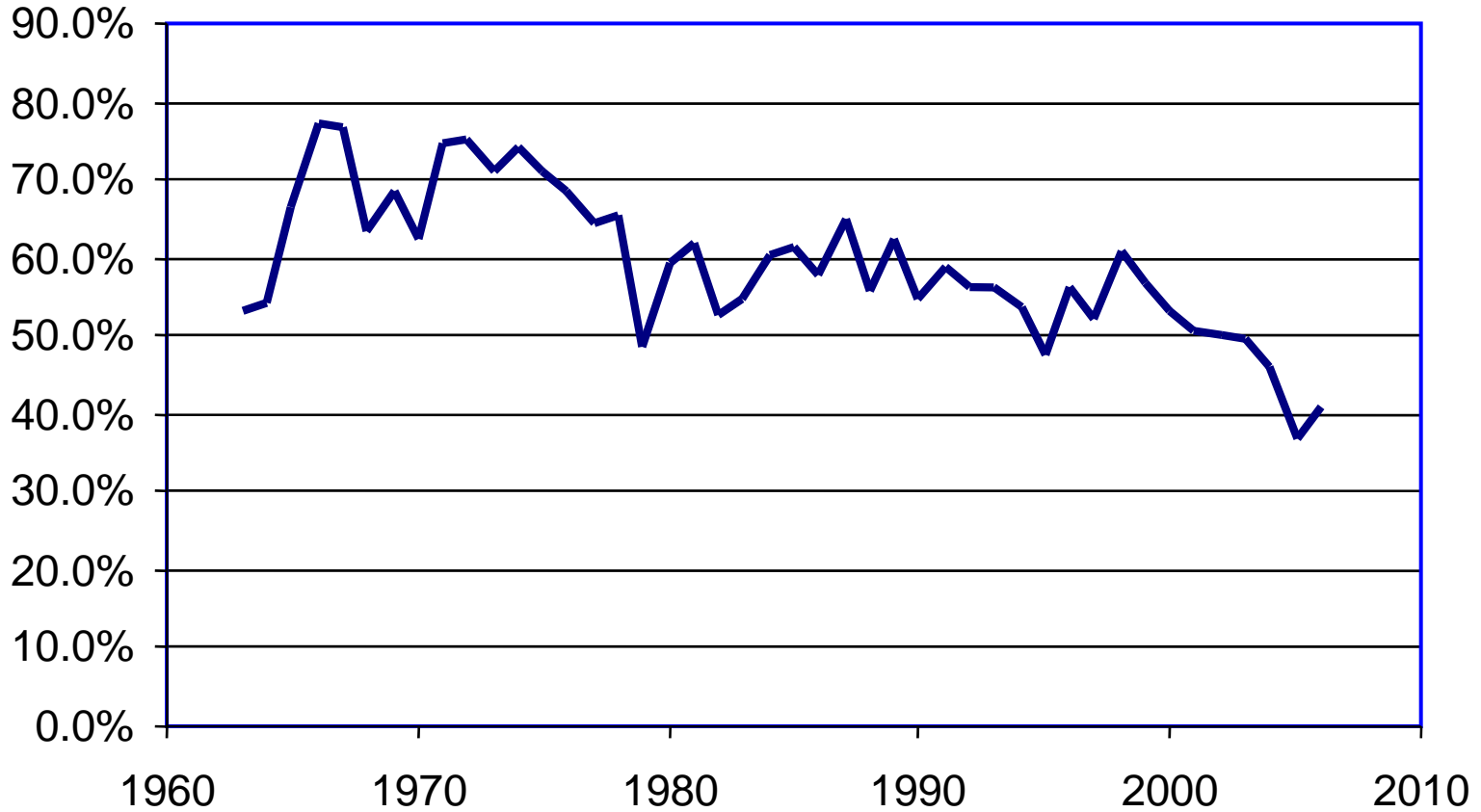
- **PROSECUTION***

COURTESY OF MARCELLA WATKINS

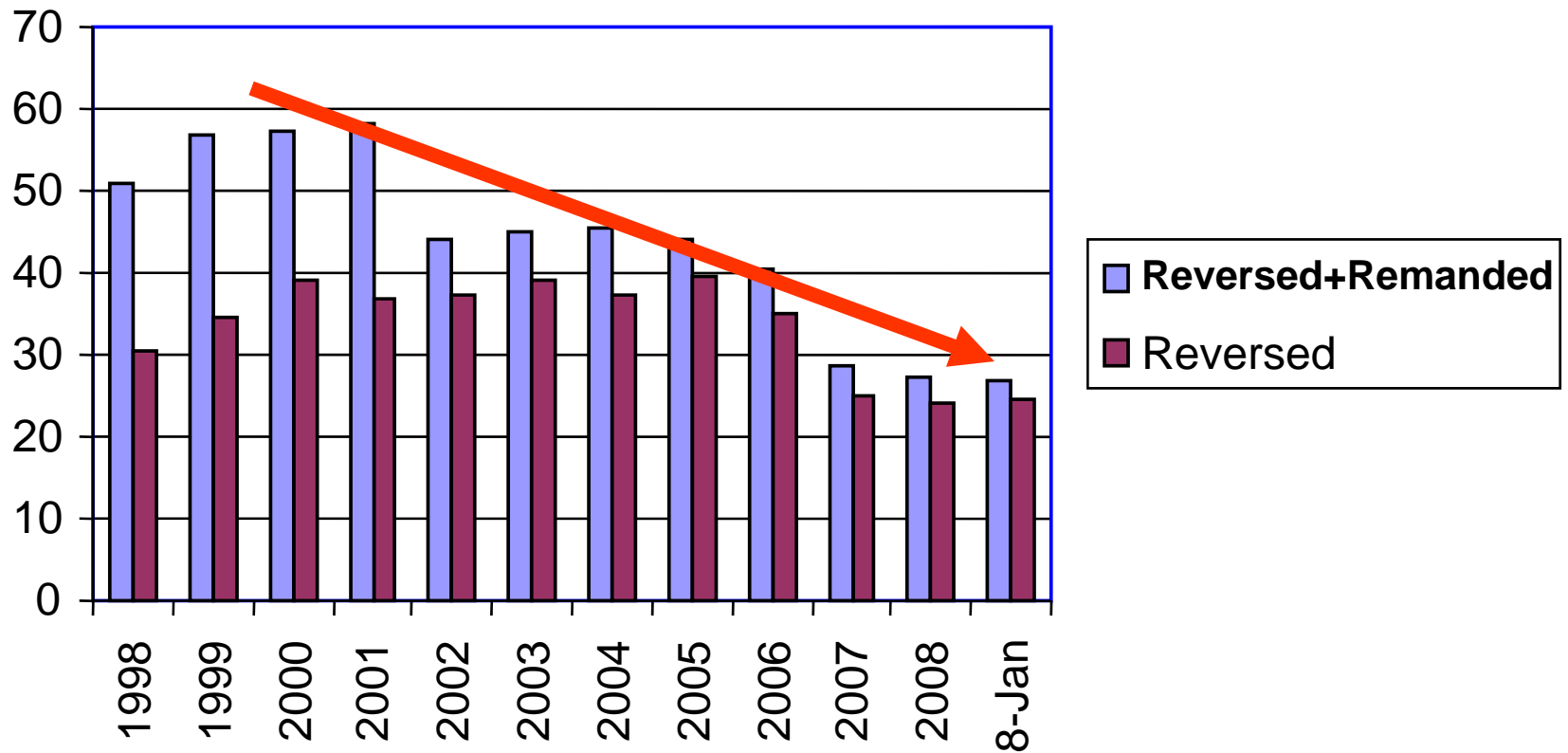
Utility Patent Applications and Grants 1963 - 2006



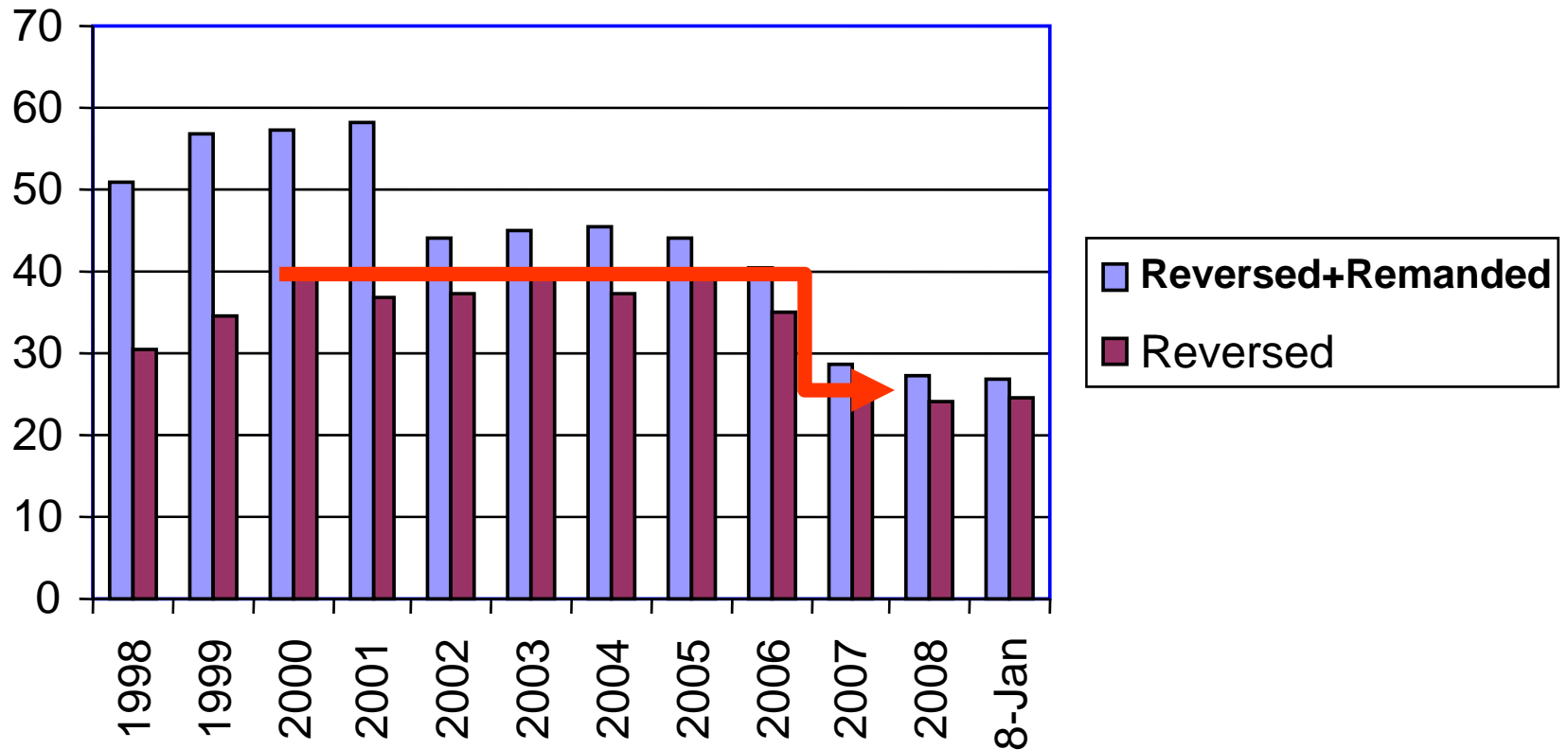
Percent Granted (Utility) 1963 - 2006



Board of Patent Appeals (BPAI) Reversal Rates



Board of Patent Appeals (BPAI) Reversal Rates



- **CONCLUSION**

- *KSR* has dramatically increased the visibility of Section 103 obviousness
- Summary judgment filings under §103 are up, as are rulings in favor of accused infringers, but trending downwards
- In prosecution, a modest effect may be observed (continuing a downward trend)
- *Overall*, the impact of *KSR* on win rates is limited or nonexistent