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**Recent Case Law  
Relevant to Chemistry**

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# Recent IP Case Law from the US

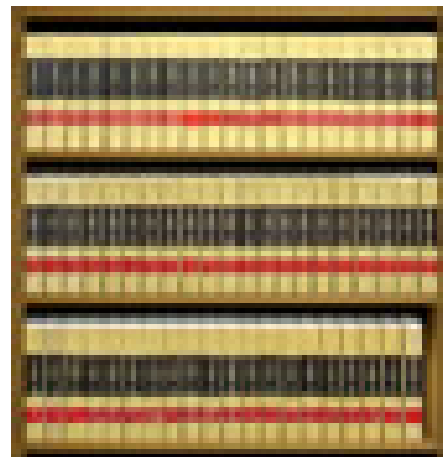
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## **Topics**

- KSR v. Teleflex and aftermath
- Tafas & GSK v. Dudas and aftermath
- New US Patent Office Reforms (Kappos)

- **KSR v. Teleflex and aftermath**

*KSR Int'l Co. v. Teleflex, Inc.*, 550 U.S. 398 (2007), was a unanimous decision by the US Supreme Court that clarified its standard for obviousness and reversed the TSM standard that had been developed by Court of Appeal for the Federal Circuit (CAFC).

Background:

Teleflex, Inc. sued KSR International, alleging that one of KSR's products infringed claim 4 of Teleflex's patent (U.S. Pat. No 6,237,565). Claim 4 covers a mechanical device having a combination of two elements. KSR argued that the combination was obvious. The district court ruled in favor of KSR, but the Court of Appeals for the Federal Circuit reversed in January 2005. On April 30, 2007, the US Supreme Court unanimously reversed the judgment of the Federal Circuit, holding that the disputed claim 4 of the patent was obvious under the requirements of 35 U.S.C. §103 and that in "rejecting the District Court's rulings, the Court of Appeals analyzed the issue in a narrow, rigid manner inconsistent with §103 and our precedents," referring to the Federal Circuit's application of the "teaching-suggestion-motivation" (TSM) test.

Holdings:

1. The Federal Circuit erred by limiting this inquiry “**only to the problem the patentee was trying to solve.**” A patent can be invalid for obviousness if “**there existed at the time of invention a known problem for which there was an obvious solution encompassed by the patent’s claims.**” A patent may be obvious if its subject matter represents the obvious solution to any problem known within the field, regardless of whether it was the problem the patentee was aiming to solve.

2. The Federal Circuit erred in concluding that an inventor aiming to solve a problem “**will be led only to those elements of prior art designed to solve the same problem.**” This holding repudiated the Federal Circuit’s conclusion that the requisite “**teaching, suggestion, or motivation**” could not be implied by the nature of the problem in this case because the prior art was designed to address different problems.

3. The Federal Circuit erred in concluding that proof that a particular combination would have been “**obvious to try**” is never sufficient to establish obviousness. To the contrary, the Court noted that in an industry faced with a problem for which there are “**a finite number of identified, predictable solutions**,” a person attempting to solve that problem will likely first try “the **known options within his or her technical grasp**.” If a solution is found this way, the Court observed, “**it is likely the product not of innovation but of ordinary skill and common sense**,” and thus may be found obvious despite merely being “obvious to try.”

- ***Tafas & GSK v. Dudas* and aftermath**

Chronology:

**July 30, 2007:** Jon Dudas, director of the USPTO, publishes proposed rule changes, inter alia, limiting the number of continuation applications and claims per patent.

Tafas and GSK separately sue Dudas to enjoin implementation of the proposed rules. The two cases are subsequently consolidated.

**Oct. 31, 2007:** U.S. District Court grants preliminary injunction staying implementation of rules.

**Dec. 20, 2007:** Tafas and GSK file motion for summary judgment.

**April 1, 2008:** In a twenty-six page opinion, District Court grants GSK's and Tafas's Motions for Summary Judgment — finding the PTO's proposed limitations to the number of continuation applications and claims per patent to be improper extensions of PTO authority:

### **Summary Judgment:**

“Because the USPTO’s rulemaking authority under 35 U.S.C. § 2(b)(2) does not extend to substantive rules, and because the Final Rules are substantive in nature, the Court finds that the Final Rules are void as ‘otherwise not in accordance with law’ and ‘in excess of statutory jurisdiction [and] authority.’ 5 U.S.C. § 706(2).”

Dudas appeals summary judgment to Federal Circuit.

**Mar 20, 2009:** The PTO has attempted to implement new rules that limit both the number of continuation applications that may be filed and the number of claims that may be included within each application. The district court issued a summary judgment ruling that blocked implementation of the rules. On appeal, the Federal Circuit has vacated-in-part – finding that some of the limitations on continuations improperly conflict with 35 U.S.C. § 120, but that the remaining limits are "within the scope of the USPTO's rulemaking authority." The case is not finally decided. Rather, the lower court must now decide whether any of the rules are "arbitrary and capricious;" conflict with the Patent Act in ways not already addressed; violated proper rulemaking procedure; are impermissibly vague; or impermissibly retroactive.

**June 5, 2009:** Both Tafas and GlaxoSmithKline (GSK) file petitions for *en banc* rehearing. Petition granted.

**Oct 08, 2009:** The USPTO has announced that it is rescinding the continuation rules package being litigated in *Tafas v. Dudas*. GSK has reportedly agreed to request that the Federal Circuit dismiss their appeal and to vacate the district court decision below. According to his attorney, Tafas has not agreed to seek vacatur of the district court opinion and instead believes that the district court's precedential decision should be maintained in order to limit the USPTO's substantive rulemaking power.

- **New US Patent Office Reforms (Kappos)**

Newly appointed Director of the USPTO, David Kappos, has taken several small non-rule-based steps to discourage the filing of Requests for Continued Examination (RCEs).

Timing: In the past, RCE filings were treated essentially like an office action response. Under a new procedure, RCE applications will be placed in the same queue as divisional and continuation applications and will typically be taken-up more slowly than ones already on the docket and in-prosecution.

"The change to the docketing of requests for continued examination means that examiners are no longer required to act on a request for continued examination within two months of the entry of the request for continued examination on their docket. This change to the docketing of requests for continued examination is being made to allow examiners greater flexibility in managing their workload and allocating their time among requests for continued examination and new applications." (David Kappos, Director US Patent Office)

Examiner Incentives: The new examiner count-system reduces the credit (counts) that examiners receive for examining RCE filings and increasing the credit for initial office actions. Also, Examiners will be provided more incentives to examiners to have discussions (interviews) with applicants.

Allowing Allowable Claims: The notion that "a lower allowance rate equals higher quality" has been dropped. In speeches by PTO management, examiners are now encouraged to work more directly with applicants to "find the patentable subject matter and get it clearly expressed in claims that can be allowed."

## **Appeals to the Board of Patent Appeals and Interferences continue to expand in number**

The role of the Board of Patent Appeals and Interferences has expanded greatly in the past few years. The number of ex parte appeals in FY2009 is expected to at least double the record filing of 6,400 appeals in Y2008. Two factors have led to this short term dramatic rise in appeals:

1. an increase in rejection rate by patent examiners; and
2. attempts by the PTO to limit non appeal avenues for achieving full claim scope.

Technology Center		Affirmed	Affirmed-In-Part	Reversed
1600	Biotechnology and Organic Chemistry	59%	15%	27%
1700	Chemical and Materials Engineering	69%	11%	20%
2100	Computer Architecture, Software, and Information Security	63%	13%	24%
2600	Communications	64%	14%	21%
2800	Semiconductors, Electrical and Optical Systems and Components	65%	11%	24%
3600	Transportation, Construction, Electronic Commerce, Agriculture,	47%	22%	31%
3700	Mechanical Engineering, Manufacturing, Products	53%	17%	30%
<b>Table 6</b>				

[from: Crouch, Dennis D., Understanding the Role of the Board of Patent Appeals: Ex Parte Rejection Rates on Appeal (June 22, 2009). University of Missouri School of Law Legal Studies Research Paper No. 2009-16. Available at SSRN: <http://ssrn.com/abstract=1423922>]