
Obviousness after *KSR* – The Patent Office Speaks

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In Three Precedential Opinions, Appeals Board Rejects Mechanical, Electrical and Biotechnology Applications for Obviousness

An invention is not patentable if it would have been obvious to a person of ordinary skill in the art. That seems simple enough, but the trick is to arrive at a conclusion of obviousness without using hindsight, which, as the saying goes, is always 20/20. Over the past two decades, the Federal Circuit (the appeals court for all patent cases) solved the problem of hindsight-based obviousness by requiring that the prior art itself reveal some “teaching, suggestion or motivation” to combine different references to arrive at the claimed invention.

In *KSR Int’l Co. v. Teleflex Inc.*, 127 S.Ct. 1727 (2007), the Supreme Court rejected the rigid application of this so-called TSM test, ruling that “a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.” The Court cautioned against “mere conclusory statements” of obviousness that might be expected after its ruling, but its call for “some articulated reasoning with some rational underpinning” offered little guidance for avoiding the subjective hindsight that characterized so many court and US Patent and Trademark Office (PTO) decisions prior to the TSM test. *KSR* did not altogether reject use of the TSM test in appropriate circumstances, however, and so TSM could survive as a guiding element to be invoked by lower courts and the PTO in the post-*KSR* approach to obviousness.

But last week, the Board of Patent Appeals and Interferences (BPAI, the Board)—which hears administrative appeals of patent application rejections by PTO examiners—signaled that the PTO may no longer employ the TSM test at all. In three precedential opinions dealing with patent applications in the mechanical, electrical and biotechnological arts, the BPAI affirmed obviousness rejections by PTO examiners and rejected the TSM test.

In fact, in the decision involving biotechnology, the least predictable of the three arts, the BPAI went out of its way to invoke the “obvious to try” test—arguably the antithesis of the TSM test—in affirming the rejection. Unless the Federal Circuit hears and reverses one or more of these appeals, the obviousness pendulum for patent applicants before the PTO will have swung very far indeed.

The mechanical case, *Ex Parte Smith, No. 2007-1925 (Bd. Pat. App. & Int. June 25, 2007)*, claimed a pocket insert for a bound book capable of passing through a printer or copier. (*Id.* at 2-3.) An obviousness rejection was maintained by the Examiner over art teaching forming a pocket by gluing two separate sheets along three edges and forming a pocket by folding a single sheet and gluing the two adjacent edges. (*Id.* at 10-11.) Finding that the prior art of record contained the elements of the rejected claim, the Board found that the “capabilities or functions of the combination were predictable...[nor] was [making the combination] uniquely challenging or difficult for one of ordinary skill in the art.” (*Id.* at 18.) The Appellant made the additional argument that the cited references “teach away” from one another because the references taken together would render the claimed combination inoperable for its primary purpose. However, the Court rejected this argument, stating that the art was silent on its capability and function, which is “not teaching away from its use.” (*Id.* at 20.)

In *Ex Parte Catan, No. 2007-0820 (Bd. Pat. App. & Int. July 3, 2007)*, the Appellant’s application was directed to a consumer electronic device using bio-authentication to authorize sub-users of an authorized credit account up to a preset maximum credit limit. (*Id.* at 2.) The Examiner maintained an obviousness rejection over art teaching a consumer device authorizing sub-users of an authorized credit account up to a preset maximum credit limit and a remote control providing bio-authentication for use of the device. (*Id.* at 5-9.) The Board upheld the Examiner’s finding, stating that the Appellant failed to demonstrate that the combination of cited references yielded an unexpected result or was beyond the skill of one of skill in the art to combine. (*Id.* at 17.)

The invention in *Ex Parte Kubin, No. 2007-0819 (Bd. Pat. App. & Int. May 31, 2007)* was directed to a nucleic acid sequence encoding a cell surface marker protein, called NAIL, that modulates the activity of NK cells, which are involved in the immune response. (*Id.* at 2.) The Examiner maintained an obviousness rejection over art teaching how to isolate cDNA clones of mAb C1.7 (the same protein as NAIL). (Sambrook et al., *Molecular Cloning: A Laboratory Manual*, and Mathew et al., a reference teaching the isolation of the mouse version of mAb C1.7.) (*Id.* at 3-5.)

In discussing the “obvious to try” standard applied by the Supreme Court in KSR, the Board stated that the rejected claim was obvious, as there were a limited number of methodologies to isolate NAIL and “[t]he skilled artisan would have had reason to try these methodologies with the reasonable expectation that at least one would be successful.” (Id. at 9.) The BPAI refused to apply the TSM test, which would have required the PTO examiner to articulate a basis in the references to combine them in the manner necessary to assert prima facie obviousness.

In contrast to the BPAI's trilogy, the Federal Circuit in Takeda Chemical Industries v. Alphapharm, No. 06-1329, slip op. (Fed. Cir. June 28, 2007), has applied the TSM test after KSR. The Appellant in this declaratory judgment action argued that the claimed chemical compound was an obvious modification of a previously known compound—the modification requiring the substitution of a homolog in a different ring position. (Id. at 5.) The Federal Circuit rejected this, holding that “in cases involving new chemical compounds, it remains necessary to identify some reasons that would have led a chemist to modify a known compound in a particular manner to establish prima facie obviousness of a new claimed compound.” (Id. at 10.) Notably, the Court also rejected the Appellant's “obvious to try” argument, as the Appellant failed to demonstrate that one of ordinary skill would have chosen the prior art compound to modify from the millions of possibilities. (Id. at 15.)

The BPAI has signaled to the patent examining corps that the TSM test has no application after KSR. The Federal Circuit suggests otherwise. A great deal of value is riding on the outcome of this issue for those who own or seek patents, as well as for those who challenge patents.