

The BPAI Returns To Graham v. John Deere

Wednesday, Jul 25, 2007 --- While the pundits continue to debate the impact of the Supreme Court's decision in *KSR Int'l Co. v. Teleflex Inc.*, 127 S.Ct. 1727 (2007), the Board of Patent Appeals and Interferences (BPAI or Board) recently signaled a dramatic shift in how the PTO will deal with the obviousness question and may have raised the obviousness bar at the PTO in practice for certain predictable technologies.

Last week, the Board issued a set of precedential decisions that apply KSR across three major technology areas (mechanical, electrical, and biotechnology) that the PTO examines. Drawing from the Supreme Court's cues in KSR, the BPAI put forth an obviousness analysis that emphasizes a functional approach based on well-known *Graham v. Deere* factors (scope and content of prior art, differences between the prior art and claimed invention, level of skill in the art and secondary considerations of non-obviousness).

In each case, the Board affirmed obviousness rejections based on combinations of prior art references and highlighted significant areas where such combinations are more likely to render a claimed invention obvious under KSR.

Areas where combinations of prior art references are more likely to show obviousness include combinations based on known methods or predictable uses, or which achieve predictable results. Under this analysis as applied by the BPAI, combinations may be made to obtain the benefit of known advancements or improvements, or which are within the creativity of one of ordinary skill in the art. An explicit teaching-suggestion-motivation need not be present in the references themselves but remains a plus for supporting a combination.

Whether one agrees with the outcome of KSR or not, it is at the Patent and Trademark Office where the rubber hits the road, and the Board's decisions offer significant insight on the PTO's direction.

This article, which is the first in a two-part series, addresses obviousness in the electrical/mechanical arts and focuses on the Board's decisions in *Ex parte Smith*, Appeal 2007-1925 (June 25, 2007) and *Ex parte Catan*, Appeal 2007-0820 (July 3, 2007). A second article will deal with the unique biotechnology issues raised in the Board's decision in *Ex parte Kubin*, Appeal 2007-0819 (May 31, 2007) where the Board appears to directly challenge post-KSR Federal Circuit jurisprudence.

Ex parte Smith dealt with a mechanical invention directed to a pocket insert

integrated into a bound book. A first claim rejection under § 103(a) was made based on a combination of two U.S. patents. The appeal of the rejection turned on “whether it would have been obvious to glue two separate sheets to form a continuous two-ply seam...rather than folding one sheet to create a seam along the folded edge.”

Additional claims were rejected for being obvious based on the same two U.S. patents and further in view of a third U.S. patent. This second rejection turned on “whether it would have been obvious to improve a pocket insert by creating two pockets from a single pocket using an additional line of adhesive.” The Board affirmed both obviousness rejections.

Ex parte Catan dealt with an electrical arts invention directed to a consumer electronics device that uses bioauthentication methods to control access to sensitive information. A single rejection was made under § 103(a) based on a combination of three prior U.S. patents.

A first U.S. patent forming the basis of the rejection purportedly taught a consumer electronics device with a password authentication, but no authentication information provided by a bioauthentication device. A second U.S. patent was relied upon for teaching a bioauthentication device. A third U.S. patent was used as a link to further teach the substitution of password (e.g., a PIN) authentication with bioauthentication to access credit information.

The Board affirmed the rejection under § 103(a) based on all three patents, and further held the claims obvious over the first two patents alone—even without the linking patent.

In KSR, the Supreme Court stated that the Graham factors “continue to define the inquiry that controls” the obviousness analysis. In both *In re Smith* and *In re Catan*, the Board thus delineated a “functional approach” to analyzing obviousness grounded in the now classic case of *Graham v. John Deere Co.*, 383 U.S. 1 (1966).

Those factors include analyzing (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, (3) the level of skill in the art, and (4) where in evidence, so-called secondary considerations.

According to the Board, the Supreme Court “reaffirmed principles based on its precedent that the combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” The Board stated that “the operative question in this functional approach is thus whether the improvement is more than the predictable use of prior art elements according to their established functions.”

Under this approach, to satisfy the first Graham factor, the Board in each case presented a list of detailed findings of fact showing where each element recited in the claims was found in the applied references. By characterizing

and segregating its analysis of the scope and content of the prior art in a separate “findings of fact” section, the Board ensures these findings will be likely given deference in any appellate review.

Based on its findings of fact, the Board determined for the second Graham factor that “there is no difference between the claimed subject matter and prior art but for the combination itself.” In evaluating whether the combination was obvious and taking into account the third Graham factor on skill level, the Board looked to aspects such as the “state of the art in consumer electronic devices,” what one of ordinary of skill in that art “would have been familiar with” at the time of the invention, and whether the combination itself “does more than yield a predictable result.”

In *In re Catan*, the Board found that because “[a]dding bio-authentication to the [base reference] does no more to [that] device than it would do if it were added to any other device, the function remains the same.” The Board also found that bioauthentication “predictably” adds greater security and reliability to an authorization process. Similarly, in *In re Smith*, the Board stated that the two references “together teach that a pocket can be made by either method and yield a predictable result.”

Finally, the Board in both *In re Catan* and *In re Smith* noted the Appellants’ lack of evidence supporting a position against a combination, such as, a showing that the combination would be “uniquely challenging or difficult for one of ordinary skill in the art.”

With respect to the linking patent reference in *In re Catan*, the Board demonstrated that elements of the teaching, suggestion, motivation test (TSM) are still valid tools in the obviousness calculus. The Board used the linking reference to buttress its obviousness rejection based on the first to references stating that “one of ordinary skill would have been motivated to combine the bioauthentication device of the [second reference] with the system in the [primary reference] because the [linking reference] teaches that one can substitute bioauthentication information for PIN information.”

TSM thus remains a valid tool for determining obviousness, but it is no longer the *sin qua non* of patentability for combination inventions.

When viewed generally, both *In re Catan* and *In re Smith* provide guidance to both Examiners and Applicants in dealing with the obviousness question under the framework of Graham. For Examiners, obviousness rejections must be fully articulated and well-supported.

Citing to *KSR*, the Board stated that to facilitate review, the obvious analysis “should be made explicit.” Like the Supreme Court, the Board also pointed to the Federal Circuit’s decision in *In re Kahn*, 441 F.3d 977 (Fed. Cir. 2006) which stated that “[r]ejections 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.”

While the Board still requires Examiners to articulate obviousness rejections, it has made the analysis more subjective and less rooted in the literal language of the prior art references themselves. In view of this more subjective approach, the Board takes care to require fully developed obviousness determinations lest rejections become entirely subjective and disputes devolve into unproductive, non-substantive, and essentially unreviewable arguments. Applicants should hold Examiners to this standard and demand well-reasoned and fully articulated rejections.

For Applicants faced with a well-supported obviousness rejection, the Board's reliance on the Federal Circuit's first post-KSR obviousness case in *Leapfrog Ent. Inc. v. Fisher-Price Inc.*, 485 F.3d 1157 (Fed. Cir. 2007) is highly instructive.

According to the Board, "the Federal Circuit relied in part on the fact that Leapfrog had presented no evidence that the inclusion of a reader in the combined device was 'uniquely challenging or difficult for one of ordinary skill in the art' or 'represented an unobvious step over the prior art.'"

Therefore, just as Examiners need to fully articulate and support obviousness rejections, so should Applicants present well-articulated evidence to the contrary. In many cases, this may require assistance from the inventor and/or increased reliance on technical experts via declarations under 37 C.F.R. § 132. Further, technically sound specifications that explain why the purported invention is not obvious will also be useful.

In sum, the Board's precedential decisions in *Ex parte Smith* and *Ex parte Catan* are highly instructive to both patent examiners and patent applicants. The obvious determination has been refocused on the Graham factors, which provide the "functional approach" to be used post-KSR.

Certain areas may lend themselves to proper combinations, including combinations that involve known methods, predictable uses or which yield predictable results. This approach is a clear shift from the primarily evidentiary approach used to analyze combination inventions under the old TSM regime, to a more substantive analysis of the overall operation of the references, creativity of a person skilled in the art, and predictable versus unexpected results.

To be successful under this new approach, applicants will need to bring even greater technical understanding and savvy to both application drafting and prosecution strategy. A higher premium will be placed on technically competent representation that is capable of rebutting what are sure to be more technically challenging and subjective obviousness rejections.

--By Michael V. Messinger and Jon E. Wright, Sterne, Kessler, Goldstein & Fox PLLC

Michael V. Messinger is a director and Jon E. Wright is an associate at the

law firm of Sterne, Kessler, Goldstein & Fox PLLC.

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