

In IP law, obvious remains to be seen

By Ross Daly

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The U.S. Supreme Court has increased the number of patent cases it's hearing, considering questions with the potential to reshape intellectual property law.

A case yet to be decided is the most closely watched of all. KSR International Co. v. Teleflex Inc. hinges on the definition of "obviousness," a key determiner in awarding patents. In order to win a patent, creating an invention must not have been obvious to a person of ordinary skill in the field.

How patent officials and judges should evaluate the obviousness of an invention that combines existing products in a new way – as most of today's inventions do – is at the heart of the case.

"The whole patent bar is awaiting that decision," said Paul Esatto, a partner who works on patent applications and litigation with the Garden City firm of Scully, Scott, Murphy & Presser PC.

The court's decision could affect all future patent lawsuits, Esatto said.

Another patent case recently before the Supreme Court included Internet auction company eBay. MercExchange had successfully sued for copyright infringement over the method behind eBay's "Buy It Now" program. The U.S. Court of Appeals for the Federal Circuit, which has jurisdiction over all patent appeals, granted an injunction against eBay's use of the method, saying injunctions should be automatic in cases of patent infringement.

But the Supreme Court ruled in May 2006 that injunctions should be decided on a case-by-case basis.

Since the threat of injunction is one of the greatest weapons patent-holders wield, the ruling was seen as a blow for their side.

Another case before the high court was MedImmune Inc. v. Genentech. In January, the court overturned a Federal Circuit decision and ruled that the holder of a patent license can challenge the patent's validity without first refusing to pay royalties and putting itself in breach of the license agreement.

Since a company that breaks an agreement puts itself at risk of patent infringement and triple damages, this also shifts power to those challenging patents.

The number of patent cases before the Supreme Court has been creeping up over the past 15 years, said Ronald Baron, partner in the Syosset intellectual property firm of Hoffman & Baron LLP, but the cluster of recent cases is unusual.

"I just think that they're trying to take a close look at the patent system to get it right," Baron said.

The KSR vs. Teleflex case was argued in November and patent experts are awaiting the ruling. "That's the big one," Baron said.

The case involves an adjustable gas pedal with an electronic sensor designed to work in vehicles with electronic engine controls. Earlier adjustable pedals worked mechanically.

Teleflex sued, claiming it owned a patent for such products, but KSR argued the patent was invalid because the Teleflex pedal was an "obvious" combination of existing technologies.

A federal judge in Detroit agreed and dismissed the patent infringement case. But the U.S. Court of Appeals for the Federal Circuit overturned that decision, instructing the lower court to reexamine the case with a test that makes obviousness harder to prove, and patents more secure.

The test the Federal Circuit uses for obviousness when combining previous developments is one of "teaching, suggestion or motivation," said David Aker, a patent attorney and longtime adjunct faculty member at Touro Law Center. That means a patent cannot be rejected unless its challenger can show that at the time of invention there was a "teaching, suggestion or motivation" that would lead a person familiar in the field to make the new product.

"All indications are that they will make the obviousness standard more strict," Essato said.

Aker said the most likely outcome of the case is that the court announces a standard to guide the Federal Circuit and other courts that will be open to interpretation and further testing through the lower courts.

Some patent experts think the Federal Circuit's actions have prompted Supreme Court review. Originally created in 1982 to avoid varied standards in different parts of the country, the court's panels now come up with inconsistent results, Baron said.

The Supreme Court's interest also may be a matter of the pendulum swinging, according to Aker. "Patent protection got stronger with the Federal Circuit," he said, "and there are people who think that it went too far."

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