

# ALERT



October 2006

## Federal Circuit Decision in *Dystar v. C.H. Patrick* and the United States Supreme Court's Grant of *Certiorari* in *Teleflex v. KSR*

### Federal Circuit Clarification of the Standards for Obviousness

In *Dystar Textilfarben GMBH & Co. Deutschland KG v. C.H. Patrick Co.*, No. 06-1088, 2006 WL 2806466 (Fed. Cir. Oct. 3, 2006), the Federal Circuit purported to clarify its precedent for proving obviousness under Section 103 of the Patent Act. The Court reversed the denial of a motion for judgment as a matter of law, and held that all of the asserted patent claims were invalid as obvious over the prior art. The jury in the trial in the court below had implicitly held that the level of ordinary skill in the art was very low, but had done so without any substantial evidence. Accordingly, the Federal Circuit held that the jury's disregard for the primary cited prior art as non-analogous could not be upheld. Instead, because the Court held that an ordinary artisan in the relevant art would have some expertise in chemistry, the claimed invention would have been obvious from the references, and the invention was therefore invalid.

This case will be important because, in doing its analysis, the Court took extra time to explain the test for a motivation to combine teachings from different references (sometimes called the teaching-suggestion-motivation test, or the suggestion test). The test does not require an express written suggestion to combine references to be present in the prior art. Instead, the required suggestion may instead be met by common knowledge of those of skill in the art, the prior art as a whole, or the nature of the problem to be solved by the invention. The Court's opinion reiterated that the suggestion test is a flexible one, not a rigid categorical rule.

### I. Section 103 Obviousness Law as enunciated in *Dystar*

The Court began by looking to the four factors set forth in the Supreme Court case of *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966):

- (i) the scope and content of the prior art;
- (ii) the differences between the claimed invention and the prior art;
- (iii) the level of ordinary skill in the art; and
- (iv) any relevant secondary considerations, including commercial success, long felt but unsolved needs, and failure of others.

*Dystar*, 2006 WL 2806466, at \*4. Because the parties disagreed about the level of ordinary skill in the art, and therefore disagreed about the relevance of the cited prior art, the Court began by addressing the third factor first. *Id.* at \*5.

### (1) Third *Graham* Factor: The Level of Ordinary Skill in the Art

The Court examined the purpose of the patent at issue and the nature of the problem allegedly solved by the claimed invention to determine whether substantial evidence supported the jury's finding on the ordinary level of skill in the art. The patent at issue claimed an improved process for dyeing textile materials with indigo. The patent improved on the prior art by eliminating two steps of the traditional process. Although there were no explicit factual findings by the jury in the form of answers to interrogatories or special verdicts, the Court concluded that the jury accepted *Dystar's* argument and implicitly found that a person of ordinary skill in the art is a dyer with no knowledge of chemistry. *Id.* at \*5-6.

The Court disagreed with the jury's determination, finding it unsupported by substantial evidence. The Court noted that designing an optimal dyeing process requires knowledge of chemistry and systems engineering. Accordingly, the Court held that an ordinary artisan is not a simple dyer, but a person designing an optimal dyeing process. The Court further found that the jury incorrectly concluded that the cited prior art references are neither in the dye process art nor in an analogous art. *Id.* at \*6.

### (2) First *Graham* Factor: The Scope and Content of the Prior Art<sup>1</sup>

#### (i) Teachings of Prior Art

Next, the Court examined the teachings of the prior art. Contrary to *Dystar's* argument, the Court concluded that the proper focus is on the indigo dyeing process as a whole, which encompasses various indigo reduction methods. The cited prior art references, describing indigo reduction by other methods, are within the same art. As a result, the Court found that all the limitations recited by claim 1 of the patent at issue were disclosed within the prior art before the jury. *Id.* at \*7.

The Court rejected *Dystar's* assertion that contemporaneous articles taught away from the combination of the cited prior art. The Court noted that the failure to discuss a particular use of the indigo solution for dyeing did not constitute a "teaching away" from that use. The Court specifically refused to "read into a reference a teaching away from a process

where no such language exists." *Id.* at \*8.

#### (ii) Teaching-Suggestion-Motivation Test

In what will undoubtedly be regarded as the most important portion of the opinion, the Court clarified the meaning of the teaching-suggestion-motivation test, also known as the suggestion test. Rebutting the statements of commentators over the years, the Court explained that "the evidence of a motivation to combine need *not* be found in the prior art references themselves, but rather may be found in 'the knowledge of one of ordinary skill in the art, or, in some cases, from the nature of the problem to be solved.'" *Id.* at \*9. The Court further explained that when the suggestion is not evident from the prior art references, the evidence of motivation to combine will likely consist of an explanation of a well-known principle or a strategy for solving a problem. *Id.*

The Court further clarified that application of the teaching-suggestion-motivation test is flexible, and "requires consideration of common knowledge and common sense." *Id.* at \*11. The Court reiterated that an implicit motivation to combine can be found in the prior art as a whole, or may be present when the combination of references produces a product or process that is more desirable (for example, stronger, cheaper, cleaner, faster, lighter, smaller, more durable, or more efficient). *Id.*

The Court also explained the inextricable link between the motivation to combine and the level of ordinary skill in the art. If no prior art reference contains an express suggestion to combine references, the Court explained that "the level of ordinary skill will often predetermine whether an implicit suggestion exists." *Id.* at \*13. In this case, because the Court held that the level of skill is that of a dyeing process designer, the Court found that an artisan of ordinary skill will draw ideas from chemistry and systems engineering without being told to do so. *Id.* Accordingly, the Court held each of the asserted claims invalid for obviousness. *Id.* at \*14-16.

#### (3) Fourth *Graham* Factor: Secondary Considerations

The Court concluded that the secondary considerations in this case were insufficient to support the validity of the patent in suit. For example, the Court found that another company's abandonment of a similar process was a calculated business judgment, not a failed attempt to successfully achieve the process. *Id.* at \*15. The Court concluded that other testimony was conclusory and unsupported, and thus did not constitute substantial evidence of a secondary consideration favoring non-obviousness. *Id.* at \*14.

## II. *Dystar* and the Supreme Court's pending *Teleflex v. KSR Int'l Co.* Case

In a footnote, the Federal Circuit discusses another of its recent decisions addressing obviousness, *Teleflex, Inc. v. KSR Int'l Co.*, 119 Fed. Appx. 282, 287 (Fed. Cir. 2005) (unpublished), *cert. granted*, 2006 U.S. LEXIS 4912 (June 26, 2006), a case currently being briefed at the United States Supreme Court. *Id.* at \*11 n.3.

In *KSR*, the district court granted summary judgment of invalidity for obviousness, largely relying on the nature of the problem to be solved by the patent at issue as evidence of the motivation to combine. The patent at issue is directed toward a position-adjustable vehicle pedal assembly. The district court held that one of the prior art patents disclosed every limitation of the sole asserted claim at issue, except the electronic control. The district court noted that electronic controls were well known in the art. Accordingly, because a person of ordinary skill in the art would have been motivated to combine the cited prior art reference with electronic control references, the district court granted *KSR*'s motion for summary judgment of invalidity for obviousness. *KSR*, 119 Fed. Appx. at 286-87.

The Federal Circuit vacated the district court's grant of summary judgment of invalidity for obviousness. In vacating the district court's decision, the Federal Circuit found that the district court applied an incomplete teaching-suggestion-motivation test. The Federal Circuit held that the district court failed to make "finding[s] as to the specific understanding or principle within the knowledge of a skilled artisan that would have motivated one with no knowledge of [the] invention to make the combination in the manner claimed." *Id.* at 288.

As the *Dystar* court explained, the Federal Circuit's decision in *KSR* was based on the failure of the district court to explain the rationale for, and to make specific findings regarding, the motivation to combine. Notably, the *Dystar* court found no error in the district court's reliance on the nature of the problem to be solved as evidence of the motivation to combine. *Dystar*, 2006 WL 2806466, at \*11 n.3.

On June 26, the Supreme Court granted the petition for *certiorari* (the name of the petition seeking Supreme Court review). The petition asked the Supreme Court to reexamine

the teaching-suggestion-motivation test — the question presented for review by the Supreme Court is "[w]hether the Federal Circuit has erred in holding that a claimed invention cannot be held 'obvious,' and thus unpatentable under 35 U.S.C. § 103(a), in the absence of some proven 'teaching, suggestion, or motivation' that would have led a person of ordinary skill in the art to combine the relevant prior art teachings in the manner claimed."

Approximately 16 *amici curiae* ("friends of the Court" or third-parties who filed briefs seeking to influence the Court's decision) filed briefs, including the Solicitor General of the United States, Ford Motor Company, Cisco Systems, Inc., and Intel Corporation. Twenty-four Intellectual Property law professors also filed a joint *amicus* brief. Briefing is current underway, and the Supreme Court is scheduled to hear oral argument on Tuesday, November 28.

## III. Practical Effect of *Dystar* and *KSR* Decisions on Practitioners

In *Dystar*, the Court clarified the flexibility of the teaching-suggestion-motivation test, moving away from any previous notions of a categorical rule. In the process, the Court raises many other questions regarding when the parties can rely on implicit suggestions based on common knowledge and common sense of the ordinary artisan, rather than more explicit evidence of a motivation to combine.

In *KSR*, the Supreme Court is actually reexamining the necessity of the teachingsuggestion- motivation test. Depending on the Supreme Court's decision in this case, the teaching-suggestion-motivation test may change from a flexible test to an optional one, or may be eliminated entirely.

Both *Dystar* and *KSR* further define the current patent law standards for obviousness. Only time and further decisions by the Supreme Court, the Federal Circuit and lower courts will best explain the ultimate import of the *Dystar* and *KSR* decisions.

Any parties with pending patent cases should be aware that the standards for obviousness have been clarified, and that the Supreme Court may soon change or clarify those standards again. Parties should work carefully with trial counsel to develop strategies to account for, and take advantage of, these changes.

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1 Because the Court concluded that the only difference between the cited prior art and the claimed invention was the method of indigo reduction, the Court did not separately address the second *Graham* factor. *Id.* at \*7 n.2.

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