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Patent ruling puts spin on "obvious"

Experts divided on magnitude of effects

By Robert Ankeny And Andrew Dietderich

A **U.S. Supreme Court** decision last week ruled that inventions and innovations must be "non-obvious" in order for patents to be granted.

The ruling left interested parties divided between those who lauded it as a spur to innovation and those who said it will lead to an ocean of litigation against thousands of existing patents.

The court, in *KSR International Co. v. Teleflex Inc.*, ruled against the latter, a Troy-based auto pedal manufacturer now called **DriveSol Worldwide Inc.**, in a lawsuit over whether its patents protected all combinations of an adjustable pedal and electronic sensor.

The Supreme Court said no, ruling that patents should not be issued for "ordinary innovation" where "subject matter as a whole would have been obvious ... to a person having ordinary skill in the art."

"Granting patent protection to advances that would occur in the ordinary course without real innovation retards progress," Justice Anthony Kennedy wrote for a unanimous court.

Larry Willemsen, KSR vice president of engineering, said the decision is "nice for a lot of people trying to do their job in this industry and clears the path for people who have made innovation to be rewarded."

Patents should be protecting actual inventions and inventor rights, not incremental and obvious changes, he said.

The **U.S. Patent and Trademark Office** moved quickly, issuing a memorandum on May 3 highlighting elements of the court ruling and stressing that examiners need to "identify the reason why a person of ordinary skill in the art would have combined prior art elements in the manner claimed."

Rodger Young, lead trial lawyer for Teleflex and founding partner of Southfield-based **Young & Susser P.C.**, said Teleflex was disappointed in the Supreme Court decision.

"We respect the Court's decision. But we felt strongly that a material issue of fact existed. ...

"The focus away from what the patentee was trying to achieve, and toward what is 'obvious' to a hypothetical 'person having ordinary skill in the art,' is an interesting perspective. However, it is fraught with a 'you will know it when you see it' subjectivity standard," Young said. Some patent lawyers fear the Supreme Court decision might bring thousands of challenges to invalidate patents already issued.

Mark Levine, patent attorney at Novi-based firm **Quinn Law Group P.L.L.C.**, said costs could go up as companies will need to have stronger cases to obtain patents.

"Without clarity and uniformity, an ambiguous and indeterminate opinion will most likely lead to lack of uniform application of the law in the courtroom and the U.S. Patent Office, creating uncertainty, and increased costs to patent applicants and assignees," Levine said. "Those costs are passed on to the consuming public."

Sam Haidle, a patent attorney with Bloomfield Hills-based **Howard & Howard P.C.**, said the lack of uniformity is going to cause problems.

"Just because it's common sense to one person doesn't mean it's common sense to someone else," Haidle said.

The dispute in the case began more than five years ago when **General Motors Corp.** signed a contract with KSR to supply adjustable pedal systems for its 2003 Chevrolet and GMC light trucks. KSR is based in Ontario, with a U.S. headquarters in Southfield.

GM was looking for an adjustable pedal system that could fit drivers of different heights. The automaker also wanted the pedal system to send an electronic signal to change engine speed, eliminating the need for a mechanical cable.

When Pennsylvania-based Teleflex, which makes custom-engineered cable controls, electronic throttle controls and other controls, learned of the deal, it contended that its patents protected all combinations of an adjustable pedal and electronic sensor and filed suit in U.S. District Court in Detroit against KSR.

Teleflex sold the Troy-based auto pedal division involved in the litigation in 2005 to **DriveSol Worldwide Inc.**, a company created for that purpose by Boca Raton, Fla.-based **Sun Capital Partners Inc.**

The Teleflex division lost the case in U.S. District Court but won on appeal to the U.S. Court of Appeals for the Federal Circuit, whose jurisdiction includes patent appeals.

The Supreme Court overturned the Court of Appeals decision, agreeing with KSR's argument that the Teleflex patents were on combinations of existing inventions, not true innovations.

In a statement, General Motors Corp. agreed with the ruling.

"Patent laws give certain rights to inventors, but also protect rights of any person or business to freely use known technology and variations of known technology that are not patent-worthy," said Luke Simon of the GM legal staff.

"In this case, the Supreme Court struck down a rigid approach to patentability and, in effect, raised the bar defining a patentable invention. In doing so, it addressed an interpretation of patent law blamed for part of the recent wave of costly and complex patent litigation relying on questionable patents."

Hal Milton, now of counsel at **Dickinson Wright P.L.L.C.** and running its patent intern program, argues that the ruling really doesn't "change the law all that much."

Milton in the late 1990s authored the Teleflex patent claim stricken by the Supreme Court while he was a Howard & Howard patent attorney.

"What is new is still going to be patented," he said. "What is not is when older things are combined. We're back to a lot of the tests used historically — if someone is just picking and choosing things to put together, that's not patentable."

Milton submitted a brief in the KSR/Teleflex case arguing that there need to be strong reasons for granting a patent simply for combining "various teachings in the art," as patent experts call it.

"Look, the world has changed. With the Internet one of the places that engineers can go for information, don't tell me that you can patent something you put together by Googling it."

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