

Thoughts on Patent-Bashing, Obviously

BY ROBERTA J. MORRIS, ESQ. PH.D.¹

Patent-bashing is in fashion again. People blame the usual suspects: business method patents, the differences between pharmaceuticals and software,² and that hardy perennial, poor patent quality, but I observe two other influences. They relate to the changing sociology of patent litigation and scholarship.

INFLUENCE ONE:

A misplaced defense bar mentality.

A defense bar mentality has been creeping into discussions of patent issues in the courts and the media and general conversation. I believe it comes from the increasing presence in patent litigation of general practice litigators. These excellent lawyers differ in significant ways from those of the old patent boutiques; their clients and their cases are different, too.

First: the lawyers themselves. The general practice lawyers have honed their skills in antitrust, securities, and tort cases. The boutique lawyers have always specialized in patent law. They may litigate contracts and other intellectual property causes of action (trademark, trade secret, copyright) but patents are their main focus.

The general practice attorneys' understanding of the patent system is not based on years of familiarity because they just haven't been involved very long. They are intelligent and capable, but that can take them only so high on the patent law learning curve.

In a patent lawsuit, what is at stake or lying in the weeds may not be completely apparent to someone unfamiliar with patent prosecution and counseling. Experience is not necessarily necessary, if the litigator has partners or friends with a fund of stories to tell. But without that kind of rich resource, lawyers may have an idea of the big picture that is, well, small.

Second: the clients. In a big firm general litigation practice, much of the work is for corporate defendants. When these firms are hired in a patent case, the clients are those who want, and can afford, to hire prestigious Washington counsel.

Boutique litigators, on the other hand, are usually in firms that have prosecution clients, who in turn bring in both plaintiff and defendant work. The litigators' reputa-

tions rest on knowing all the angles from both sides. The clients run the gamut in size, too.

Infringement defendants, regardless of which lawyer they hire, usually have patents of their own, very often in crowded arts. But the boutiques may be more likely to have clients whose budgets and temperaments incline them toward early settlement, clients for whom patent lawsuits are neither once-in-a-lifetime nor win-or-die affairs. Such companies want a patent system that is even handed, because they know themselves to have two hands.

Third: the issues. General practice litigators are often hired for an appeal or a cert. petition. Boutique litigators usually handle a case from before the first threatening letter is written or before the possible design-around is tooled up (and patented itself).

So what? These factors foster a population of lawyers, and even clients, who find it hard to shake off the defense bar mentality. But shake it off they should. It interferes with clear thinking about patent issues and patent policy.

* * *

My own experience has not been limited to a particular side, and when I teach, my sympathies shift back and forth, depending on the facts. Some accused infringers are rotten stinkers and some patent owners are greedy sleazebuckets. And many of each are honorable and are trying to do the right thing in a situation with no obvious right answers. (Of course, those will often settle their cases early, if the cases even begin.³)

One reason I have always liked patent law is that it didn't have a plaintiffs' bar and a defendants' bar. Today's patent owner is tomorrow's accused infringer and vice versa. It's inevitable: a patent is a right to exclude but not to do.

In mainstream litigation, by contrast, prejudices and generalizations may lead to the belief that lawsuits are brought by either (a) little guys seeking redress from a big guy who has deeply wronged them, or (b) little guys looking for a big guy with a deep pocket whose spare change can put them on easy street. In patent infringement litigation, neither size nor legitimacy correlates with a particular side of the *v.*, regardless of preconceived notions. Little guys sue big guys for infringement, sometimes rightly,

sometimes wrongly, and big guys sue little guys, ditto. Even more often, same-sized guys sue each other, and patents are but one of the many weapons they brandish in their ever-continuing combat.

Traditional patent plaintiffs cannot entirely avoid being defendants. Proprietary drug companies, who often charge generics with infringement, can be sued by competitor proprietaries. Even individual inventors and non-practicing patent investors have to contend with prior art patents from which potential licensees will want indemnification. To negotiate intelligently, those patent owners need to understand defense issues.

Nor can defendants ignore the plaintiffs' perspective for long. Almost all big companies have plenty of their own patents. And regardless of size, it is the very rare enterprise that, defending its first infringement suit, does not start thinking about filing an application or acquiring an issued patent. Even the generic drug companies now own patents.

Despite the fact, then, that accused infringers should not wish for changes in the law that will harm them when they wear the patent owner's hat, the defense bar view is more and more popular. I see it in the press and I hear it when I mention to someone that I teach patent law.

That word *troll* does not help. An opposing noun is needed. *Pirate* is too attractive: Johnny Depp immediately comes to mind. *Thief*, while appropriately pejorative, is too ordinary. Of course, not all accused infringers are thieves, inasmuch as neither intent nor knowledge of the patent is part of the cause of action, but then, whatever *troll* means, it does not apply to all patent owners, nor even to all non-practicing patent owners. Perhaps IP TODAY will sponsor a contest to level the linguistic playing field. [*Sure. See next month's issue.* – Eds.]

Many of the people who love to talk about trolls are, I am afraid, people in law schools. Which brings me to the second influence in the renewed respectability of patent-bashing.

INFLUENCE TWO:

The huge volume of patent law scholarship

Twenty-five years ago, you would be hard pressed to find an article about patent law in a student-edited law review. If you did, it was probably a student note.⁴ Equally rare were amicus briefs from professors of patent law, although there was one in *Graham v. John Deere Co.*, 383 U.S. 1 (1966), see below. The amicus brief supporting the petition for certiorari in *KSR v.*

Teleflex signed by 24 law professors (see <http://www.supremecourtus.gov/docket/04-1350.htm>) is a sign of the times.

A generation ago almost the only people teaching or writing about patent law were practitioners, and they rarely published in student-run law reviews. Nowadays several *hundred* articles about patent law appear annually in the law school reviews, both the standard ones and the 20-odd new ones with technology or intellectual property in their names.

The authors are mostly young academics whose knowledge of patent law is limited to a patent course or two and legal research for a seminar paper or summer job. Maybe they clerked for a judge or spent a few years at a big firm, but they are not exactly seasoned patent lawyers. They don't know what they don't know, and many of their criticisms and suggestions are comically naive or wrong headed. Yet criticize and suggest they do, sometimes even without having read the statute. (Citations omitted to protect the all too innocent.)

They propose theories about what is wrong with the patent system and patent law decisions, and they give authority (the citable kind) to patent bashing. Their views are taken seriously not only by their fellow young academics, but also by the press and even by practicing lawyers, in house and out, who do not know much about patent law themselves. The ranks of the patent bashers are thus swelled.

TRIUMPH OF THE BASHERS?

Notes about KSR, Graham and Dembiczak

By the time you read this, *KSR v. Teleflex* will probably have been decided by the Supreme Court (Docket 04-1350). It is *not* likely that the case will be dismissed on the grounds that certiorari was improvidently granted, although there would be some justification for that.

In the appeals court decision under review, *Teleflex, Inc. v. KSR Int'l Co.*, 119 Fed. Appx. 282 (Fed. Cir. 2005) (unpublished), the Federal Circuit vacated and remanded a holding of obviousness on the grounds that the trial court had made insufficient findings of a teaching, suggestion or motivation (TSM, or simply *suggestion*) in the prior art to make the claimed combination.

This posture⁵ is hardly ideal for analyzing TSM's propriety, wisdom, flexibility, or practicability. That doesn't prevent the Justices from ruling on the Question Presented (briefly, whether the Federal Circuit erred in requiring the trial court to look for a suggestion at all, see <http://www.supremecourtus.gov/qp/>

04-01350qp.pdf), but it certainly makes their job harder. Indeed, the irritation some of them expressed during oral argument may stem more from the lack of findings than the merits or demerits of TSM.

The Justices can of course look at the findings in past obviousness decisions, but the exposition of facts in judicial opinions is limited. Dissents and concurrences help only so much. Nothing substitutes for a complete record, including findings on all the facts about obviousness.

It is singularly difficult to think about principles of patent law without a concrete case, or better yet, several of them, in mind. Who would want to resolve in the abstract questions like: Is a particular obviousness formulation good or bad at furthering the Constitutional purpose of Art. I, sec. 8, cl. 8 ("To promote the Progress of Science⁶ and useful Arts⁷")? Does that formulation work intelligently for inventions in crowded fields and brand new ones, in high tech and low tech areas alike? The Justices, who have little experience with the obviousness standard⁷, are more to be pitied than censured, whatever they do in *KSR*.

The current attacks on the *suggestion* test feed and are fed by the patent-bashers. (Some in the blogosphere agree: see e.g., http://www.patentlyo.com/patent/graham_factors/index.html.) The test is *not* some new-fangled pro-patent silliness. It predates *Graham* and it predates the 1952 Act's codification of obviousness in 35 USC 103, a codification that, as the Supreme Court stated in *Graham*, did not change the "general level of patentable invention." (383 US at 17).

In 1983, just after the Federal Circuit's first birthday, in *W.L. Gore & Assocs., Inc. v. Garlock, Inc.*, 721 F.2d 1540 (Fed. Cir. 1983), Howard T. Markey, the circuit's first chief judge and the former chief judge of the Court of Customs and Patent Appeals (CCPA), explained why a conclusion of obviousness required a finding of a suggestion in the prior art: such an analysis would prevent the evaluator from wrongly using "the claims as a frame [and taking] individual naked parts of separate prior art references [to make] a *mosaic*," at 1552 (emphasis mine) and would guard against the "insidious effect of a hindsight syndrome wherein that which only the inventor taught is used against its teacher," 721 F.2d at 1553. Markey's concern to avoid hindsight also led him to say: "That evidence [objective evidence, also called the secondary considerations] can often serve as insurance against the insidious *attraction of the siren hindsight when confronted with*

a difficult task of evaluating the prior art" (721 F.2d at 1551, emphasis mine).

Neither sirens nor mosaics (those memorable Markey metaphors) were mentioned in the parties' briefs in *KSR*, nor was *Gore* itself. This important case was cited directly only in five amicus briefs, two from bar groups (New York Intellectual Property Law Association (NYIPLA) and American Intellectual Property Law Association (AIPLA)) and three from industry/corporate filers (United Inventors Association; Biotechnology Industry Organization; and Ford and DaimlerChrysler). Only AIPLA mentioned the mosaic; nobody mentioned the siren. A slightly different six amici mentioned the "insidious effect," but most relied on cases more recent than *Gore*,⁸ possibly contributing to the mistaken view that the *suggestion* test is part of a recent Federal Circuit tendency to uphold patents that royally need a good bashing.

Among the most bashable seems to be *In re Dembiczak*, 175 F.3d 994 (Fed. Cir. 1999), the pumpkin garbage bag case. But surprise: the bag was never patented. The case was on appeal from a rejection by the Patent Office. The bashers also conveniently forget that, as in *Teleflex*, the Federal Circuit in *Dembiczak* did not find nonobviousness. Rather, it found that the record lacked evidence of suggestion.

Although petitioner, respondent and 18 of the 38 amicus briefs cited *Dembiczak*, only two amici noted that no utility patent has ever issued.⁹ When the application returned to prosecution, the examiner must have been able to show that the prior art indeed suggested making the claimed invention. This should satisfy those who laugh at the notion of patenting the pumpkin bag, people who would never describe it with the patent word "nonobvious" or even the copyright word "original," whether or not they would admit that, the first time they saw one of those bags sitting by the curb, they grinned and said "Well, will you look at THAT!"

The Supreme Court undoubtedly will read *Gore* and the cases from the Court of Customs and Patent Appeals (CCPA), such as those cited in the NYIPLA amicus brief, and will learn that *Gore* and the suggestion test rely on precedent going back to at least 1943. Decisions of the CCPA are, of course, binding on the Federal Circuit, *South Corp. v. United States*, 690 F.2d 1368, 1369 (Fed. Cir. 1982), until overruled by the Circuit in banc or the Supreme Court.

In *Gore*, Judge Markey cited the same 1961 CCPA case as NYIPLA, *In re Bergel*, 292 F.2d 955, 956-57, and contrasted it with

a post-*Graham* CCPA case from 1969, *In re Spinnoble*, 405 F.2d 578, 585. The first case does not find a suggestion in the prior art, the second does. With such concrete, contrasting examples, it is easier to ponder the value and rightness of the *suggestion* test, but maybe it is harder to bash it.

HOW KSR MIGHT BEGIN, AND THOUGHTS ON THE COURT'S FRIENDS, OLD AND NEW

Here are two ways the Court might begin its *KSR* decision.¹⁰ They neither bash nor bless, but the second brings us back to bashing.

1. "Opinions about obviousness are to a certain extent a function of time." This was said by the most famous patent examiner of all, Albert Einstein, although the context was not patent law.¹¹ This quote is not yet in the patent literature. It should be.

2. "After a lapse of many years, the Court again focuses its attention on the patentability of inventions ..."

These are the opening words of *Graham*, except that the number fifteen was used instead of "many" years. Almost three times fifteen years have passed since *Graham*, and many things have changed, among them the number and sources of amicus briefs, and so I return to patent-bashing.

In *KSR*, 38 amicus briefs were filed after the cert. petition was granted. By my count, 10 were from lawyers and bar associations, 6 from professors (2 law only, 2 non-law only, 2 mixed), 1 from the Solicitor General, 4 from other nonprofits, 6 from trade groups, and 11 from companies.

The last 17 friends of the court, which in a non-patent case would likely side with the defendant, went 11:5 for the plaintiff patent owner-respondent (with 1 brief designated as for neither side). On the pro-plaintiff side was a brief jointly signed by 3M, GE, Procter & Gamble, duPont and Johnson & Johnson. They are not trolls, nor are they traditional enemies of the defense bar.

In *Graham* there were a mere 5 amicus briefs. Four were from bar groups. (If Chief Justice Roberts had presided back then, his much-reported witticism during the *KSR* oral argument, that the patent bar likes the TSM test because it is profitable, see, e.g., <http://271patent.blogspot.com/2006/11/morning-after-ksr-v-teleflex.html>, might have been, "The patent bar likes 103 because it is profitable for them." But then statutes always are profitable for the bar, even non-patent statutes, even for the defense bar, which without the plaintiffs' bar would be out of a job.)

The fifth *Graham* amicus was a professor: E. Ernest Goldstein of the University of Texas Law School with Dean Page Keeton of counsel. It was titled "Brief Amicus Curiae in Support of 35 USC 103." (1965 WL 115655) It makes excellent reading even today.

OPTIMISM FOR THE FUTURE

The good news is that time is on our side. Not just that the pendulum always swings, but that the formerly defense bar litigators will represent more patent owners, and the young academics will become the old guard, mentoring the next generation, and pointing out the errors and omissions of youth and inexperience.

Meanwhile, one can only hope that the Supreme Court will not do too much damage if they try to fix a system that, whether or not it ain't broke, is certainly bashed. **IPT**



FREE Complaints for new patent infringement lawsuits.

To find out more go to iptoday.com

ENDNOTES

1. Roberta J. Morris, Ph.D., Esq., rjmorris@alumni.brown.edu, member of the patent bar and of the bars of New York and Michigan, holds an AB from Brown, a JD from Harvard and a Ph.D. (Physics) from Columbia, in that order. She has practiced and taught patent law for a long time. From 1991 to 2005 she was an adjunct at the University of Michigan Law School. She now resides in California and is currently a lecturer at Stanford Law School.

Full disclosure: in 2004 Morris was an expert witness for Teleflex in a contract arbitration involving adjustable pedal patents (but not the patent in suit in *KSR* discussed here); she has had no contact with Teleflex or the pedal art otherwise.

She thanks Prof. Rebecca S. Eisenberg, Greg Aharonian, and Prof. Mark A. Lemley, for listening to some of these ideas in their infancy. She thanks Philip H. Bucksbaum for editorial advice and Stanford Law Library for its excellent research assistance.

All views, errors and omissions are solely those of the author.

2. See, e.g., 1/21/07 posting by Prof. Robert Merges on Dennis Crouch's PatentlyO blog, commenting on the e-newsletter of Foley & Lardner's Hal Wegner: http://www.patentlyo.com/patent/2007/01/merges_back_to_.html

3. I have long believed that judicial decisions and newsworthy jury verdicts give a poor picture of how the law works, despite the fact that they are all that most law students and non-practicing law graduates (e.g., politicians) know about. Those cases are not the tip of the iceberg, because with an iceberg it's ice all the way down. A case that settles, and even more, a case that never begins

because people behaved differently — early or late, on advice of counsel or not — is a different animal from a case that goes to court and stays there long enough for a judge to publish any written opinions or a jury to reach a verdict.

4. E.g., Alex Kozinski, "A Market Oriented Revision of the Patent System," 21 UCLA L. Rev. 1043-1080 (1973-1974).

5. Few of the 38 amicus briefs filed after certiorari was granted in *KSR* mentioned the procedural posture of the case. Exceptions include: Biotechnology Industry Organization (supporting respondents); Altitude Capital Partners, et al (supporting respondents); the Solicitor General (supporting petitioner); and Cisco Systems Inc. et al. (supporting reversal). All briefs are available on both LEXIS and Westlaw.

6. Many writers, including patent historian Edward C. Walterscheid in the title of his excellent 1998 book, *TO PROMOTE THE PROGRESS OF USEFUL ARTS: AMERICAN PATENT LAW AND ADMINISTRATION, 1787-1836*, divide the Constitutional clause's three pairs of nouns between patents and copyrights, putting Science (that is, knowledge) with Authors and Writings.

7. Only Justice Stevens was on the Court the last time it granted cert. on a case involving obviousness. *Dennison Mfg. Co. v. Panduit Corp.*, 475 U.S. 809 (U.S. 1986). There the Court ducked the substantive issue, remanding to the Federal Circuit for failure to make findings sufficient under Rule 52, ER.Civ. P The Federal Circuit subsequently found that the prior art did not *suggest* making the cable ties claimed in Panduit's patents. *Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561, 1568 (Fed. Cir. 1987). The parties in *KSR* make no mention of *Panduit*, although 7 of the 38 amici do.

8. The brief of Ford Motor Company and DaimlerChrysler Corporation (supporting neither party) cites *Gore*. The Federal Circuit decisions cited in other briefs are: *Ruiz v. A.B. Chance Co.*, 234 F.3d 654, 664 (2000), Progress & Freedom Foundation (supporting petitioner) ("insidious effect;" this brief also quotes *Loctite Corp. v. Ultraseal Ltd.*, 781 F.2d 861, 873 (Fed. Cir. 1985) for its reference to "the tempting but forbidden zone of hindsight"); *In re Kotzab*, 217 F.3d 1365, 1369 (2000), Intellectual Property Owners Association (supporting respondents); *In re Dembiczak*, 175 F.3d 994, 999 (1999), United Inventors Association (supporting respondents) (this brief also includes the internal *Gore* (1983) citation; and *In re Fine*, 837 F.2d 1071, 1075 (1988), American Bar Association (supporting respondents).

9. Only Technology Properties Limited (supporting respondents) and Prof. Lee Hollaar (urging affirming in part and vacating in part) noted that no utility patent ever issued to Dembiczak et al.

10. Regular IPToday columnist Laurence B. Ebert, also willing to second guess the *KSR* opinion, suggested on 1/28/07 that the Supreme Court will do for TSM what it did in *Daubert* for "general acceptance." <http://ipbiz.blogspot.com/2007/01/ipbiz-proposes-possible-form-of-ksr-v.html>.

11. Ronald W. Clark, *EINSTEIN, THE LIFE AND TIMES* 264 (1971). Einstein did not make this statement while working as an examiner. He said it during the question period following a lecture he gave in Bad Nauheim, one of a series of lectures organized by the anti-Semitic, mostly non-scientist Study Group of German Natural Philosophers, that attacked relativity as "Jewish science." Clark 257-264. Clark notes that there was no transcript of the event, but that *Physikalische Zeitschrift* XXI:666-668 (1920) reported the interchanges.