Supreme Court Decision Challenges Software Patents

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The KSR decision may not put an end to bad patents and patent trolls, but legal experts agree that at least it's a step forward in the always contentious field of software patents.

When the Supreme Court of the United States ruled for KSR in the case of KSR Int'l Co. v. Teleflex Inc. , it also served notice to the software industry that major changes may be afoot in both the granting and protecting of existing software patents.

For several years now, software patents have frequently been seen by many as stifling innovation , granting intellectual property claims for ideas that had been around for decades and awarding the companies that hold them hundreds of millions of dollars - such as in RIM vs. NTP - even when the patents themselves have been rejected by the U.S. Patent and Trademark Office.

Now, as Pamela Jones, editor of the intellectual property law news site Groklaw , noted, "The standout paragraph" in the decision written by Supreme Court Justice Anthony Kennedy read:

"We build and create by bringing to the tangible and palpable reality around us new works based on instinct, simple logic, ordinary inferences, extraordinary ideas, and sometimes even genius. These advances, once part of our shared knowledge, define a new threshold from which innovation starts once more. And as progress beginning from higher levels of achievement is expected in the normal course, the

results of ordinary innovation are not the subject of exclusive rights under the patent laws. Were it otherwise patents might stifle, rather than promote, the progress of useful arts."

Jones, a paralegal, observed, "The court has raised the obviousness bar, or as they probably view it put it back where the founding fathers meant it to be."

Lawrence Rosen, a partner in the law firm Rosenlaw & Einschlag and well-known open-source law expert, is inclined to agree. "As of April 30, many fewer patents will be valid under the Supreme Court's newly articulated obviousness standard for patentability. Software developers and distributors are at much less risk of being sued over obvious patents."

Another result, according to Rosen, should be that " [t]he quality of issued software patents will rise, but there will be far fewer of them."

Daniel Ravicher, attorney and the head of the Public Patent Foundation , a nonprofit legal services organization that represents the public's interests against the harms caused by the patent system, isn't quite so optimistic: "Well, what the KSR case says is one thing, while what the Federal Circuit - the pro-patent appeals court - does in response to KSR may be quite another. We know the Supreme Court will not take every patent case, so we'll have to wait and see what the Federal Circuit does with this new instruction."

Ravicher continued, "KSR will make it easier for challengers to prove software patents are invalid for being obvious. But just because the task is easier doesn't necessarily mean more people will take up the task. It's still expensive and timely to challenge a software patent, so people need to have the right incentives to do so."

Richard Fontana, counsel for the Software Freedom Law Center , which provides legal representation and other law-related services to protect and advance free and open-source software, agrees with Ravicher on this point. "KSR will make it easier for deep-pockets defendants in patent infringement cases to successfully challenge the validity of software patents," he said.

"Although the KSR case itself dealt with fairly simple mechanical technology, it is peculiarly relevant to software patents, since so many software patents involve combinations of elements that themselves are easily shown to be old technology," said Fontana. "The overall effect may be a diminution in the value of patents, particularly software patents, and therefore perhaps some reduction in the amount of litigation."

However, Fontana said he is "not so optimistic that we will see a slowdown in softwarepatent applications or any improvement in the quality of issued software patents."

"The problem," he said, "is that (a) patent examiners are not finding the prior art that could be used to show that most software patent claims are unpatentable, because they don't have the resources and training to know how to find and apply this prior art, and (b) patent examiners continue to be given incentives that reward them for issuing patents.

"Until those two problems are remedied, I think we'll continue to see overbroad software patents being issued by the USPTO." In fact, "since the average value of a patent has been reduced, companies applying for patents may just reduce their patent application budgets further," Fontana said.

"Patent attorneys applying for software patents today typically lack any sophisticated education in computer science or software engineering, and

they are often paid only enough to spend a handful of hours drafting and prosecuting each patent application," he said. "The companies applying for software patents, therefore - some of which have hailed KSR as a great decision - are already encouraging their lawyers to procure software patents in a reckless manner.

"So," Fontana concluded, "while KSR is a good decision, I don't think it will improve the software patent problem in the U.S. without further reform."

Thomas Duston, IP (intellectual property) attorney and partner with Marshall Gerstein & Borun LLP in Chicago, an IP specialty firm, observed that the decision "complains that the Federal Circuit in recent years has somewhat slavishly applied its 'teaching, suggestion, motivation' - TSM - test without commonsense reference to the knowledge and understanding that would be possessed by those of ordinary skill in the art. Unfortunately, while critical of the most rigid application of the TSM test, the Supreme Court offers little in the way of actual guidance to courts, practitioners and patentees with regard to the proper analysis to be applied in determining whether an invention is 'obvious.'"

Colby Springer, of counsel to the well-respected Silicon Valley law firm Carr & Ferrell LLP's IP & litigation practice groups, expanded on this point. Springer doesn't "think KSR will increase or necessarily decrease litigation at the end of the day. - However, - the reality is that any time you assert a patent, you run the inherent risk of it being invalidated. That is just part of the game.

"What will change," he said, "is the role that obviousness will play in that invalidation defense. In arguing invalidity, you always like to go in arguing anticipation. That is, one reference (e.g., a patent or an old white paper, etc.) that teaches each and every element of the asserted patent

claim. I won't go so far as to say obviousness was an 'also ran' but if your best invalidity argument was based on obviousness, then you may have had an uphill battle to fight. I think that will change in that the importance of the obviousness defense will become a bit more prominent in that the Supreme Court has loosened the reins so to speak with its application."

What this may mean in practice, Springer said, is that "whereas before one had to look to the teachings of the prior art to suggest or motivate one to combine two different references, common sense (or what I like to refer to as the 'duh' factor) now plays a greater import in alleging that a particular patent claim is obvious."

Still, "The reality is, however, that obviousness never has been a bright-line rule as much as some people might want one. So, in another sense, KSR didn't really change anything. At the end of the day, obviousness still is a subjective standard in that you look tocommon sense of one skilled in the art to potentially allege the obviousness of a combination."

The result, Springer believes, is that "you'll see a greater role of expert witnesses in patent litigation in that they purport to be 'one ordinarily skilled in the art' and what they contend to be a common sense combination versus another. But at the end of the day, you'll still have two sets of experts saying the exact opposite of one another: the plaintiff's and the defendant's."

Unlike Fontana though, Springer thinks the KSR decision will stop at least some bad patents from being granted. "I think you will see more pushback from the patent office and not necessarily with respect to just software patents but patents in general," he said. "This common sense approach gives the examiner a little bit more flexibility in renderingobviousness rejections in that before they had one hand tied behind their back with respect to having to find two references that

purportedly made the claimed invention obvious while, at the same time, finding a suggestion to combine those references in the prior art as well. Now that they have a certain degree of common sense at theirdisposal, I think you'll start to see a lot more obviousness rejections and pushback from the examiners."

So, "will this stop bad patents? No. Will it help? Yes," concluded Springer.