

No. 16-1102

---

---

IN THE  
**Supreme Court of the United States**

---

SAMSUNG ELECTRONICS CO., LTD., SAMSUNG  
ELECTRONICS AMERICA, INC. AND SAMSUNG  
TELECOMMUNICATIONS AMERICA, LLC,

*Petitioners,*

*v.*

APPLE INC.,

*Respondent.*

---

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED  
STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

---

---

**BRIEF OF THE SOFTWARE & INFORMATION  
INDUSTRY ASSOCIATION AND THE  
INTERNET ASSOCIATION AS *AMICI  
CURIAE* IN SUPPORT OF PETITIONERS**

---

---

KHUE V. HOANG  
HUGHES HUBBARD & REED  
One Battery Park Plaza  
New York, NY 10004  
(212) 837-6000

JOHN F. DUFFY  
*Counsel of Record*  
HUGHES HUBBARD & REED  
1775 I Street, N.W.  
Washington, DC 20006  
(202) 721-4600  
john.duffy@hugheshubbard.com

*Counsel for Amici Curiae Software & Information  
Industry Association and Internet Association*

April 10, 2017

---

---

272409



COUNSEL PRESS

(800) 274-3321 • (800) 359-6859

**TABLE OF CONTENTS**

	<b>Page</b>
TABLE OF CONTENTS.....	i
TABLE OF AUTHORITIES.....	ii
INTEREST OF AMICI CURIAE.....	1
SUMMARY OF THE ARGUMENT .....	2
ARGUMENT .....	6
I.    By Effectively Treating Obviousness as a Factual Issue, the Decision Below Conflicts with this Court’s Decisions and <i>En Banc</i> Decisions of Other Circuits.....	6
II.   The Decision Below Demonstrates the Federal Circuit’s Return to a Pre- <i>KSR</i> Approach to Obviousness.....	16
III.  Obviousness Is Extremely Important to the Software and Computer Industry.....	19
IV.  This Case Is an Excellent Vehicle to Review the Federal Circuit’s Post- <i>KSR</i> Obviousness Doctrine.....	22
CONCLUSION .....	25
APPENDIX .....	1a

## TABLE OF AUTHORITIES

<b>Cases:</b>	<b>Page(s)</b>
<i>Anderson’s-Black Rock, Inc. v. Pavement Co.</i> , 396 U.S. 57 (1969) .....	4
<i>Apple, Inc. v. Samsung Elecs. Co., Ltd.</i> , No. 12-cv-00630 (N.D. Cal. Apr. 27, 2014) .....	12
<i>Baumstimler v. Rankin</i> , 677 F.2d 1061 (5th Cir. 1982) .....	15
<i>Bonito Boats, Inc. v.</i> <i>Thunder Craft Boats, Inc.</i> , 489 U.S. 141 (1989) .....	2
<i>Bristol-Myers Squibb Co. v.</i> <i>Teva Pharm. USA, Inc.</i> , 752 F.3d 967 (Fed. Cir. 2014).....	17, 18
<i>Calmar, Inc. v. Cook Chem. Co.</i> , 383 U.S. 1 (1966) .....	3, 8
<i>CLS Bank Int’l v. Alice Corp. Pty.</i> , 717 F.3d 1269 (Fed. Cir), ( <i>en banc</i> ), <i>cert. granted</i> , 134 S. Ct. 734 (2013).....	24
<i>Control Components, Inc. v. Valtek, Inc.</i> , 609 F.2d 763 (5th Cir.), <i>reh’g denied</i> , 616 F.2d 892 (5th Cir. 1980) .....	14, 15
<i>Dann v. Johnston</i> , 425 U.S. 219 (1976) .....	4, 21
<i>Eli Lilly &amp; Co. v.</i> <i>Teva Parenteral Meds., Inc.</i> , 845 F.3d 1357 (Fed. Cir. 2017).....	17

<i>Graham v. John Deere Co. of Kansas City</i> , 383 U.S. 1 (1966) .....	<i>passim</i>
<i>Holmes Group, Inc. v.</i> <i>Vornado Air Circulation Systems, Inc.</i> , 535 U.S. 826 (2002) .....	16
<i>KSR International Co. v. Teleflex Inc.</i> , 550 U.S. 398 (2007) .....	<i>passim</i>
<i>Lexmark Int’l, Inc. v. Impression Prods., Inc.</i> , 816 F.3d 721 (Fed. Cir.) ( <i>en banc</i> ), <i>cert. granted</i> , 137 S. Ct. 546 (2016).....	24
<i>Perkin-Elmer Corp. v. Computervision Corp.</i> , 732 F.2d 888 (Fed. Cir. 1984).....	11
<i>Pfaff v. Wells Elecs., Inc.</i> , 525 U.S. 55 (1998) .....	16
<i>Procter &amp; Gamble Co. v.</i> <i>Teva Pharm. USA, Inc.</i> , 566 F.3d 989 (Fed. Cir. 2009).....	17, 18
<i>Richardson v. Suzuki Motor Co.</i> , 868 F.2d 1226 (Fed. Cir. 1989).....	11
<i>Roberts v. Sears, Roebuck &amp; Co.</i> , 723 F.2d 1324 (7th Cir. 1983) .....	13, 14, 15
<i>Sakraida v. Ag Pro, Inc.</i> , 425 U.S. 273 (1976) .....	4
<i>Sarkisian v. Winn-Proof Corp.</i> , 688 F.2d 647 (9th Cir. 1982) .....	10, 11

<i>SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC</i> , 807 F.3d 1311 (Fed. Cir. 2015) ( <i>en banc</i> ), <i>cert. granted</i> , 136 S. Ct. 1824 (2016).....	24
<i>United States v. Adams</i> , 383 U.S. 39 (1966) .....	4
 <b>Statutes:</b>	
35 U.S.C. § 103.....	<i>passim</i>
35 U.S.C. § 103(a) .....	16
Patent Act of 1952 .....	3
Rule 37.2 .....	1
Rule 37.6 .....	1
 <b>Other Authorities:</b>	
Michael Abramowicz & John F. Duffy, <i>The Inducement Standard of Patentability</i> , 120 Yale L. J. 1590 (2011).....	21
Brief for the United States as <i>Amicus Curiae</i> , <i>KSR Int’l Co. v. Teleflex Inc.</i> , 550 U.S. 398 (2007) (No. 04-1350), 2006 WL 1455388.....	20
Rochelle C. Dreyfuss, <i>Percolation, Uniformity, and Coherent Adjudication: The Federal Circuit Experience</i> , 66 SMU L. Rev. 505 (2013) .....	19

Fed. Trade Comm'n, <i>To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy</i> (2003) .....	20
Thomas G. Hungar & Rajiv Mohan, <i>A Case Study Regarding the Ongoing Dialogue Between the Federal Circuit and the Supreme Court: The Federal Circuit's Implementation of KSR v. Teleflex</i> , 66 SMU L. Rev. 559 (2013) .....	12
Int'l Trade Admin., U.S. Dep't of Commerce, <i>Software and Information Technology Spotlight: The Software and Information Technology Services Industry in the United States</i> .....	21
Robert Patrick Merges & John Fitzgerald Duffy, <i>Patent Law and Policy</i> (7th ed. 2017) .....	20
Michael J. Meurer & Katherine J. Strandburg, <i>Patent Carrots and Sticks: A Model of Nonobviousness</i> , 12 Lewis & Clark L. Rev. 547 (2008) .....	20
Petition for Writ of Certiorari, <i>Calmar, Inc. v. Cook Chem. Co.</i> , 383 U.S. 1 (1966) (No. 37).....	23
Petition for Writ of Certiorari, <i>KSR Int'l Co. v. Teleflex Inc.</i> , 550 U.S. 398 (2007) (No. 04-1350), 2005 WL 835463.....	16, 17, 19

Petition for Writ of Certiorari, *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55 (1998) (No. 97-1130), 1998 WL 34081020..... 16

Petition for Writ of Certiorari, *United States v. Adams*, 383 U.S. 39 (1966) (No. 55)..... 23

Gene Quinn, *Chief Judge Rader Says KSR Didn't Change Anything, I Disagree*, IPWatchdog (Oct. 6, 2011) ..... 19

Gary M. Ropski, *Constitutional and Procedural Aspects of the Use of Juries in Patent Litigation*, 58 J. Pat. Off. Soc'y 609 (1976) ..... 14

*Nonobviousness: The Ultimate Condition of Patentability* (John F. Witherspoon ed., 1980)..... 20

## INTEREST OF AMICI CURIAE

Amicus Software & Information Industry Association (“SIIA”) is the principal trade association for the software and digital information industries.<sup>1</sup> SIIA’s membership includes more than 700 software companies, search engine providers, data and analytics firms, information service companies, and digital publishers that serve nearly every segment of society, including business, education, government, healthcare, and consumers.

Amicus Internet Association represents over 40 of the world’s leading internet companies.<sup>2</sup> Its mission is to foster innovation, promote economic growth, and empower people through the free and open internet. As the voice of the world’s leading internet companies, its job is to ensure that all stakeholders understand the benefits the internet brings to our economy.

---

<sup>1</sup> Pursuant to Rule 37.2, counsel of record for all parties received notice of Amicus SIIA’s intent to file this brief at least ten days before the due date. The parties have consented to the filing of this brief, and copies of their consent are on file with the Clerk’s Office. Pursuant to Rule 37.6, no counsel for a party authored this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of the brief. No person or entity, other than Amici SIIA and the Internet Association, their members, and their counsel, made a monetary contribution to the preparation or submission of this brief. Counsel for Amici has served as a counsel for Petitioners in other litigation, including litigation against Respondent.

<sup>2</sup> Membership of the Association is listed at <https://internetassociation.org/our-members/>.



As leading technology companies and innovators, the members of SIIA and the Internet Association are vitally interested in the proper functioning of the patent system. The members of SIIA and the Internet Association apply for patents and are also frequently the subject of patent infringement litigation. The members seek a reasonable approach to patentability that permits patents on significant developments and bars patents on trivial innovations that would be developed without the inducement of a patent.

### SUMMARY OF THE ARGUMENT

This Court's prior decisions have emphasized the important function served by the statutory prohibition against patenting innovations that "would have been obvious" to a person having ordinary skill in the relevant art. 35 U.S.C. § 103. In its seminal decision on § 103, this Court explained the statute as a codification of a longstanding and fundamental "policy of the patent system that 'the things which are worth to the public the embarrassment of an exclusive patent,' as Jefferson put it, must outweigh the restrictive effect of the limited patent monopoly." *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 10–11 (1966). As *Graham* instructed, the central goal of the nonobviousness requirement is to identify "those inventions which would not be disclosed or devised but for the inducement of a patent." *Id.* at 11. Such inventions—i.e., those demonstrating "the *quid pro quo* of substantial creative effort," *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 161 (1989)—are worthy of patents because they foster

progress. By contrast, patents on innovations that would be developed *anyway* (even without the inducement of a patent) impose the economic restrictions of exclusive rights without any corresponding benefit to the public.

The importance of nonobviousness was emphasized once again in this Court's most recent decision on the subject, *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398 (2007), which instructed that "the results of ordinary innovation are not the subject of exclusive rights under the patent laws." *Id.* at 427. "Were it otherwise," the Court reasoned, "patents might stifle, rather than promote, the progress of useful arts." *Id.*

Because the nonobviousness requirement is so important to the proper functioning of the patent system, both *Graham* and *KSR* held that "[t]he ultimate judgment of obviousness is a legal determination." *KSR*, 550 U.S. at 427 (citing *Graham*, 383 U.S. at 17).

Yet despite the importance of this fundamental legal issue, this Court has decided only a single case concerning § 103—*KSR*—in the past 40 years. By comparison, this Court decided six cases in the first twenty-five years after nonobviousness was codified in the Patent Act of 1952.<sup>3</sup> For at least four reasons, this case should be the Court's next on § 103.

---

<sup>3</sup> This Court decided three cases on the same day as *Graham*: (i) *Graham* itself, *see* 383 U.S. at 19–26; (ii) the consolidated cases of *Calmar, Inc. v. Cook Chemical Co.* and *Colgate-Palmolive Co.*

First, as Judge Dyk correctly noted in dissent below, the approach taken by the *en banc* majority effectively “turns the legal question of obviousness into a factual issue for a jury to resolve.” Pet. App. 82a. The *en banc* majority requires judges to decide the legal issue of obviousness by deferring to “a black box jury verdict” and “presum[ing] [that] the jury resolved underlying factual disputes in favor of the verdict winner” on every issue relevant to obviousness, including issues never held by this Court to be factual. Pet. App. 21a. That approach is clearly inconsistent with *Graham*, which held obviousness to be a legal issue, *see* 383 U.S. at 17, and *KSR*, which instructed that the legal analysis of obviousness “should be made explicit,” 550 U.S. at 418. Moreover, even prior to *KSR*, *en banc* decisions of the Ninth and Seventh Circuits unanimously rejected the approach to appellate determinations of obviousness that the Federal Circuit has now embraced.

Second, the majority decision is in conflict with this Court’s decision in *KSR* because it restores “motivation to combine” as a central and apparently essential factor for a holding of obviousness. Prior to *KSR*, the Federal Circuit had held that a combination of prior art elements could not be held obvious unless the party could prove, by clear and convincing

---

*v. Cook Chemical Co.*, which concerned the validity of the same patent, *see id.* at 26–37; and (iii) the separately reported *United States v. Adams*, 383 U.S. 39 (1966). In the next decade, the Court decided *Anderson’s-Black Rock, Inc. v. Pavement Co.*, 396 U.S. 57 (1969); *Dann v. Johnston*, 425 U.S. 219 (1976); and *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273 (1976).

evidence, that a “teaching, suggestion, or motivation” existed to combine prior art elements. *KSR*, 550 U.S. at 407. Although this Court overturned that test, the Federal Circuit’s new position—quite incredibly—is to require a demonstration of a “motivation” to combine prior art elements. In other words, the Federal Circuit has responded to this Court’s decision in *KSR* by changing very little or, perhaps, by making its test for obviousness a bit harder for parties challenging patent validity to satisfy.

Third, although obviousness is one of the most significant legal issues in all of patent law, this Court has not adjudicated obviousness in the context of the computer and software industry since 1976, even though that industry has since changed dramatically and contributes hundreds of billions of dollars to the nation’s economy. The dearth of authoritative Supreme Court precedents in this area negatively affects lower courts by denying guidance on how obviousness principles apply in industries of very fast moving technology where the nonobviousness requirement is especially important for preventing a proliferation of paltry patents.

Fourth, this case is an excellent vehicle for this Court to review the Federal Circuit’s obviousness doctrine. The legal question whether Respondent’s claimed advances are obvious under § 103 was clearly presented and preserved below; the Federal Circuit passed upon the issue; and the legal issue is well presented in the first Question Presented of the Petition. The decision below is the first *en banc* decision of the Federal Circuit on obviousness in

more than a quarter century, and the fractured court demonstrates the utter lack of consensus concerning both the substantive and procedural rules applicable to appellate analysis of obviousness. The case provides an excellent opportunity to review whether the Federal Circuit's doctrine is consistent with this Court's teachings in *Graham* and *KSR*.

## ARGUMENT

### **I. By Effectively Treating Obviousness as a Factual Issue, the Decision Below Conflicts with this Court's Decisions and *En Banc* Decisions of Other Circuits.**

In this case, a unanimous panel of the Federal Circuit held two of Respondent's patents obvious, and thus invalid, as a matter of law. *See, e.g.*, Pet. App. 130a–140a. Respondent moved for rehearing *en banc*. Without full merits briefing or oral argument, and over vigorous dissenting opinions, the Federal Circuit reversed and issued its first *en banc* decision on obviousness in more than a quarter century. Central to the *en banc* majority's decision was the deference given to *presumed*—not actual—factual findings of the jury, including presumed factual findings on matters never held by this Court to be factual issues.

In both *Graham* and *KSR*, this Court held that “[t]he ultimate judgment of obviousness is a legal determination.” *KSR*, 550 U.S. at 427 (citing *Graham*, 383 U.S. at 17). The Federal Circuit's *en banc* approach improperly withdraws the legal determination of obviousness from judges by holding

that “where there is a black box jury verdict [on obviousness], as is the case here, we presume the jury resolved underlying factual disputes in favor of the verdict winner.” Pet. App. 21a. As Judge Dyk correctly noted in dissent, that approach “turns the legal question of obviousness into a factual issue for a jury to resolve,” constitutes a “profound change[] in the law of obviousness,” and was “explicitly rejected” by this Court in *KSR*. Pet. App. 82a.

The importance of the *en banc* majority’s approach can be illustrated with Respondent’s U.S. Patent No. 8,046,721 (“the ’721 patent”), which covers a portable electronic device (such as a cellphone) with a touchscreen display that includes a slide-to-unlock function combined with a sliding icon. The patent does not claim devices with slide-to-unlock *generally* or even slide-to-unlock on a *touchscreen phone*. Prior to Respondent’s alleged invention, a prior art touchscreen phone named “Neonode” had already pioneered the use of slide-to-unlock on a touchscreen phone.

The Neonode’s screen included text instructing users to “[r]ight sweep to unlock,” Pet. App. 27a, but it did not include a sliding icon or “toggle” (like a virtual knob) that moved with the user’s gesture. Yet sliding icons and toggles on touchscreens were not new either, and the evidence at trial showed that a video and a 1992 paper on “Touchscreen Toggle Design,” co-authored by Catherine Plaisant, disclosed prior art touchscreens with such sliding icons. *See* Pet. App. 27a–28a.

The crucial obviousness question is, then: Would it have been obvious to a person of ordinary skill in the art to modify Neonode’s slide-to-unlock function by adding a sliding touchscreen icon or toggle such as the one disclosed in the Plaisaint article?

The *en banc* court reformulated that legal question as a factual question about “motivation” to combine and then deferred to the presumed factual findings of the jury on that question. The court reasoned: “Because the jury found the issue of validity in favor of Apple, we presume it resolved the conflicting expert testimony and found that a skilled artisan would not have been motivated to combine the slider toggle in Plaisant with the cell phone disclosed in Neonode.” Pet. App. 31a. The extent of judicial review of every consideration affecting obviousness—including the supposedly crucial factual issue whether a “motivation to combine” existed—was thus “limited to determining whether there was substantial evidence for the jury’s findings, on the entirety of the record.” Pet. App. 31a–32a.

That approach to obviousness is plainly inconsistent with both *Graham* and *KSR*. The *Graham* Court also decided the consolidated cases of *Calmar, Inc. v. Cook Chemical Co.* and *Colgate-Palmolive Co. v. Cook Chemical Co.*, which concerned a patent on a spray-bottle cap that was held valid both at trial and on appeal. *See* 383 U.S. at 4–5. In reversing the lower courts’ validity determinations, this Court conducted its own legal analysis of the obviousness of the differences between the claimed invention and the prior art and did not give deference

to the lower courts' contrary conclusions that the differences were nonobvious. *See id.* at 26–37. Indeed, in addressing the significance of secondary considerations such as long-felt need and commercial success (also relied upon by the Federal Circuit below), this Court explicitly described the considerations as “*legal* inferences or subttests” and emphasized that they are “more susceptible of *judicial* treatment than are the highly technical facts often present in patent litigation.” *Id.* at 35–36 (emphases added).

Similarly, in *KSR*, this Court conducted a legal analysis of obviousness based upon the relevant pieces of prior art. The Court explicitly described the obviousness question there—which was whether a person of ordinary skill in the art “would have found it obvious” to combine two pieces of prior art in a particular way—as a “legal question.” 550 U.S. at 424. The Court resolved that question on its own and held the issue appropriate for summary judgment. *See id.* at 424–27.

The importance of the Federal Circuit’s quite different approach to deciding obviousness can be easily demonstrated not only by the vigorous debate in the *en banc* court below, but also from *en banc* decisions of the Ninth and Seventh Circuits that addressed the same issue prior to the creation of the Federal Circuit. Both of those *en banc* courts rejected the approach endorsed below by the Federal Circuit. In addition, four judges in another circuit—the Fifth—argued in dissent that *en banc* review should have been granted on the same issue.



In *Sarkisian v. Winn-Proof Corp.*, 688 F.2d 647 (9th Cir. 1982) (*en banc*), the Ninth Circuit ruled that “[t]he court must, in all cases, determine obviousness as a question of law independent of the jury’s conclusion.” *Id.* at 651. The *Sarkisian* court believed that the jury’s role should be limited to (i) finding predicate facts through “detailed special interrogatories,” *id.* at 650, and (ii) providing a “nonbinding advisory opinion” on obviousness that a court may use “for its guidance,” *id.* at 650–51.

Furthermore, *Sarkisian* made clear that the jury’s fact-finding role was limited to determining only the basic factual predicates set forth in *Graham*—specifically, the facts concerning “(1) the nature of the prior art, (2) the differences between the prior art and the patented device, and (3) the level of ordinary skill in the pertinent art.” *Id.* at 650 (citing *Graham*, 383 U.S. at 17). Under Ninth Circuit precedent at the time, the substantive standard for determining nonobviousness of a combination required the court to determine “whether the combination in issue displays an unusual or surprising result.” *Id.* at 651. That test, the *en banc* Ninth Circuit made clear, must remain a “question of law,” subject to “independent review” by the court. *Id.* By contrast, the substantive standard applied by the Federal Circuit—the far more patent-permissive “motivation” test—is given over to the jury and *reviewed* (not decided *de novo*) under the substantial evidence test.

The Federal Circuit’s *en banc* decision below is a continuation (and a step further) in a line of Federal Circuit precedent in direct conflict with *Sarkisian*.

Indeed, the Federal Circuit has explicitly acknowledged its rejection of the Ninth Circuit's *en banc* decision. *Perkin-Elmer Corp. v. Computervision Corp.*, 732 F.2d 888 (Fed. Cir. 1984), rejected the Ninth Circuit's view that the courts must "determine nonobviousness 'independently' of the jury's verdict," *id.* at 895 (quoting *Sarkisian*), and instead held that, in reviewing a jury's verdict sustaining a patent's nonobviousness, the court could "use[] the jury's *presumed findings* supported by substantial evidence." *Id.* at 895 (emphasis added). The court held that the "appropriate question" to be asked by a court evaluating a motion for JNOV is: "can the jury's presumed findings support [a] conclusion of nonobviousness encompassed in the jury's verdict of validity?" *Id.*

The Federal Circuit rejected *Sarkisian* again in *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226 (Fed. Cir. 1989). Although affirming the district court's result in that case, the Federal Circuit criticized the lower court for following *Sarkisian's* suggested procedure of an "advisory" jury verdict on obviousness. The Federal Circuit described the *Sarkisian* procedure as "this discredited procedure of advisory verdicts," and specifically stated that "[i]t is established that the jury may decide the questions of anticipation and obviousness, either as separate special verdicts or en route to a verdict on the question of validity, which may also be decided by the jury." *Id.* at 1234; *see also id.* at 1234–35 (citing a string of Federal Circuit precedents to support the point).

The effective conversion of the issue of obviousness from legal to factual fails to respect *both* the court’s responsibility to engage in independent legal analysis *and* any fact-finding role that the jury might have. Because the jury in this case was asked only a verdict question as to obviousness, it is impossible to determine what facts the jury found. The jurors might have found facts sufficient to render the invention obvious but then erred in their analysis of obviousness (which is a difficult doctrinal area of patent law). Or the jury might have found nothing to be “clear and convincing” in a weeks-long patent trial. As noted by former Deputy Solicitor General Thomas Hungar (who argued *KSR* for the government, *see* 550 U.S. at 404), “the only certainty provided by a general jury verdict on obviousness is that the jury has resolved an ultimate question of law one way or the other—an issue as to which the jury is most assuredly *not* entitled to deference.” Thomas G. Hungar & Rajiv Mohan, *A Case Study Regarding the Ongoing Dialogue Between the Federal Circuit and the Supreme Court: The Federal Circuit’s Implementation of KSR v. Teleflex*, 66 SMU L. Rev. 559, 575–76 (2013) (criticizing the Federal Circuit’s post-*KSR* obviousness doctrine).

Indeed, at the trial level in this case, the jury was *never even instructed that it should make findings about possible motivations to combine the relevant prior art.*<sup>4</sup> Thus, there is no reasonable basis in the

---

<sup>4</sup> *See* Final Jury Instrs. at 42–43, *Apple, Inc. v. Samsung Elecs. Co., Ltd.*, No. 12-cv-00630 (N.D. Cal. Apr. 27, 2014), ECF No.

record for concluding, as the *en banc* Federal Circuit did, that the jury made “implicit fact findings that Plaisant would not have provided a skilled artisan with a motivation to combine its slider toggle switch with Neonode is supported by substantial evidence.” Pet. App. 31a.

The Federal Circuit’s reliance on a general jury verdict to imagine “implicit” factual determinations that control obviousness decisions is also plainly inconsistent with the approach taken in *Roberts v. Sears, Roebuck & Co.*, 723 F.2d 1324 (7th Cir. 1983) (*en banc*). There, the district court submitted the question of obviousness to the jury; “composed no findings of its own”; and entered a judgment that the patent was “good and valid in law.” *Id.* at 1329. *Roberts* condemned that procedure as “deficient in every respect” and ruled that “[t]he trial court abdicated its control over the legal issue” of obviousness. *Id.* at 1342.

Under the approach endorsed by *Roberts*, trial and appellate judges can give weight to a jury verdict in obviousness analysis only if the jury has been asked to make findings on specific facts or if the trial judge has specifically instructed the jury that it must render a particular verdict “if it finds facts A, B, C, and D.” *Id.* at 1341. On this point, the *Roberts en banc* court was unanimous, for even Judge Posner (who dissented as to whether the particular patent was obvious) noted that “[a]ll of us agree that the

---

1847 (“Final Jury Instruction No. 34: Patents—Obviousness”), set forth as an Appendix to this brief.

ultimate question of obviousness is for the court, not the jury, and that the jury's role is limited to deciding subsidiary fact questions, of the who-did-what-to-whom variety." *Id.* at 1347 (Posner, J., dissenting).

In contrast to the Seventh Circuit, the Fifth Circuit had conflicting precedents on the issue. In *Control Components, Inc. v. Valtek, Inc.*, 609 F.2d 763 (5th Cir.), *reh'g denied*, 616 F.2d 892 (5th Cir. 1980), the district court submitted the question of obviousness to the jury, which returned a general verdict on the issue. *See* 609 F.2d at 766–67. On appeal, the panel majority (like the majority of the Federal Circuit below) assumed that the jury “made implicit findings on each underlying factual inquiry,” *id.* at 768, and affirmed the verdict on the ground that the jury’s verdict was “supported by substantial evidence,” *id.* at 769. A dissenting judge argued (just as Judge Dyk argued below) that the panel majority’s approach “effectively [made obviousness] a question for the jury, not one of law for the judge.” *Id.* at 775 (Rubin, J., concurring in part and dissenting in part) (quoting Gary M. Ropski, *Constitutional and Procedural Aspects of the Use of Juries in Patent Litigation*, 58 J. Pat. Off. Soc’y 609, 685 (1976)). Dissenting from denial of *en banc* rehearing, four judges argued that the issue was “of exceptional importance” and criticized the panel majority’s approach as being “inconsistent with the precept that ‘the ultimate question of patent validity is one of law.’” 616 F.2d at 892 (5th Cir. 1980) (Brown, J., dissenting from denial of *en banc* rehearing) (quoting *Graham*, 383 U.S. at 17).

A later Fifth Circuit decision, however, endorsed the dissent in *Control Components* as “cogent and convincing” and instructed that judges trying patent cases should normally use special interrogatories on factual issues so that “meaningful appellate review” could be maintained over the legal issue of patent obviousness. *Baumstimler v. Rankin*, 677 F.2d 1061, 1071–72 (5th Cir. 1982); *see also Roberts*, 723 F.2d at 1342 n.24 (disagreeing with *Control Components* but noting that the dissenting opinion “found favor in a subsequent Fifth Circuit decision” and citing *Baumstimler*, 677 F.2d 1061). Thus, although the Fifth Circuit precedents were split, that circuit also seemed to be moving away from the approach embraced by the *en banc* Federal Circuit in this case.

Petitioners’ argument that, under the Federal Circuit’s approach, “the supposedly legal question of obviousness became, in reality, one of fact,” Pet. 23, engages a decades-old split in authority between the Federal Circuit and pre-Federal Circuit authority, with at least two *en banc* regional circuits rejecting the approach now embraced by the Federal Circuit. Furthermore, the Fifth Circuit either had an intra-circuit split or moved into alignment with the circuits opposing what is now the Federal Circuit’s position.

The fractured Federal Circuit decision below is merely another manifestation of the long-running division of judicial opinion on this issue. The existence of a split between the Federal Circuit and pre-Federal Circuit appellate authority, especially coupled with continued dissension within the Federal

Circuit, provides a signal that this Court has used in the past for deciding whether to grant certiorari.<sup>5</sup>

## **II. The Decision Below Demonstrates the Federal Circuit’s Return to a Pre-*KSR* Approach to Obviousness.**

In *KSR*, this Court granted certiorari to decide the question:

Whether 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

---

<sup>5</sup> See *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 60 (1998) (expressly noting a split between the Federal Circuit position and pre-Federal Circuit precedent as one factor justifying the court’s grant of certiorari); see also Petition for Writ of Certiorari at 9–10 & n.10, *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55 (1998) (No. 97-1130), 1998 WL 34081020, at \*9–10 & n.10 (detailing the circuit split). This Court also granted certiorari in *KSR* where the petition relied heavily on a circuit split between Federal Circuit and regional circuit law. See Petition for Writ of Certiorari at 20–21, *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007) (No. 04-1350), 2005 WL 835463, at \*20–21. And in his concurrence in *Holmes Group, Inc. v. Vornado Air Circulation Systems, Inc.*, 535 U.S. 826 (2002), Justice Stevens stated that circuit splits “[n]ecessarily” remain helpful to this Court in identifying patent cases warranting a grant of certiorari. See *id.* at 839 (noting (i) that a “conflict in [circuit] decisions [on patent law issues] may be useful in identifying questions that merit this Court’s attention” and (ii) that decisions by regional circuits with broader jurisdiction “provide an antidote to the risk that the specialized court may develop an institutional bias”).

relevant prior art teachings in the manner claimed.”

Petition for Writ of Certiorari at i, *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007) (No. 04-1350), 2005 WL 835463, at \*i.

This Court unanimously reversed the Federal Circuit and held that “obviousness analysis cannot be confined by a formalistic conception of the words teaching, suggestion, and motivation.” *KSR*, 550 U.S. at 419.

Yet despite this Court’s holding in *KSR*, the Federal Circuit has now manufactured a new test that is, if anything, narrower and more formalistic than its pre-*KSR* doctrine. Federal Circuit cases now explicitly hold that “[t]o prevail on obviousness, an alleged infringer *must* prove by clear and convincing evidence ‘that a skilled artisan would have been motivated to combine the teachings of the prior art references to achieve the claimed invention, and that the skilled artisan would have had a reasonable expectation of success in doing so.’” *Eli Lilly & Co. v. Teva Parenteral Meds., Inc.*, 845 F.3d 1357, 1372 (Fed. Cir. 2017) (emphasis added) (quoting *Procter & Gamble Co. v. Teva Pharm. USA, Inc.*, 566 F.3d 989, 994 (Fed. Cir. 2009)).

Similarly, the court in *Bristol-Myers Squibb Co. v. Teva Pharm. USA, Inc.*, 752 F.3d 967 (Fed. Cir. 2014), instructed that “[a] party seeking to invalidate a patent as obvious *must* demonstrate ‘by clear and convincing evidence that a skilled artisan would have



been motivated to combine the teachings of the prior art references to achieve the claimed invention, and that the skilled artisan would have had a reasonable expectation of success from doing so.” *Id.* at 973 (emphasis added) (quoting *Procter & Gamble*, 566 F.3d at 994).

The key word in those quoted passages is “must,” for it demonstrates that the Federal Circuit has returned to its pre-*KSR* practice of imposing a single formalistic test that *must* be satisfied in order for a challenger to demonstrate obviousness. The difference between the tests is that before *KSR*, the Federal Circuit’s formalistic test allowed three paths to a holding of obviousness: teaching, suggestion, or motivation. Now, the formalistic test is even stricter, for potential paths to obviousness are narrowed to only one: motivation to combine.

The *en banc* decision below demonstrates the point well. The court viewed “[t]he question for [its] review [to be] whether substantial evidence supports th[e] implied fact finding” “that a skilled artisan would not have been motivated to combine the slider toggle in Plaisant with the cell phone disclosed in Neonode.” Pet. App. 31a. Because the parties introduced conflicting expert testimony on the point, the court “presume[d] [the jury] resolved the conflicting expert testimony” in favor of the verdict winner (*id.*) and thus presumed that the jury did not find a motivation to combine. That presumption was determinative of the obviousness issue, as the court made clear when it stated that it did not need to reach evidence concerning “teaching away” from the

alleged invention because “we find substantial evidence support for the jury’s fact finding regarding motivation to combine.” Pet. App. 30a n.15.

In sum, the Federal Circuit is now paying mere lip service to *KSR*. While it continues to cite *KSR*, the court has reverted back to a test that obligates parties challenging patent validity to demonstrate obviousness through a single narrow path, which is treated as a factual question. The Circuit’s apparent defiance of *KSR* is highlighted by public statements of the Chief Judge of the Circuit in the years following *KSR*, who “repeatedly assured the public that *KSR* has changed nothing.” Rochelle C. Dreyfuss, *Percolation, Uniformity, and Coherent Adjudication: The Federal Circuit Experience*, 66 SMU L. Rev. 505, 527 (2013); *see also* Gene Quinn, *Chief Judge Rader Says KSR Didn’t Change Anything, I Disagree*, IPWatchdog (Oct. 6, 2011), <http://www.ipwatchdog.com/2011/10/06/chief-judge-rader-says-ksr-didnt-change-anything-i-disagree/>.

### **III. Obviousness Is Extremely Important to the Software and Computer Industry.**

The obviousness doctrine is universally recognized as highly important to the proper functioning of the patent system. Thus, in urging this Court to grant certiorari in *KSR*, the Solicitor General and the U.S. Patent and Trademark Office informed this Court that § 103’s nonobviousness requirement “plays a crucial role in filtering out non-innovative applications and focusing the examination efforts on substantial claims.” Brief for the United States as

*Amicus Curiae* at 17, *KSR*, 550 U.S. 398 (No. 04-1350), 2006 WL 1455388, at \*17. The Federal Trade Commission has also recognized that, “if patent law were to allow patents on ‘obvious’ inventions, it could thwart competition that might have developed based on the obvious technology.” Fed. Trade Comm’n, *To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy* 3 (2003) (executive summary) (“FTC Report”).

Commentators also agree on the importance of the nonobviousness requirement, describing it as:

- “the most important of the basic patent requirements,” Robert Patrick Merges & John Fitzgerald Duffy, *Patent Law and Policy* 512 (7th ed. 2017);
- “the heart of the patent law,” FTC Report, ch. 4, at 2 (quoting testimony of Herbert C. Wamsley, Executive Director, Intellectual Property Owners Association);
- “central to determining patentability,” Michael J. Meurer & Katherine J. Strandburg, *Patent Carrots and Sticks: A Model of Nonobviousness*, 12 *Lewis & Clark L. Rev.* 547, 548 (2008); and
- “the ultimate condition of patentability,” *Nonobviousness: The Ultimate Condition of Patentability* (John F. Witherspoon ed., 1980).

This case presents obviousness in the context of the enormously important computer and software industry, which contributes hundreds of billions of dollars to the nation's economy<sup>6</sup> and is dependent on the proper enforcement of statutory limits on patents. This Court has not adjudicated obviousness issues in the context of that sector of the economy since *Dann v. Johnston*, 425 U.S. 219 (1976), which involved a primitive, and clearly obvious, application for a patent on a "machine system for automatic record-keeping of bank checks and deposits." *Id.* at 220.

The paucity of authoritative Supreme Court precedents in the area deprives lower courts of guidance on how to apply § 103 in areas of very fast moving technology. The nonobviousness requirement is especially important in such industries because the novelty requirement will not prevent many patents from issuing (too much is new in such fields) and because substantial incentives for innovation exist outside the patent system. See Michael Abramowicz & John F. Duffy, *The Inducement Standard of Patentability*, 120 Yale L. J. 1590, 1602 (2011) (explaining why *Graham's* inducement standard of

---

<sup>6</sup> Studies by the U.S. Department of Commerce estimate that the software and information technology services (IT) industry in the United States accounts for "[m]ore than a quarter of the \$3.8 trillion global IT market," "7.1 percent of U.S. GDP and 11.6 percent of U.S. private-sector employment." Int'l Trade Admin., U.S. Dep't of Commerce, *Software and Information Technology Spotlight: The Software and Information Technology Services Industry in the United States*, <https://www.selectusa.gov/software-and-information-technology-services-industry-united-states>.

nonobviousness “suggests that patent examiners and judges should be especially vigilant in enforcing the nonobvious requirement” in fast developing fields such as software).

**IV. This Case Is an Excellent Vehicle to Review the Federal Circuit’s Post-*KSR* Obviousness Doctrine.**

For multiple reasons, this case is an excellent vehicle for this Court to review the Federal Circuit’s obviousness doctrine.

First, the legal question of the obviousness of Respondent’s patents was clearly presented and preserved below; the Federal Circuit decision ruled upon the issue; and the issue is well presented in the first Question Presented of the Petition. Respondent may attempt to argue that the obviousness issue raised by Petitioners is merely a fact-bound application of law or that some other procedural impediment to review exists. Such objections would rest on the mistaken view that the obviousness of a particular patent is an issue of fact. Indeed, the obviousness question presented in this case—which focuses on whether the modest modifications of prior art covered by the Respondent’s patents are obvious as a matter of law—is entirely consistent with how the petitions in *Graham* and its companion cases (including the petition filed by the sophisticated

appellate advocate, later Justice, Abe Fortas) framed the questions presented in those cases.<sup>7</sup>

Second, in their briefing on the obviousness issue, Petitioners have squarely identified and raised both the procedural and substantive problems with the majority opinion below. *See* Pet. 23 (arguing that, by “treating every consideration affecting obviousness as a factual one . . . the supposedly legal question of obviousness became, in reality, one of fact”); Pet. 22 (arguing that “[a] supposed factual finding on motivation to combine cannot substitute for the legal inquiry into whether the combination resulted in something unexpected”). The procedural and substantive issues are interrelated, and granting certiorari in this case provides this Court with an excellent opportunity to review the Federal Circuit’s law of obviousness in the course of deciding the legal question whether the modest modifications of prior

---

<sup>7</sup> *See* Petition for Writ of Certiorari at 3, *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1 (1966) (No. 11) (stating that “the sole question presented is the validity of the Graham patent No. 2,627,798”); Petition for Writ of Certiorari at 2, *Calmar, Inc. v. Cook Chem. Co.*, 383 U.S. 1 (1966) (No. 37) (filed by Abe Fortas) (stating the question presented as whether “the patent in question embodies a patentable ‘invention’ under the Constitution and §§ 101–103 of the Patent Code”); Petition for Writ of Certiorari at 2, *United States v. Adams*, 383 U.S. 39 (1966) (No. 55) (filed by Solicitor General Archibald Cox) (framing the “question presented” as “whether the ruling of the court below, upholding the patent issued to respondent, seriously departs from the constitutional and statutory standard of invention”).

art covered by Respondent's patents are obvious as a matter of law.

Third, the decision below is the first *en banc* ruling on obviousness in more than a quarter century, and the fractured court below demonstrates the utter lack of consensus among the judges concerning both the substantive and procedural rules applicable to appellate analysis of obviousness. In other patent law cases, this Court has granted certiorari where the Federal Circuit has granted *en banc* review and then split on important patent law issues. See, e.g., *CLS Bank Int'l v. Alice Corp. Pty.*, 717 F.3d 1269 (Fed. Cir.) (*en banc*), *cert. granted*, 134 S. Ct. 734 (2013); *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 807 F.3d 1311 (Fed. Cir. 2015) (*en banc*), *cert. granted*, 136 S. Ct. 1824 (2016); *Lexmark Int'l, Inc. v. Impression Prods., Inc.*, 816 F.3d 721 (Fed. Cir.) (*en banc*), *cert. granted*, 137 S. Ct. 546 (2016).

Fourth, the court below also did not even bother permitting briefing at the *en banc* stage, which means that interested parties, like Amici here, had no opportunity to influence the development of the law. As the Federal Circuit does not appear open to considering challenges to its own precedents, further percolation and development of the law is unlikely.

Finally, the issues are also ripe for review in this Court. On the procedural issue, this Court will have the benefit of *en banc* opinions from two other circuits, plus the conflicting views of several Fifth Circuit judges and the judges below. On the

substantive issue, this Court can now review ten years' worth of Federal Circuit precedents to determine whether the court's new "motivation" test is consistent with this Court's rejection of the "teaching, suggestion, or motivation" test applied before *KSR*.

**CONCLUSION**

The Court should grant the Petition for Certiorari.

Respectfully submitted,

KHUE V. HOANG	JOHN F. DUFFY
HUGHES HUBBARD & REED LLP	<i>Counsel of Record</i>
One Battery Park Plaza	HUGHES HUBBARD & REED LLP
New York, New York 10004	1775 I Street, N.W.
(212) 837-6000	Washington, D.C. 20006
<i>Of Counsel</i>	(202) 721-4652
	John.Duffy@hugheshubbard.com
	<i>Counsel for Amici Software &amp; Information Industry Association and Internet Association</i>

APRIL 10, 2017



## **APPENDIX**

**APPENDIX**

**FINAL JURY INSTRUCTION NO. 34 PATENTS—  
OBVIOUSNESS**

Not all innovations are patentable. A patent claim is invalid if the claimed invention would have been obvious to a person of ordinary skill in the field at the time of invention. This means that even if all of the requirements of the claim cannot be found in a single prior art reference that would anticipate the claim or constitute a statutory bar to that claim, a person of ordinary skill in the field who knew about all this prior art would have come up with the claimed invention.

The ultimate conclusion of whether a claim is obvious should be based upon your determination of several factual decisions.

First, you must decide the level of ordinary skill in the field that someone would have had at the time the claimed invention was made. In deciding the level of ordinary skill, you should consider all the evidence introduced at trial, including:

- (1) the levels of education and experience of persons working in the field;
- (2) the types of problems encountered in the field;  
and
- (3) the sophistication of the technology.

*Appendix*

Second, you must decide the scope and content of the prior art. The parties disagree as to whether certain prior art references should be included in the prior art you use to decide the validity of claims at issue. In order to be considered as prior art to a particular patent at issue here, these references must be reasonably related to the claimed invention of that patent. A reference is reasonably related if it is in the same field as the claimed invention or is from another field to which a person of ordinary skill in the field would look to solve a known problem.

Third, you must decide what differences, if any, existed between the claimed invention and the prior art.

Finally, you should consider any of the following factors that you find have been shown by the evidence:

- (1) commercial success of a product due to the merits of the claimed invention;
- (2) a long felt need for the solution provided by the claimed invention;
- (3) unsuccessful attempts by others to find the solution provided by the claimed invention;
- (4) copying of the claimed invention by others;
- (5) unexpected and superior results from the claimed invention;

*Appendix*

- (6) acceptance by others of the claimed invention as shown by praise from others in the field or from the licensing of the claimed invention; and
- (7) independent invention of the claimed invention by others before or at about the same time as the named inventor thought of it.

The presence of any of factors 1-6 may be considered by you as an indication that the claimed invention would not have been obvious at the time the claimed invention was made, and the presence of factor 7 may be considered by you as an indication that the claimed invention would have been obvious at such time. Although you should consider any evidence of these factors, the relevance and importance of any of them to your decision on whether the claimed invention would have been obvious is up to you.

A patent claim composed of several elements is not proved obvious merely by demonstrating that each of its elements was independently known in the prior art. In evaluating whether such a claim would have been obvious, you may consider whether the alleged infringer has identified a reason that would have prompted a person of ordinary skill in the field to combine the elements or concepts from the prior art in the same way as in the claimed invention. There is no single way to define the line between true inventiveness on the one hand (which is patentable) and the application of common sense and ordinary skill to solve a problem on the other hand (which is not patentable). For example, market forces or other design incentives may be what produced a change, rather than true inventiveness.

4a

*Appendix*

You may consider whether the change was merely the predictable result of using prior art elements according to their known functions, or whether it was the result of true inventiveness. You may also consider whether there is some teaching or suggestion in the prior art to make the modification or combination of elements claimed in the patent. Also, you may consider whether the innovation applies a known technique that had been used to improve a similar device or method in a similar way. You may also consider whether the claimed invention would have been obvious to try, meaning that the claimed innovation was one of a relatively small number of possible approaches to the problem with a reasonable expectation of success by those skilled in the art. However, you must be careful not to determine obviousness using the benefit of hindsight; many true inventions might seem obvious after the fact. You should put yourself in the position of a person of ordinary skill in the field at the time the claimed invention was made and you should not consider what is known today or what is learned from the teaching of the patent.