

No. 14-744

IN THE
Supreme Court of the United States

K/S HIMPP,

Petitioner,

v.

HEAR-WEAR TECHNOLOGIES, LLC,

Respondent.

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

**BRIEF OF *AMICI CURIAE* PUBLIC KNOWLEDGE
AND THE ELECTRONIC FRONTIER FOUNDATION
IN SUPPORT OF PETITIONER**

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(i)

QUESTION PRESENTED

Amici take no position on the first of Petitioner’s questions presented, and support only the second question, which may be characterized as follows.

KSR International Co. v. Teleflex Inc. held that courts must consider the “ordinary skill and common sense” of a person of ordinary skill in the art when determining obviousness under 35 U.S.C. § 103. By contrast, however, the Court of Appeals for the Federal Circuit, in the decision on petition, stated that one “cannot accept general conclusions about what is ‘basic knowledge’ or ‘common sense’ as a replacement for documentary evidence” in the obviousness inquiry. The question presented is thus:

1. [Not argued]
2. Whether, in determination of obviousness under § 103, the common sense of one of ordinary skill in the art must be considered with respect to elements of a patent claim, as opposed to requiring documentary record evidence for every claim element.

(iii)

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INTEREST OF *AMICI CURIAE*

Amicus curiae Public Knowledge is a non-profit organization that is dedicated to preserving the openness of the Internet and the public's access to knowledge, promoting creativity through balanced intellectual property rights, and upholding and protecting the rights of consumers to use innovative technology lawfully. As part of this mission, Public Knowledge advocates on behalf of the public interest for a balanced patent system, particularly with respect to new and emerging technologies.

Amicus curiae the Electronic Frontier Foundation (“EFF”) is a non-profit civil liberties organization that has worked for more than 20 years to protect consumer interests, innovation, and free expression in the digital world. EFF and its more than 25,000 members have a strong interest in promoting balanced intellectual property policy that serves both public and private interests.

Public Knowledge and the Electronic Frontier Foundation have previously served as *amici* in key patent cases. *E.g.*, *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347 (2014); *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120 (2014); *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014).¹

¹Pursuant to Supreme Court Rule 37(2)(a), all parties received appropriate notice of and consented to the filing of this brief. 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*, their members, or their counsel, made a monetary contribution to the preparation or submission of this brief.

SUMMARY OF ARGUMENT

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. . . . 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.

So wrote Justice Kennedy in *KSR International Co. v. Teleflex Inc.*, in holding that the obviousness inquiry under 35 U.S.C. § 103 must consider the common sense of a person of ordinary skill in the art. 550 U.S. 398, 427 (2007) (emphasis added). This principle of the centrality of common sense to the “expansive and flexible approach” of obviousness, *id.* at 1739, stands as a bedrock of patent jurisprudence.

Yet the Court of Appeals for the Federal Circuit held that this principle could be ignored, and common sense could be dismissed, in aspects of obviousness different from the particular factual setting of *KSR* itself. Limiting this Court’s ruling to situations “related to the combinability of references,” the Federal Circuit held that common sense was *not* to be applied with regard to “a specific claim limitation.” *K/S HIMPP v. Hear-Wear Techs., LLC*, 751 F.3d 1362, 1366 (Fed. Cir. 2014) (Pet. Br. app. 9a).

The irreconcilability between the Federal Circuit’s holding and *KSR* and its progeny have been explained

in detail in the petition for certiorari and by Judge Dyk in dissent. *See Hear-Wear*, 751 F.3d at 1370 (App. 19a) (“The majority’s approach here is inconsistent with *KSR* itself and also with our post-*KSR* approach.”). However, this Court should be aware not only of this unresolved conflict of precedent but also of the magnitude of the problems for federal policy and the public that the Federal Circuit has created with this legal error.

Hear-Wear has at least three negative consequences of significance to the patent system:

- First, the Federal Circuit’s rule requiring documentary evidence of every patent claim element has the paradoxical implication that the most obvious patent claims are the most difficult to prove invalid, because the more obvious an idea is, the less likely that it will be documented in a publication.
- Second, this documentary evidence requirement exacerbates the already-growing problem of patent litigation abuse, by greatly raising the costs of proving obviousness in court and by incentivizing patent applicants to flood patents with numerous insignificant claims.
- Third, the Federal Circuit’s refusal to consider common sense upsets the constitutional balance of the patent system, by conferring the substantial reward of the patent monopoly on ordinary ideas not worthy of that reward.

These problems, in conjunction with the conflict between *Hear-Wear* and *KSR*, give rise to an important federal question that merits this Court’s grant of certiorari.

ARGUMENT

I. THE FEDERAL CIRCUIT'S ERRONEOUS EXPECTATION OF DOCUMENTARY EVIDENCE LEADS TO THE ABSURD RESULT THAT THE MOST OBVIOUS PATENTS ARE HARDEST TO PROVE OBVIOUS

The decision of the Federal Circuit required all showings of obviousness under § 103 to include documentary evidence of every element of a patent claim. *See Hear-Wear*, 751 F.3d at 1365 (Pet. Br. app. 7a) (“[E]vidence on the record is necessary to support the [disputed claim] limitation . . .”). But the unintended consequence of this requirement is that the most obvious elements of the claim become the hardest to prove. The most obvious elements are the least likely to be documented, because there is no motivation to produce such documentation.

“In many fields it may be that there is little discussion of obvious techniques or combinations,” this Court has said. *KSR*, 550 U.S. at 419. Scientific journals, for example, will only publish papers “on important topics of broad significance and long-range interest.” Inst. of Elec. & Elecs. Eng’rs, *Proceedings of the IEEE: Information for Authors* (Nov. 26, 2013), URL *supra* p. vi; *accord* *Nature Guide to Authors: Editorial Process* (June 2010), URL *supra* p. vi (“The principal criteria for publication . . . are that they: report original scientific research [and] are of outstanding scientific importance . . .”). Not surprisingly, then, the literature will almost certainly not publish obvious ideas, leaving a void of the exact documentary evidence that the Federal Circuit demands.

The present facts precisely make this case in point. The thrust of the patent at issue was hearing aid technology, all of which was uncontestedly obvious over the prior

art. *Hear-Wear*, 751 F.3d at 1368 (App. 15a) (Dyk, J., dissenting) (noting that the examiner “found the claims to a hearing aid device with the recited tip portion obvious”). Two dependent claims² added nothing more than the feature of an electrical plug at the end of a wire extending from the hearing aid. *See id.* at 1363 (App. 3a).³ Yet this mere feature—the addition of an electrical plug to an otherwise obvious device—sufficed to overcome § 103, in the view of the Federal Circuit. *See id.* at 1367 (App. 12a).

Essentially, the Federal Circuit sustained the claims’ validity because there was no documentary evidence of electrical plugs used with hearing aids. *See id.* An article from June of last year described the absurdity of this result:

The Federal Circuit essentially expected a written document describing a wire attached to a hearing aid and ending with a plug with multiple prongs. What are the chances that a written reference will say this? What scientist would waste time writing an article entitled “The Benefits of Multi-Pronged Plugs for Hearing Aids”? What publisher would ever find such an article worthy of its journals? What reader would subscribe to a journal that

²A dependent claim is one that incorporates by reference all the elements of a previous patent claim, and adds additional elements, or required features. *See* 35 U.S.C. § 112(d) (2013).

³For example, claim 9 reads: “The hearing aid of claim 8 wherein said insulated wiring portion is terminated by a plurality of prongs that provide a detachable mechanical and electrical connection to said behind-the-ear module.” *Id.* The patentee admitted at oral argument before the Court of Appeals that this amounted to an electrical plug. *See id.* at 1368 (App. 16a) (Dyk, J., dissenting).

published such banality? Yet such an article, such a simplistic, uninspiring, *obvious* article, is exactly what the Federal Circuit would demand to prove this claim obvious.⁴

The Federal Circuit's requirement for documentary evidence in proving obviousness has the inadvertent effect of making the most obvious patents the hardest to invalidate. This Court should prevent this result.

II. AN ARTIFICIALLY RAISED BAR TO PROVING OBVIOUSNESS ONLY EXACERBATES THE ONGOING PROBLEM OF LITIGIOUS ABUSE OF POOR QUALITY PATENTS

The Patent Act's requirement of non-obviousness is essential for eliminating bad patents. Indeed, even those who have objected to this Court's use of 35 U.S.C. § 101 to eliminate abstract patents still say that the right path is vigorous use of 35 U.S.C. § 103. *See, e.g., CLS Bank Int'l v. Alice Corp. Pty. Ltd.*, 717 F.3d 1269, 1335 (Fed. Cir. 2013) (en banc) (Rader, C.J., additional reflections) (arguing that courts should focus on the "high obstacle" of § 103), *aff'd on other grounds*, 134 S. Ct. 2347 (2014). But the Federal Circuit's approach in this case makes it more difficult to establish obviousness. This creates unnecessary costs and harms innovation.

The problem of patent litigation abuse is well known, even to members of this Court. *See, e.g., eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 396 (2006) (Kennedy,

⁴Charles Duan, *How Amazon Got a Patent on White-Background Photography: Bad Laws, Not Bad Examiners, Create Obvious Patents*, *Ars Technica* (June 10, 2014), URL *supra* p. vi.

J., concurring) (“An industry has developed in which firms use patents not as a basis for producing and selling goods but, instead, primarily for obtaining licensing fees.”). Recent years have seen an explosion of litigation by patent assertion entities (PAEs), often targeting small businesses and startups. *See* Colleen V. Chien, New Am. Found., *Patent Assertion and Startup Innovation 10* (2013), URL *supra* p. vi.

PAEs persist because the costs of defending against such a suit can overwhelm the merits of the case. Defending a patent suit can easily cost over \$2 million. *See* Fabio Marino & Teri Nguyen, *Are Patent Trolls Now Zeroed In on Start-Ups?*, *Forbes* (Jan. 17, 2013), URL *supra* p. vi (citing survey data compiled by the American Intellectual Property Law Association). Moreover, PAEs often emphasize the cost of litigation, rather than the value of the patent, when making settlement demands. *See, e.g.*, Letter from Aeton Law Partners, to Danny Seigle, *Lumen View Technology LLC v. FindTheBest.com, Inc.*, S.D.N.Y. 2 (May 30, 2013), available at URL *supra* p. vi (letter from PAE threatening “protracted discovery”).

The Federal Circuit’s rigid and hyper-formalistic approach to obviousness in this case will only increase these costs. As explained above, the unintended consequence of the Federal Circuit’s rule is that the most obvious features are the hardest to find references for. So small entities who lack the resources to do a scorched-earth prior art search will never find the references needed to defeat the most obvious patents.

Furthermore, applicants for patents may exploit the Federal Circuit’s misguided obviousness jurisprudence by filling their patents with trivial dependent claims, in

an effort to raise the costs of proving invalidity—indeed, such exploitation is happening already. Consider U.S. Patent No. 7,096,003, directed to a certain “security apparatus” for financial transactions.⁵ The patent has *four hundred and twenty-four claims*, four hundred and four of which are dependent claims describing outrageously mundane features such as these examples doing nothing more than describing types of banking transactions:

- Claim 28: . . . wherein the banking transaction is a check clearing transaction.
- Claim 29: . . . wherein the banking transaction is at least one of a clearing transaction, an account charging transaction, and a charge-back transaction.
- Claim 114: . . . wherein the transaction is at least one of a point-of-sale transaction, a telephone order, and a mail order.
- Claim 287: . . . wherein the banking transaction is a savings account transaction.

Suppose a defendant found prior art clearly disclosing all elements of the independent claims—including banking transactions—but could not find art specifically mentioning a “point-of-sale transaction, telephone order, or mail order.” Is the invention worthy of a patent merely for having listed these three well-known types of transactions? Or could the relevant fact finder rely on common sense and conclude that a transaction security appa-

⁵See *Joao Bock Transaction Sys., LLC v. Jack Henry & Assocs., Inc.*, 292 F.R.D. 167 (D. Del. 2013) (considering the patent).

ratus could be applied to a variety of transactions?⁶ The Federal Circuit would prohibit the application of common sense and would require defendants to document every last account type. The burden and expense of such exhaustive searching is not justified where the claims add plainly obvious, even mundane details.⁷

Ultimately, the Federal Circuit's rule rewards gamesmanship and encourages abusive filing and assertion of weak dependent claims. It will also encourage PAEs to further target small entities who lack the resources to engage in the unnecessary prior art searching that *Hear-Wear* requires. These troubling practical implications demonstrate the urgent need for this Court to grant certiorari in this case.

⁶Take claim 287 listed above. The claim simply applies the transaction security apparatus to a savings account transaction. A researcher or scholar who writes about new transaction security methods is highly unlikely to add a mundane detail such as "these techniques can be used with savings accounts." Thus, under *Hear-Wear*, the fact that the dependent claim adds such an obvious application of the invention will only make this dependent claim harder to prove obvious.

⁷*Hear-Wear* thus conflicts with the Federal Circuit's decision in *Western Union Co. v. MoneyGram Payment Systems, Inc.*, 626 F.3d 1361, 1372 (Fed. Cir. 2010). The asserted patent there was directed to a system for performing money transfers. One of the dependent claims added a step whereby "an employee of the money transfer business provides the transaction identifying code to the customer." *Id.* Rather than require prior art documenting this step, the court wrote that the patentee failed to "explain why such an insignificant detail would not have been obvious to a person of skill in the art." *Id.* The court similarly concluded that other asserted claims included "only trivial improvements that would have been a matter of common sense to one of ordinary skill in the art, and that no reasonable jury could find any of those claims to have been nonobvious." *Id.* This approach is consistent with *KSR* and contrary to *Hear-Wear*.

III. FAILURE TO CONSIDER THE COMMON SENSE OF AN ORDINARILY SKILLED ARTISAN IS A FAILURE TO PROPERLY BALANCE THE INCENTIVE STRUCTURE OF PATENT LAW

Central to all aspects of patent law, including obviousness, is the requirement of balance: the promotion of innovation and progress depends just as much on what is *not* patentable as on what is patentable. But *Hear-Wear*'s refusal to consider the common sense of the ordinarily skilled artisan strikes at the heart of and upsettingly top-pleles this balance. Accordingly it falls to this Court to enunciate where equilibrium correctly lies.

It is a constitutional mandate that the patent system “promote the Progress of Science and the useful Arts.” U.S. Const. art. I, § 8, cl. 8. But excessively strong patents “might stifle, rather than promote, the progress of useful arts.” *KSR*, 550 U.S. at 427. As Justice Breyer has said, “sometimes *too much* patent protection can impede . . . the constitutional objective of patent and copyright protection.” *Lab. Corp. of Am. Holdings v. Metaboli- lite Labs., Inc.*, 548 U.S. 124, 126–27 (2006) (dissenting from dismissal of certiorari) (emphasis in original).

Thus, “[t]he balance between the interest in motivating innovation and enlightenment . . . and the interest in avoiding monopolies that unnecessarily stifle competition . . . has been a feature of the federal patent laws since their inception.” *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 63 (1998). This Court has accordingly crafted its patent jurisprudence around “the larger object of securing patents for valuable inventions without transgressing the public domain.” *Bilski v. Kappos*, 130 S. Ct. 3218, 3227 (2010) (Kennedy, J., op.).

Obviousness under § 103 is central to this balancing of patent rights against the public interest. Obviousness reflects “a congressional determination that the purposes behind the Patent Clause are best served by free competition and exploitation of . . . that which may be readily discerned from publicly available material.” *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 150 (1989). In particular, as this Court recognized 166 years ago, patents should not monopolize an improvement that is “the work of the skillful mechanic, not that of the inventor.” *Hotchkiss v. Greenwood*, 52 U.S. (11 How.) 248, 267 (1851). The Patent Act codified that notion in § 103, which disallows patents on inventions obvious to “a person having ordinary skill in the art to which the claimed invention pertains.” See *Bonito Boats*, 489 U.S. at 150.

The Federal Circuit rejected the use of “‘common sense’ as a replacement for documentary evidence” in showing obviousness of a patent claim element. *Hear-Wear*, 751 F.3d at 1366 (App. 8a). But this fails to capture the very nature of obviousness in view of the critical balancing principles laid out above, for the essence of what is obvious to the person of ordinary skill is *what makes common sense* to that person. See *KSR*, 550 U.S. at 421 (“A person of ordinary skill is also a person of ordinary creativity, not an automaton.”).

By refusing to consider the common sense of an ordinarily skilled artisan in determining obviousness, the Federal Circuit thus grants patent protection on “the results of ordinary innovation” that should not be “the subject of exclusive rights under the patent laws.” *Id.* at 427. And it accordingly fails the necessary balancing of the patent system.

The patent system is not a sort of game, where any idea may be patented simply by navigating technical rules with clever draftsmanship.⁸ A United States patent is a special reward reserved to those who go *beyond* the level of ordinary skill. But it is essential that the zone of ideas that are *within* the range of ordinary skill, within the range of common sense and normal thought, be declared unpatentable and dedicated to the public—as this Court described in a related domain, certain ideas must remain “free to all men and reserved exclusively to none.”⁹ Without that public domain, ordinary innovation and daily activity would be subject to exclusion, science and research would be stymied, and the patent system would fail to achieve its intended ends.

“[T]he federal patent laws must determine not only what is protected, but also what is free for all to use.”¹⁰ Today, in the instant case, this Court must ensure that those federal patent laws live up to that statement. It must ensure that “what is free for all to use” is not blocked by unnecessary rules of technicality devised by the Court of Appeals. And it must ensure the that public domain of freedom, so essential to the progress of innovation and the progress of this nation, is strongly guarded by law. That is a task of the highest order, worthy of this Court’s grant of certiorari.

⁸*Cf. Parker v. Flook*, 437 U.S. 584, 590 (1978) (“A competent draftsman could attach some form of post-solution activity to almost any mathematical formula . . .”).

⁹*Funk Bros. Seed Co. v. Kalo Inoculant Co.*, 333 U.S. 127, 130 (1948).

¹⁰*Bonito Boats*, 489 U.S. at 151.

CONCLUSION

For the foregoing reasons, this Court should grant the petition for certiorari. At a minimum, this Court should request a response from Respondents or seek the views of the Solicitor General.

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