

CLASS 7

OBVIOUSNESS I:

THE POLICY OF NONOBVIOUSNESS & THE
GRAHAM FRAMEWORK

PATENT LAW & POLICY
PROFESSOR WAGNER



Today's Agenda

The Origins of Nonobviousness

The Policy of Nonobviousness

The Graham Framework

1

The Origins of Nonobviousness

*Hotchkiss, Davernott & Quincy,
Knob.
N^o 2,197. Patented July 22, 1851.*



Hotchkiss v. Greenwood (1851)



*Hotchkiss
Knob*

*Greenwood
Knob*

*Hatchless, Davenport & Quincy,
Knob.
No. 187 Patented July 22, 1877*

What we claim as our invention, and desire to secure by letters patent, is the manufacturing of knobs, as stated in the foregoing specifications, of potter's clay, or any kind of clay used in pottery, and shaped and finished by molding, turning, burning, and glazing; and also of porcelain.

*Witness
Hatchless* *Witness
Davenport & Quincy*

*Hatchless, Davenport & Quincy,
Knob.*

[U]nless more ingenuity and skill in applying the old method of fastening the shank and the knob were required in the application of it to the clay or porcelain knob than were possessed by an ordinary mechanic acquainted with the business, there was an absence of that degree of skill and ingenuity which constitute essential elements of every invention. In other words, the improvement is the work of the skillful mechanic, not that of the inventor.

*Witness
Hatchless* *Witness
Davenport & Quincy*

*Hatchings, Davenport & Quincy,
Knob.
N^o 2,191. Patented July 28, 1841.*

It is thus apparent to my mind that the test adopted below for the purpose to which it was applied, and which has just been sanctioned here, has not the countenance of precedent, either English or American; and, at the same time, it seems open to great looseness or uncertainty in practice. . . .



Obviousness: 1850s - 1950s

The "invention" standard "is as fugitive, impalpable, wayward, and vague a phantom as exists in the whole paraphernalia of legal concepts. . . . If there be an issue more troublesome, or more apt for litigation than this, we are not aware of it."

Harries v. Air King Products Co.,
183 F.2d 158, 162 (2nd Cir. 1950).

Every patent is the grant of a privilege of exacting tolls from the public. The Framers plainly did not want those monopolies freely granted. The invention, to justify a patent, had to serve the ends of science—to push back the frontiers of chemistry, physics, and the like; to make a distinctive contribution to scientific knowledge.

- *Great Atlantic & Pacific Tea Co. v. Supermarket Equip. Corp.*,
340 U.S. 147 (1950)

2

The Policy of Nonobviousness

Current 35 USC § 103 | effective until March 2013

§103. Conditions for patentability; non-obvious subject matter

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

New 35 USC § 103 | effective March 2013

§103. Conditions for patentability; non-obvious subject matter

A patent for a claimed invention may not be obtained, notwithstanding that the claimed invention is not identically disclosed as set forth in section 102, if the differences between the claimed invention and the prior art are such that the claimed invention as a whole would have been obvious before the effective filing date of the claimed invention to a person having ordinary skill in the art to which the claimed invention pertains. Patentability shall not be negated by the manner in which the invention was made.

§103. Conditions for patentability; non-

differences though the
described as set forth in section 102 of this
title, if the differences between the subject
matter sought to be patented and the prior
art are such that the subject matter as a
whole would have been obvious
invention was made to
ordinary skill in the **obvious**
subject matter pertains.
not be negated by the manner in which the
invention was made.

A Patentable Invention

Obviousness - § 103

Obviousness - § 103

Obvious Differences

Novelty - § 102

Novelty - § 102

The Scope and Content of the Prior Art

Why have Obviousness?

A Patentable Invention

Evaluate the following arguments:

Novelty and utility are the only key patentability screens: whether an invention is truly "important" will be (and should be) determined by the market – so no need for nonobviousness.

Nonobviousness is necessary to protect and enhance the incentives created by the patent system.

Nonobviousness is necessary to bring the private and social costs of patents into balance.

Nonobviousness is used to spur inventors to undertake risky research.

Merges: Uncertainty and the Standard of Patentability

1. The patent system should only be concerned about the marginal inventor.
2. The standard for patentability affects innovation.
3. Nonobviousness attempts to measure the probability of an invention.
4. Inventors should be kept from patenting too soon.
5. The patent system should induce marginal inventors to pursue more risky research.

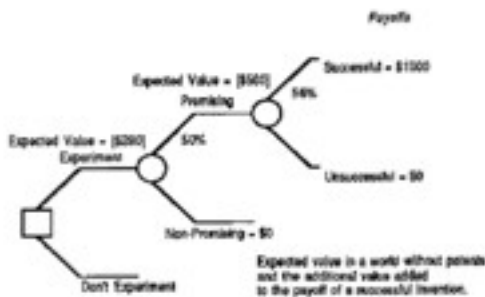
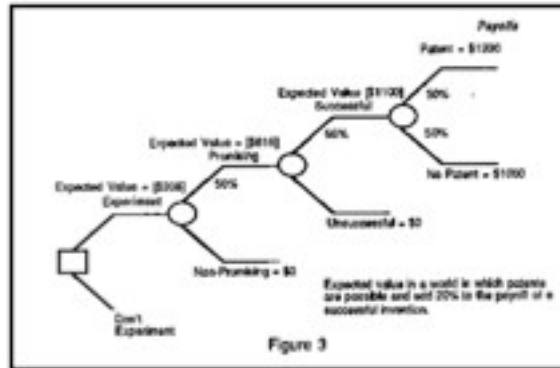
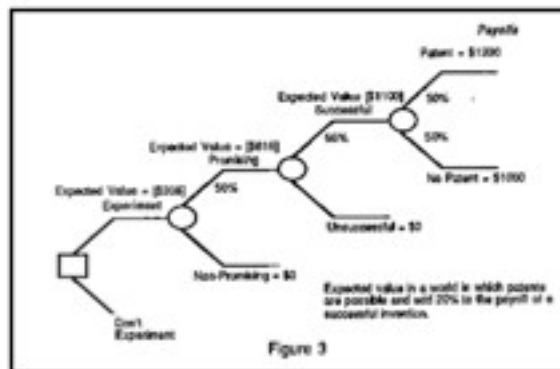


Figure 4

Without patents.



With patents, 20% additional payoff.



ΔEV @ Stage 1 = 10%, where the patent payoff = 20%
 To get ΔEV @ Stage 1 = 50%, patent payoff must $\geq 300\%$

Merges' Argument

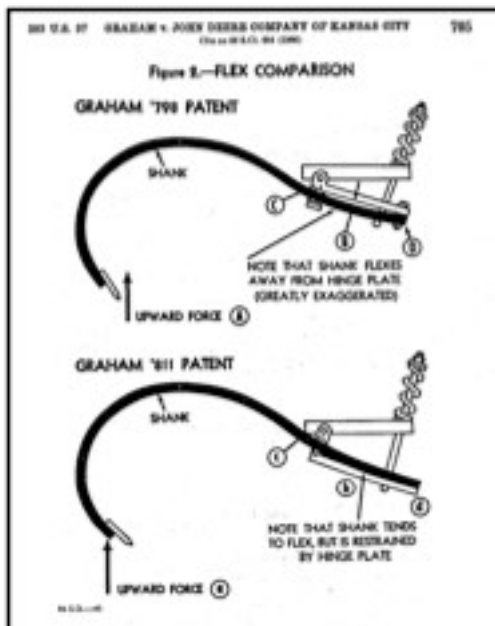
- Patents only modestly add incentives.
 - And, the marginal increase in incentives is likely to be more for development decisions than for experimental decisions.
 - Because of the modest addition in incentives provided, we should deny patents when in doubt, especially where probability of success is high.
- The law broadly reflects this analysis:
 - Technical difficulty is used as a proxy for uncertainty of success.
 - Denies patents where a PHOSITA could make an invention from the prior art.
- Why does Merges argue that the standard should be lowered for high-cost research? (Do you agree?)
- Why does nonobviousness fit best with the "disclosure" theory of the patent system?

3

The Graham Framework

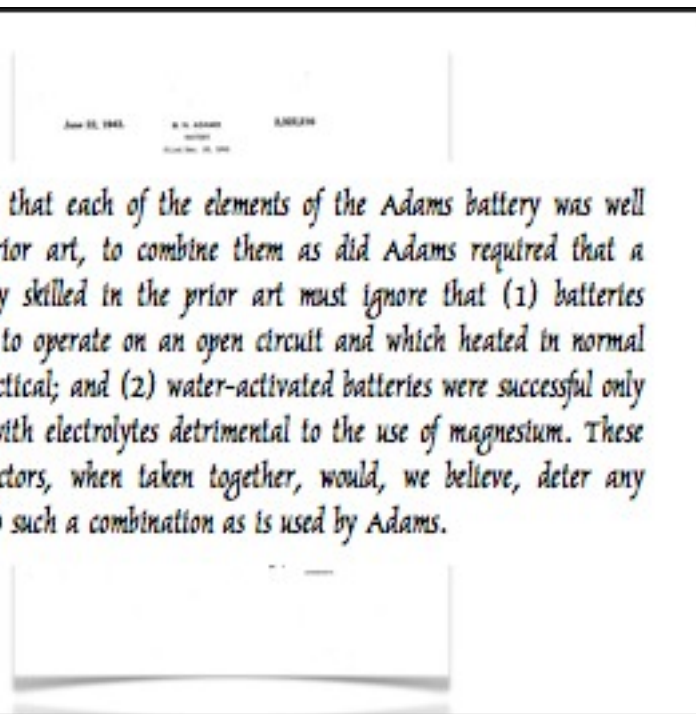
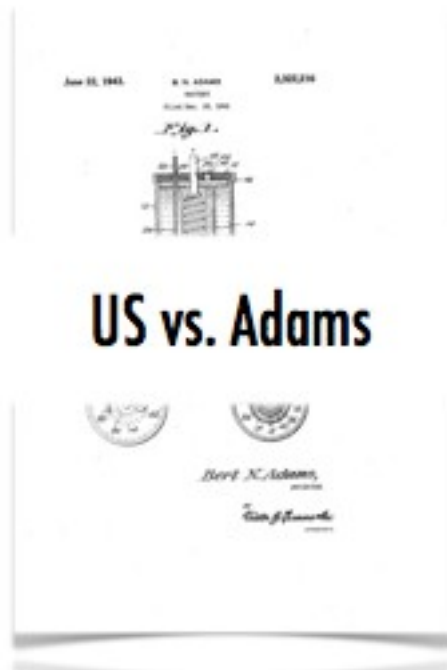
The Graham Framework

- A. The ultimate question of obviousness is one of law (for the court)
- B. The analysis requires three underlying factual findings:
 1. The scope and content of the prior art
 2. The differences between the prior art and the invention
 3. The level of ordinary skill in the pertinent art
3. "Secondary Considerations" may have relevance, too.



Patent-At-Issue

Prior Art



NEXT CLASS

OBVIOUSNESS II

**THE SCOPE & CONTENT OF THE PRIOR ART; THE
PHOSITA; SECONDARY CONSIDERATIONS**

**PATENT LAW & POLICY
PROFESSOR WAGNER**

