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An "Absence of Meaningful Appellate Review": Juries and Patent Obviousness

ABSTRACT

The rise in the number of patent infringement trials heard by juries has brought criticisms of the jury's expansive role to the forefront of patent law commentary. Under current Federal Circuit practice, the jury is permitted to deliver a verdict on patent obviousness. Especially in light of the 2007 Supreme Court decision KSR International Co. v. Teleflex, Inc., *the role of the jury in obviousness determinations has come under particular scrutiny. This Note examines the effect of the jury's expansive role in obviousness determinations on appellate review of these verdicts. It begins by examining the two conflicting views of the jury in patent cases; the traditional view limits the jury to deciding the factual considerations underlying the test for obviousness, while the modern view allows the jury to decide the ultimate issue of obviousness. The Note then analyzes the issues that arise under the two theories of the jury's appropriate role in obviousness determinations. Finally, this Note suggests that the Federal Circuit should require either special verdicts or special interrogatories addressing the underlying facts of the obviousness inquiry in order to preserve de novo review of the legal conclusion of obviousness in jury trials.*

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The appropriate role for the jury has always been a contested issue.[1] Adversaries of the jury system question the competence and bias of juries,[2] while proponents argue that the jury adds credibility and fairness to the legal system.[3] The controversy over the proper role of juries in patent infringement cases, where both the subject matter and the law itself are highly technical, is no different. Some patent law commentators argue that juries are biased in favor of patentability, possibly due to the deference the jury grants to the expertise of patent examiners at the United States Patent and Trademark Office (USPTO).[4] Commentators further suggest that juries are not able to understand complex technologies enough to determine if the patent is valid.[5] The role of juries in obviousness determinations, one of the three components of patent validity, is currently a source of contention among patent law scholars.[6] Under current Federal Circuit practice, the jury is permitted to return a

1. Dale W. Broeder, *The Functions of the Jury: Facts or Fictions*, 21 U. CHI. L. REV. 386 (1954).

2. Kimberly A. Moore, *Judges, Juries, and Patent Cases—An Empirical Peek Inside the Black Box*, 11 FED. CIR. B.J. 209, 214 (2001) [hereinafter Moore, *Judges, Juries, and Patent Cases*].

3. Amy Tindell, *Toward a More Reliable Fact-Finder in Patent Litigation*, 13 MARQ. INTELL. PROP. L. REV. 309, 309 (2009).

4. Moore, *Judges, Juries, and Patent Cases*, *supra* note 2, at 214.

5. Posting of Mike Masnick (*Should There Be PHOSITA Juries In Patent Trials?*) to Techdirt, http://techdirt.com/articles/20090414/1826114514.shtml (Apr. 21, 2009, 12:31) ("Juries are notoriously inclined to side with patent holders, often because they don't know enough about the technology to know whether or not the patent is valid.").

6. Graham v. John Deere Co., 383 U.S. 1, 12 (1966) (noting that patentability requires utility, novelty, and nonobviousness).

verdict on the issue of whether the invention in question satisfies the nonobviousness requirement for patent validity.[7]

However, two recent developments in patent law are cause for a new examination of the role of the jury. First, despite the lack of faith commentators seem to have in the jury, jury trials for patent infringement cases have soared in the past ten years.[8] From 1968 to 1970, only 2.8 percent of patent trials were tried to juries; from 1997 to 1999, that number jumped to 59 percent.[9] Between 2002 and 2004, the percentage of jury trials rose over 68 percent.[10]

Second, the recent Supreme Court decision in *KSR International Co. v. Teleflex Inc.* rejected a "rigid approach" to obviousness determinations.[11] Over 40 years ago, in *Graham v. John Deere Co.*, the Court held that the obviousness determination is a legal inquiry largely based on factual considerations, which are appropriate for the jury to decide.[12] For inventions resulting from a combination of known technologies, the test set forth in *Graham* evolved to require a teaching, suggestion, or motivation to combine the existing technologies in order to find a patent invalid for obviousness.[13] In 2007, the Court reaffirmed *Graham* in *KSR*, but rejected the "rigid approach" of the teaching-suggestion-motivation test[14] the Federal Circuit developed in favor of the "broad inquiry" *Graham* first established.[15] Resolving the appropriate jury role is especially important in light of the rise of jury trials and the return to a more flexible approach to the obviousness determination.

The purpose of this Note is to examine the effect of the jury's expansive role in obviousness determinations when such verdicts face appellate review. This Note addresses the issue of whether appellate review of jury verdicts on obviousness needs reform.[16] Post-*KSR*, the

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7. Kinetic Concepts, Inc. v. Blue Sky Med. Group, Inc., 554 F.3d 1010, 1020-21 (Fed. Cir. 2009).

8. Moore, *Judges, Juries, and Patent Cases*, *supra* note 2, at 210.

9. *Id.*

10. Paul M. Janicke & LiLan Ren, *Who Wins Patent Infringement Cases?* 34 AIPLA Q. J. 1, 14-15 (2006) ("Of those ninety-five [patent infringement] trials per year, about sixty-five are now jury trials and the remainder bench trials to district judges or magistrate judges.").

11. KSR Int'l Co. v. Teleflex, Inc., 550 U.S. 398, 415 (2007).

12. Graham v. John Deere Co., 383 U.S. 1, 17-18 (1966).

13. *In re* Bergel, 292 F.2d 955, 956-57 (C.C.P.A. 1961).

14. *See infra* Part I.B.2.

15. *KSR Int'l Co.*, 550 U.S. at 415.

16. The discussion in this Note is limited to the appropriate role of juries in patent infringement cases with respect to uniformity of law and reviewability by appellate courts. The Note does not address Seventh Amendment issues that may arise by further restricting the role of juries in patent cases. For a discussion of Seventh Amendment issues in patent cases, see Amy Tindell, *Toward a More Reliable Fact-Finder in Patent Litigation*, 13 MARQ. INTELL. PROP. L.

Federal Circuit has given little insight into the reasoning behind jury verdicts of obviousness absent special verdicts or special jury instructions. Part I examines the law of patent validity and the development of the test for obviousness. Part II examines the two conflicting views of the jury in patent cases; the traditional view limits the jury to deciding the factual considerations underlying the test for obviousness, while the modern view allows the jury to decide the ultimate issue of obviousness. Part III analyzes the issues that arise under the two theories of the jury's appropriate role in obviousness determinations. Finally, Part IV presents the Note's conclusion that in light of the Supreme Court's rejection of a "rigid approach" to obviousness determinations and the limitations of general verdicts, the Federal Circuit should require either special verdicts or special interrogatories addressing the underlying facts of the *Graham* inquiry in order to preserve de novo review of the legal conclusion of obviousness in jury trials.

I. DEFINING PATENT OBVIOUSNESS

A. Patent Validity and the Federal Circuit

In 1982, Congress established the Court of Appeals for the Federal Circuit to ensure uniformity of patent law.[17] The Federal Circuit has exclusive intermediate appellate jurisdiction over cases arising under patent law.[18] A decision of patent invalidity by the Federal Circuit is binding on all future cases except appeals, whether in an appeal from a Board of Patent Appeals and Interferences rejection of an inventor's application or in a patent infringement suit in which the issue of validity was raised as a defense.[19] Because it is binding, an inventor whose patent was invalidated cannot assert patent claims against future alleged infringers.[20] A finding of patent validity, however, is not binding on future alleged infringers, which allows future alleged infringers to challenge validity.[21] With such

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REV. 309 (2009); Meng Ouyang, Note, *The Procedural Impact of KSR on Patent Litigation*, 6 BUFF. INTELL. PROP. L.J. 158 (2009); Barry S. Wilson, Note, *Patent Invalidity and the Seventh Amendment: Is the Jury Out?*, 34 SAN DIEGO L. REV. 1787 (1997).

17. United States Court of Appeals for the Federal Circuit: About the Court, www.cafc.uscourts.gov/about.html (last visited February 15, 2010).

18. Jurisdiction of the United States Court of Appeal for the Federal Circuit, 28 U.S.C. § 1295(a)(1) (2009); United States Court of Appeals for the Federal Circuit: About the Court, www.cafc.uscourts.gov/about.html (last visited February 15, 2010).

19. Blonder-Tongue Lab. v. Univ. of Ill. Found., 402 U.S. 313, 350 (1971).

20. *See id.*

21. *Id.* at 332-33.

high stakes, patentees fight hard against defendant's claims of patent invalidity.

In patent infringement cases, the defendant often raises a claim of patent invalidity.[22] An issued patent carries a presumption of validity;[23] the party challenging validity bears the burden of overcoming this presumption with clear and convincing evidence.[24] Since the Supreme Court first addressed the nonobviousness requirement of patent validity, courts have consistently held that patent validity is a question of law.[25] While patent validity is question of law, validity turns on factual considerations.[26] Obviousness determinations are appealable to the Federal Circuit regardless of which fact-finder made this determination, but the identity of the fact-finder plays a significant role in how the appeal is conducted.

As in other areas of law, the standard of review for questions of fact varies depending on the identity of the fact-finder. In jury trials, the Federal Circuit reviews underlying factual considerations for "substantial evidence," regardless of whether those factual findings are explicit in the jury's verdict or are presumed from the jury's ultimate conclusion on obviousness.[27] This is the same standard of review other circuits gave to jury determinations prior to the establishment of the Federal Circuit.[28] In cases where the jury verdict addresses the ultimate conclusion on obviousness, the Federal Circuit reviews the legal conclusion de novo.[29]

The Federal Circuit is more deferential to jury verdicts than to judicial decisions.[30] The Federal Circuit reviews judicial determinations of obviousness de novo and reviews judicial fact-findings for clear error.[31] Because judges are required to articulate the reasoning behind their decisions, the decision-making process,

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22. *See, e.g.*, Kinetic Concepts Inc. v. Blue Sky Med. Group, Inc., 554 F.3d 1010, 1014 (Fed. Cir. 2009).

23. Remedies for Infringement of Patent, and Other Actions, Presumption of Validity; Defenses, 35 U.S.C. § 282 (2009).

24. Bristol-Meyer Squibb Co. v. Ben Venue Labs., Inc., 246 F.3d 1368, 1374 (Fed. Cir. 2001).

25. Great A & P Tea Co. v. Supermarket Equip. Corp., 340 U.S. 147, 155 (1950); Graham v. John Deere Co., 383 U.S. 1, 17 (1966); Sakraida v. Ag Pro, Inc. 425 U.S. 273, 280 (1976).

26. *Graham*, 383 U.S. at 17.

27. Kinetic Concepts Inc. v. Blue Sky Med. Group, Inc., 554 F.3d 1010, 1021 (Fed. Cir. 2009).

28. Roberts v. Sears, Roebuck & Co., 723 F.2d 1324, 1335 (7th Cir. 1983).

29. Jurgens v. McKasy, 927 F.2d 1552, 1557 (Fed. Cir. 1991).

30. Kimberly A. Moore, Essay, *Juries, Patent Cases, & a Lack of Transparency*, 39 HOUS. L. REV. 779, 790-91 (2002) [hereinafter Moore, *Lack of Transparency*].

31. *Id.*

rather than just the conclusion, is open to scrutiny by the Federal Circuit.[32] Jury cases—even those with special verdicts—rarely offer the same insight into the reasoning underlying the verdict.[33] With no insight into the reasoning underlying the jury verdict, the Federal Circuit can only scrutinize the jury's conclusion, not its means of reaching it.[34]

B. Obviousness Inquiries

To satisfy patentability requirements, an invention must be useful, novel, and nonobvious.[35] In the Patent Act of 1952, Congress codified the "judicial precedents embracing [patentability]."[36] One such precedent is the 1851 Supreme Court case *Hotchkiss v. Greenwood*, which laid the foundation for the requirement that an invention must be nonobvious, where the Court held that a patent in which the sole improvement was the substitution of clay or porcelain for wood or metal doorknobs could "never be the subject of a patent" because the substitution is "destitute of ingenuity or invention."[37] Codifying the rule in *Hotchkiss*, Congress enacted, § 103(a) of the Patent Act states that an invention is obvious 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."[38] In the years since the Patent Act's passage, the *Graham* factors,[39] the "teaching-suggestion-motivation" test,[40] and the *KSR* holding have played pivotal roles in the development of the modern obviousness test. The obviousness test still requires an analysis of the four *Graham* factors and any teaching, suggestion, or motivation to combine, where none of the factors are dispositive.[41] The role of each of these three developments in the law of patent obviousness is explained in turn.

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32. Moore, *Judges, Juries, and Patent Cases*, *supra* note 2, at 249.

33. *Id.* at 248-49.

34. *Id.*

35. Graham v. John Deere Co., 383 U.S. 1, 12 (1966).

36. *Id.* at 3.

37. *Id.* at 3-4. The test the *Hotchkiss* court developed for obviousness was whether "no other ingenuity or skill [was] necessary to construct the [invention] than that of an ordinary mechanic acquainted with the business." *Id.* (quoting Hotchkiss v. Greenwood, 52 U.S. 248, 253-54 (1850)); Hotchkiss v. Greenwood, 52 U.S. 248, 266 (1851).

38. 35 U.S.C. § 103(a) (2006).

39. *See infra* Part I.B.1.

40. *See infra* Part I.B.2.

41. KSR Int'l Co. v. Teleflex, Inc., 550 U.S. 398, 417-19 (2007).

1. The *Graham* Factors

In 1966, the Supreme Court established a test for obviousness in *Graham*.[42] Under this test, the "ultimate question of patent validity is one of law," but the obviousness determination "lends itself to several basic factual inquiries."[43] In *Graham*, the Court outlined the four factual inquiries that must be considered in determining obviousness: (1) "the scope and content of the prior art," (2) the "differences between the prior art and the claims at issue," (3) "the level of ordinary skill in the pertinent art," and (4) "secondary considerations [such] as commercial success, long felt but unsolved needs, [and] failure of others."[44] This test, which the Supreme Court acknowledged was not likely to lead to a consensus in every factual situation, was designed with the intent that the approach each court took would be relatively consistent.[45]

Regardless of the objective factors developed in *Graham*, application of the obviousness doctrine has been exceptionally difficult. The determination is said to have an "'I know it when I see it' quality,"[46] which is in tension with the Supreme Court's warning to avoid finding obviousness in hindsight.[47] To counter this, the Supreme Court cautions the fact-finder to be wary of "arguments reliant upon ex post reasoning" and "the distortion caused by the hindsight bias."[48]

2. Teaching, Suggestion, or Motivation Test

The Court of Customs and Patent Appeals (the precursor to the Federal Circuit[49]) expanded on the *Graham* factors with the addition of the teaching-suggestion-motivation (TSM) test.[50] The Federal

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42. Graham v. John Deere Co., 383 U.S. 1, 17 (1966).

43. *Id.*

44. *Id.*

45. *Id.* at 18.

46. Daralyn J. Durie & Mark A. Lemley, *A Realistic Approach to the Obviousness of Inventions*, 50 WM. & MARY L. REV. 989, 990 (2008).

47. *Graham*, 383 U.S. at 36; KSR Int'l Co. v. Teleflex, Inc., 550 U.S. 398, 421 (2007).

48. *KSR Int'l Co.*, 550 U.S. at 421. The term "hindsight bias" refers to obviousness inquiries that focus on tracking back from the invention at issue to make connections to the prior art, rather than starting with the prior art and inquiring whether the connection from the prior art to the invention at issue would have been obvious prior to the invention thereof. *See id.*

49. Federal Judicial Center, U.S. Court of Customs and Patent Appeals (successor to the Court of Custom Appeals), 1910-1982, http://www.fjc.gov/history/home.nsf/page/patent_bdy (last visited October 18, 2009Feb. 15, 2010).

50. *In re* Bergel, 292 F.2d 955, 956-57 (C.C.P.A. 1961). "The mere fact that it is possible to find two isolated disclosures which might be combined in such a way to produce a new

Circuit continued to apply the TSM test after the court was granted jurisdiction over patent appeals.[51] The purpose of the TSM test was to require "finding[s] as to the specific understanding or principle within the knowledge of a skilled artisan that would have motivated one with no knowledge of [the] invention."[52] The TSM test developed a bright-line rule that was rigidly applied. To establish obviousness based on a combination of known elements, the TSM test requires an explicit teaching, suggestion, or motivation to combine in the prior art.[53] Where obviousness is based on a single reference, there must be an explicit teaching, suggestion, or motivation to "modify the teachings of that reference."[54] Without a finding of teaching, suggestion, or motivation, a patent was nonobvious.[55]

The source of the teaching, suggestion, or motivation was not limited to explicit disclosures in the prior art.[56] According to the Federal Circuit, sources of this teaching include statements in the prior art, knowledge of one of ordinary skill in the art, and the nature of the problem to be solved.[57] Furthermore, the teaching need not be explicit, but instead "may be implicit from the prior art as a whole."[58] If an implicit teaching satisfies the TSM test, "the combined teachings, knowledge of one of ordinary skill in the art, and the nature of the problem to be solved *as a whole*" must have suggested the combination to one of ordinary skill in the art.[59] With such a high threshold requirement, the TSM test made the obviousness determination much more formalistic.

3. *KSR International Co. v. Teleflex, Inc.*

In a unanimous decision in 2007, the Supreme Court rejected the "rigid approach" of the TSM test, arguing that this test was inconsistent with the "expansive and flexible approach" developed in

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compound does not necessarily render such production obvious unless the art also contains something to suggest the desirability of the proposed combination." *Id.*

51. Federal Judicial Center , U.S. Court of Customs and Patent Appeals (successor to the Court of Custom Appeals), 1910-1982, http://www.fjc.gov/history/home.nsf/page/patent_bdy (last visited Feb. 15, 2010); *see also In re* Gordon, 733 F.2d 900, 902 (Fed. Cir. 1984).

52. *Id.* at 1371.

53. *In re* Kotzab, 217 F.3d 1365, 1370 (Fed. Cir. 2000).

54. *Id.*

55. *Id.*

56. *See id.* at 1370.

57. *Id.*

58. *Id.*

59. *Id.* (emphasis added).

Graham and *Hotchkiss*.[60] The Court affirmed *Graham* but rejected the TSM test of the Federal Circuit.[61] In doing so, the Court argued that the obviousness determination cannot be "confined by a formalistic conception of the words teaching, suggestion, and motivation."[62] The *KSR* Court recognized the difficulty in applying the principles set forth in *Graham*, especially in cases where the argument supporting obviousness rested on more than a substitution of one known element for another, which was the case at issue in *KSR*.[63] After recognizing the complexity of the *Graham* factor analysis, which may require weighing data from a variety of sources, including multiple patents, the Supreme Court stated that "[t]o facilitate review, this analysis should be made explicit."[64] Furthermore, the Court in *KSR* outlined additional situations that would give rise to a finding of obviousness, stating that "design incentives and other market forces can prompt variations" of current technology.[65] When these variations are predictable, the invention is likely unpatentable due to obviousness.[66] Additionally, the use of a known technique to improve similar devices is often grounds for invalidation based on obviousness, as long as the technique is within the knowledge of a person of ordinary skill.[67] The Court also found that "obvious to try" may be sufficient to support an obviousness finding, at least when there is a problem to solve and a "finite number of identified, predictable solutions."[68]

The Supreme Court also expanded the realm of relevant prior art on which an obviousness determination can be based.[69] Courts should not restrict the focus to "only . . . the problem the patentee was

60. KSR Int'l Co. v. Teleflex, Inc., 550 U.S. 398, 415 (2007). "The obviousness analysis cannot be confined by a formalistic conception of the words teaching, suggestion, and motivation." *Id.* at 419.

61. *Id.* at 415.

62. *Id.* at 419.

63. *Id.* at 417.

64. *Id.* at 418. "Often, it will be necessary for a court to look to interrelated teachings of multiple patents; the effects of demands known to the design community or present in the marketplace; and the background knowledge possessed by a person having ordinary skill in the art, all in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue." *Id.*

65. *Id.* at 417.

66. *Id.*

67. *Id.*

68. *Id.* at 421. "One of the ways in which a patent's subject matter can be proved obvious is by noting that there existed at the time of invention a known problem for which there was an obvious solution encompassed by the patent's claims." *Id.* at 419-20.

69. *Id.* at 420.

trying to solve."[70] In support of this premise, the Supreme Court stated that a person of ordinary skill in the art also possesses "ordinary creativity."[71] The Supreme Court recognized that the "problem motivating the patentee may be only one of many addressed by the patent's subject matter," and the appropriate approach considers whether the improvement over the prior art was obvious to a person having ordinary skill in the art, "not whether the combination was obvious to the patentee."[72]

While the requirement of the TSM test along with the *Graham* factors made the obviousness determination much easier to apply, the Supreme Court found that the application of the rigid test was inconsistent with principles of patent law.[73] Because the TSM test required a motivation in published articles and patents, the effect of the market on design and innovation trends was underestimated.[74] Furthermore, when courts rigidly require evidence of a motivation to combine, the court fails to consider whether the field of the invention is one in which there is "little discussion of obvious techniques or combinations."[75]

While the Supreme Court rejected the Federal Circuit's rigid application of the TSM test, the Court did not reject all consideration of a teaching, suggestion, or motivation to combine.[76] Rather, the Supreme Court rejected the notion that the presence or absence of a teaching, suggestion, or motivation was determinative in the obviousness inquiry.[77] The appropriate analysis "need not seek out precise teachings."[78] Instead, the appropriate analysis can consider "the inferences and creative steps that a person of ordinary skill in the art would employ."[79]

Some argue that the *KSR* holding itself requires a restriction of the role of the jury to answering special interrogatories on the factual determinations based on the Supreme Court's discussion of the considerations necessary to determine obviousness, where the Court

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70. *Id.*
71. *Id.* at 421.
72. *Id.* at 420.
73. *Id.* at 419.
74. *Id.*
75. *Id.* at 402.
76. *Id.* at 419 ("There is no necessary inconsistency between the *idea* underlying the TSM test and the *Graham* analysis.") (emphasis added); Jesse Jenner & Ramy Kasthuri, *The Evolution of Obviousness After* KSR, 984 PLI/PAT 469, 471 (2009).
77. *KSR Int'l Co.*, 550 U.S. at 418.
78. *Id.*
79. *Id.*

explicitly refers to this as the duty of "a court."[80] Regardless of whether this reading of *KSR* is correct, the holding in *KSR*, while shedding light on the obviousness determination, made the test more difficult to apply. Without the requirement of finding a teaching to support obviousness, the inquiry returns to a balancing of the *Graham* factors, which risks a lack of consensus on the ultimate obviousness determination.

Other commentators argue that the *KSR* holding did not have a substantial impact on the execution of the obviousness inquiry as a whole.[81] However, the re-implementation of the "flexible approach" first outlined in *Graham* and the rejection of the "rigid" approach of the TSM test does increase the complexity of the obviousness inquiry.[82] After *KSR* and the rejection of a requirement of an explicit teaching, the Federal Circuit has found a motivation to combine in the "common sense" or "curiosity" of a person having ordinary skill in the art, "a market demand," and "the nature of the field."[83]

The *KSR* holding developed the obviousness test as it stands today. The obviousness inquiry requires examining the content and teachings of the prior art, related problems the prior art sought to address, the knowledge and creativity of a person of ordinary skill in the art, the demands of the market, and trends in innovation and design.[84] Additionally, the court should also consider whether the patentee's innovation was a "predictable variation" of prior art or "obvious to try" in light of the prior art.[85] Because of the complexity of the analysis and the breadth of sources, this analysis "should be made explicit."[86]

Considering the complexity of obviousness determinations, the appropriate role for the jury to play should be clearly outlined and strictly limited to factual determinations. The current practice under the Federal Circuit allows a much more expansive role for the jury as compared to past precedent of both the Federal Circuit and pre-Federal Circuit appellate courts. Part II analyzes the different roles juries have had in obviousness inquiries.

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80. Ouyang, *supra* note 16, at 162; *KSR Int'l Co.*, 550 U.S. at 418.

81. Jenner & Kasthuri, *supra* note 76, at 490.

82. *KSR Int'l Co.*, 550 U.S. at 415.

83. Jenner & Kasthuri, *supra* note 76, at 472 (internal quotations omitted); *see also In re* Kubin, 561 F.3d 1351, 1357 (Fed. Cir. 2009); Line Rothman v. Target Corp., 556 F.3d 1310, 1319 (Fed. Cir. 2009); Erico Int'l Corp. v. Vutec Corp., 516 F.3d 1350, 1356 (Fed. Cir. 2008); *In re* Translogic Tech., Inc., 504 F.3d 1249, 1262 (Fed. Cir. 2007).

84. *KSR Int'l Co.*, 550 U.S. at 415-419.

85. *Id.* at 417, 421.

86. *Id.* at 418.

II. THE CIRCUIT SPLIT

Because the Federal Circuit has maintained nearly exclusive intermediate appellate review of patent cases since 1984, [87] there is not a traditional circuit split on this issue. Additionally, the Federal Circuit is not bound by patent law precedent developed in other courts of appeals prior to its establishment.[88] However, when the regional courts of appeal still maintained jurisdiction over patent law cases, both the Seventh Circuit and the Ninth Circuit expressly rejected a system in which the jury was the ultimate decision maker on the issue of obviousness.[89] Under current practice, the jury is permitted to submit a general verdict on the issue of obviousness.[90]

A. The Restricted Role of the Jury in Pre-Federal Circuit Courts

1. The Seventh Circuit Court of Appeals: *Roberts v. Sears, Roebuck, & Co.*

In an en banc rehearing, the Seventh Circuit addressed the issue of the role of the jury in obviousness determinations.[91] Relying on the obviousness test set forth in *Graham*, the *Roberts* court determined that the Supreme Court had already outlined the respective roles of the judge and jury.[92] According to the court's analysis, the jury resolves "disputes as to the *Graham* subsidiary facts," while the trial judge makes the ultimate decision on obviousness by determining "whether the facts *as found by the jury* fall within the legislative standard."[93]

One of the issues on appeal in *Roberts* was the form of the five special verdict forms given to the jury, which were to be answered "yes" or "no."[94] The jury answered all the verdicts in favor of the plaintiff, and the defendant appealed on the theory that the "district

87. The Supreme Court has held that the Federal Circuit does not have jurisdiction over a case in which the complaint does not allege a patent claim, but the answer alleges a patent-law counterclaim. Holmes Group, Inc. v. Vornado Air Circulation Sys., 535 U.S. 826, 827, 834 (2002).

88. *See* Jurisdiction of the United States Court of Appeals for the Federal Circuit, 28 U.S.C. § 1295(a)(1) (2009).

89. *See infra* Part II.A.

90. *See infra* Part II.B.

91. Roberts v. Sears, Roebuck & Co., 723 F.2d 1324, 1329 (7th Cir. 1983).

92. *Id.* at 1335 ("*Graham*, in setting forth the analytical steps to be taken in determining obviousness, necessarily clarified the respective functions of judge and jury.").

93. *Id.* (emphasis added).

94. *Id.* at 1328. The fifth special verdict, the only one addressing the issue of obviousness, read: "We, the jury, find that the subject matter of the Roberts patent considered as a whole was not obvious to one of ordinary skill in the art in the years 1963-64." *Id.*

court erred in submitting to the jury the 'legal questions' of obviousness and anticipation."[95] The foundation of the appellant's theory was that submitting these issues to the jury requires the jury to interpret the claims of the patent, and claim interpretation is an established role for the court, not the jury, to fulfill.[96] The obviousness inquiry requires a comparison of the patent at issue to the prior art, and the appellants argued that this inquiry requires interpretation of the patent at issue.[97] The Seventh Circuit agreed with the appellants, holding that the district court erred when it made the jury the "final arbiter of patent validity."[98] The role of the jury in claim interpretation is limited to "a factual dispute as to the meaning of a term of art," as resolution of this dispute would require expert testimony and extrinsic evidence.[99] The court said that requiring the jury to interpret the scope of the patent at issue was inappropriate, and requiring the jury to interpret the patent at issue "shadowed the entire decisional process."[100]

The *Roberts* court considered and approved of two alternatives outlined in a previous Seventh Circuit en banc case, *Dual Manufacturing & Engineering, Inc. v. Burris Industries, Inc.*[101] The first method proposed the use of special verdicts under Federal Rule of Civil Procedure 49(a). Under the special verdict approach favored by the *Dual* court, the verdicts should break down the obviousness determination to only the "subsidiary questions of fact" on which the determination is based.[102] The second method uses special interrogatories in conjunction with a general verdict, which would "test the jury's application of the law in reaching the general verdict."[103] The *Roberts* court contended that the use of a general verdict without special interrogatories "give[s] rise to the presumption that the factual issues have been resolved in favor of the prevailing party," but because the trial court must decide the issue of obviousness, these general verdicts would be of little use.[104] On the other hand, special verdicts or special interrogatories provide the trial court with the jury's fact-findings.

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95. *Id.*
96. *Id.* at 1331.
97. *Id.*
98. *Id.* at 1338.
99. *Id.* at 1338-39.
100. *Id.*
101. *Id.* at 1340.
102. *Id.*
103. *Id.*
104. *Id.*

The *Roberts* court also considered and agreed with the court's approach in *Panther Pumps & Equipment Co. v. Hydrocraft, Inc.*, another Seventh Circuit case in which the jury submitted a general verdict after the judge issued compulsory instructions.[105] The instructions stated that if the jury found the facts to be one way, it must issue a verdict of obviousness, but if the jury found the facts to be another way, it must issue a verdict of nonobviousness.[106] The *Panther Pumps* court thus posited that the trial court could retain ultimate control over the legal issue through the jury instructions;[107] while the *Roberts* court found that even though the jury issues the general verdict without special interrogatories, the trial judge retains ultimate control over the legal decision.[108]

Under the procedural methods explored in the *Roberts* opinion, the courts could presume that the facts were found supporting the verdict. Without some procedural protections ensuring facts supporting the jury's verdict, the court cannot make this presumption.[109] It is for this reason that the *Roberts* court rejected the trial court's general verdict unsupported by either compulsory jury instructions or interrogatories.[110]

The court emphasized that obviousness is necessarily fact-dependent, and reliance on the facts of the case helps prevent inquiries distorted by hindsight or by the simplicity of the invention.[111] However, determination of patent validity, including obviousness, is the responsibility of the trial courts. The *Roberts* court found that this is best accomplished with special verdicts or special interrogatories,[112] but that compulsory jury instructions, like those used in *Panther Pumps*, also preserve appellate review of obviousness determinations.[113]

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105. *Id.* at 1340-43.

106. *Id.* at 1341.

107. *Id.* at 1331; Panther Pumps & Equipment Co. v. Hydrocraft, Inc., 468 F.2d 225, 228 (7th Cir. 1972).

108. *Roberts*, 723 F.2d at 1342.

109. *See supra*, notes 106-108 and accompanying text.

110. *Roberts*, 723 F.2d at 1342-43.

111. *Id.* at 1334. The Court also noted that "the labeling of obviousness as a question of law and the requirement of a specific factual foundation for its determination serve as checks on an otherwise highly subjective determination." *Id.* at 1335 n.12.

112. *Id.* at 1340.

113. *Id.* at 1342.

2. The Ninth Circuit Court of Appeals: *Sarkisian v. Winn-Proof Corp.*

The Court of Appeals for the Ninth Circuit also held an en banc hearing on the issue of the jury's role in obviousness determinations.[114] The Ninth Circuit held that the court must retain control over the ultimate issue of obviousness, but that in a jury trial, the trial court must submit the underlying factual issues set forth in *Graham* to the jury.[115] The *Sarkisian* court urged the use of special interrogatories in submitting these factual determinations to the jury, after which the court must then make the obviousness determination based on the jury's factual determinations.[116] Under this scheme, the trial court may also submit the obviousness question to the jury for guidance, as long as the court satisfies its obligation to decide the issue independent of the jury.[117]

The *Sarkasian* court rejected the idea that the trial court may submit the ultimate obviousness determination to the jury, as long as it is accompanied by proper instructions in the law, finding this approach incompatible with its holding that the court "must decide obviousness *specifically* as a matter of law."[118] Therefore, under the *Sarkasian* rule, the trial court may submit the ultimate issue of obviousness to the jury only for guidance, and special interrogatories are the preferred method for submitting factual determinations to the jury.

Under the en banc hearings of both the Seventh and the Ninth Circuit, these appellate courts held that the jury should decide the underlying issues of fact, but that the ultimate determination of obviousness should be conducted by the trial court.[119] The *Roberts* court advocated the use of special verdicts or special interrogatories.[120] The *Roberts* court also indicated that specific instructions may support a general verdict on obviousness, namely, that if the jury finds the evidence to be X, the verdict must correspondingly be Y.[121] The *Sarkasian* court also advocated the use of special interrogatories, but rejected the notion that verdicts on the ultimate issue could be anything more than advisory, even if accompanied by proper

114. Sarkisian v. Winn-Proof Corp., 688 F.2d 647, 649 (9th Cir. 1982).

115. *Id.*

116. *Id.*

117. *Id.*

118. *Id.* at 651 (emphasis added).

119. Roberts v. Sears, Roebuck & Co., 723 F.2d 1324, 1342 (7th Cir. 1983); *Sarkasian*, 688 F.2d at 649.

120. *See supra* notes 111-1123 and accompanying text.

121. *Roberts*, 723 F.2d at 1342.

instructions on the law of obviousness.[122] Both circuits advocated for the court to make the ultimate obviousness determination, but neither required a specific procedure.[123]

B. The Federal Circuit prefers, but does not require, special interrogatories with general verdicts.

Under the Federal Circuit, trial courts have been permitted to submit the question of obviousness to juries without requiring special verdicts or special interrogatories under Federal Rule of Civil Procedure 49.[124] However, the Federal Circuit prefers that special interrogatories accompany general verdicts in order to facilitate appellate review[125] and does not consider a district court's submission of this issue by general verdict an abuse of discretion.[126] When a jury submits only a general verdict on the issue of obviousness, "the law presumes the existence of fact findings implied from the jury's having reached that verdict."[127] This means that, on appeal, the appellate court presumes that the jury made fact-findings consistent with their verdict. The Federal Circuit reviews these presumed fact-findings for "substantial evidence."[128]

In a review of a jury's finding of nonobviousness, the Federal Circuit stated that where the question of obviousness is addressed in general verdicts, the jury's verdict addresses the "ultimate legal issue of obviousness" and provides "no insight as to the jury's findings with respect to the underlying factual underpinnings."[129] While recognizing this shortcoming in general verdicts, the Federal Circuit has declined to require special verdicts or special interrogatories, claiming that it is not within its power to do so.[130]

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122. *See Sarkisian*, 688 F.2d at 650 ("These factual determinations are made by the fact finder, preferably by detailed special interrogatories in jury trials . . . On the basis of these findings, the court must determine obviousness as a matter of law.").

123. *Id.*; *Roberts*, 723 F.2d at 1340, 1342.

124. McGinley v. Franklin Sports, Inc., 262 F.3d 1339, 1356 (Fed. Cir. 2001); Perkin-Elmer Corp. v. Computervision Corp., 732 F.2d 888, 893 (Fed. Circ. 1984).

125. *Perkin-Elmer Corp.*, 732 F.2d at 893.

126. Railroad Dynamics, Inc. v. Stucki Co., 727 F.2d 1506, 1514 (Fed. Cir. 1984).

127. *Id.* at 1516.

128. Agrizap, Inc. v. Woodstream Corp., 520 F.3d 1337, 1343 (Fed. Cir. 2008).

129. *McGinley*, 262 F.3d at 1350; *see also Agrizap*, 520 F.3d at 1356.

130. *Agrizap*, 520 F.3d at 1356.

1. The Role for the Jury in Obviousness Determinations

The Federal Circuit has indicated which elements of the obviousness inquiry are factual and which elements are legal. The Federal Circuit case law has found that each of the *Graham* factors are to be decided by the jury.[131] Whether a reference qualifies as prior art is a question for the jury.[132] Consistent with the Supreme Court decision *Markman v. Westview Instruments, Inc.*,[133] claim construction, a question of law, is the responsibility of the court.[134] The scope and content of the prior art is a factual determination to be made by jury.[135] When the parties rely heavily on one of the *Graham* factors in disputing the issue of obviousness, a general verdict on obviousness is appropriate.[136] The level of ordinary skill in the art is also a factual inquiry.[137] Even the weight accorded to objective evidence of nonobviousness is a factual issue.[138] The teaching, suggestion, or motivation to combine is an issue of fact to be determined by the fact-finder.[139] Nevertheless, the Federal Circuit has stated that whether a reference or combination of references renders a patent obvious is a "question of law subject to full and independent review in this court."[140]

In *Typeright Keyboard Corp. v. Microsoft Corp.*, reviewing a trial court's grant of summary judgment, the Federal Circuit addressed the appropriate role for the jury in determining whether a piece of art qualifies as prior art, stating that"[w]hether a reference was published prior to the critical date, and is therefore prior art, is a question of law based on underlying fact questions."[141] The court also indicated that the jury should decide whether a reference qualifies as prior art: "while the evidence is sufficient to support a jury finding that the Marquardt document is prior art, a reasonable jury could ultimately conclude otherwise."[142] But this may only be in regards to the credibility of the moving party's witnesses, which is one of the

131. *See infra* notes 132-47 and accompanying text.

132. Typeright Keyboard Corp. v. Microsoft Corp., 374 F.3d 1151, 1159 (Fed. Cir. 2004).

133. 517 U.S. 370 (1996).

134. Yoon Ja Kim v. ConAgra Foods, Inc., 465 F.3d 1312, 1324 (Fed. Cir. 2006).

135. *Id.* at 1326; *McGinley*, 262 F.3d at 1350.

136. *See* Kinetic Concepts, Inc. v. Blue Sky Med. Group, 554 F.3d 1020, *cert. denied sub nom* Medela AG and Medela, Inc. v. Kinetic Concepts, Inc., 130 S. Ct. 624 (U.S. Nov. 16, 2009).

137. Graham v. John Deere Co., 383 U.S. 1, 17 (1966).

138. *In re* GPAC, 57 F.3d, 1573, 1580-81 (Fed. Cir. 1995).

139. McGinley v. Franklin Sports, Inc., 262 F.3d 1339, 1351 (Fed. Cir. 2001).

140. *In re GPAC*, 57 F.3d at 1577.

141. Typeright Keyboard Corp. v. Microsoft Corp., 374 F.3d 1151, 1157 (Fed. Cir. 2004).

142. *Id.* at 1159.

grounds the nonmoving party relied upon in appealing the summary judgment.[143] Determinations of whether a reference is prior art often comes down to disputed facts argued by the parties' respective witnesses, such as publication dates and whether the reference would have been within the knowledge of a person with ordinary skill in the art.[144]

The first *Graham* factor, the scope and content of the prior art, also requires a determination of what the prior art discloses. The Federal Circuit has established that this is also a question for the jury.[145] Claim construction, an exercise the court is required to make in infringement cases, controls both the infringement question as well as any patent validity issues.[146] The second *Graham* factor, "differences between the prior art and the claims at issue" requires claim construction, but the claim construction performed at any *Markman* hearings will apply.[147]

The Federal Circuit has also rejected the argument that the court must make an independent obviousness analysis, especially where the issue ultimately turns on a specific *Graham* factor.[148] In an appeal from a denial of a new trial on the obviousness issue, the Federal Circuit denied a request to overturn the jury's verdict of nonobviousness.[149] At the district court, the issue of obviousness was submitted to the jury, and the trial court reviewed the jury's verdict for substantial evidence when determining whether to grant defendant's petition for judgment as a matter of law.[150] At trial, the parties disputed over the scope and content of the prior art, and both parties presented expert testimony supporting their own

143. "If the jury finds the testimony of Microsofts [sic] witnesses credible, and sufficient to establish that the Marquardt document was published prior to the critical date, *the district court will still have to address whether the legal requirement of corroboration has been met." Id.* (emphasis added). "Corroboration is required of any witness whose testimony alone is asserted to invalidate a patent." Texas Digital Sys., Inc. v. Telegenix, Inc., 308 F.3d 1193, 1217 (Fed. Cir. 2002).

144. *Id.*

145. Yoon Ja Kim v. ConAgra Foods, 465 F.3d 1312, 1325 (Fed. Cir. 2006); McGinley v. Franklin Sports, 262 F.3d 1339, 1350 (Fed. Cir. 2001) ("What a prior art reference discloses in an anticipation analysis is a factual determination.").

146. *Id.* at 1324.

147. *Id.*

148. Kinetic Concepts, Inc. v. Blue Sky Med. Group, Inc., 554 F.3d 1010, 1017 (Fed. Cir. 2009) *cert. denied sub nom.* Medela AG and Medela, Inc. v. Kinetic Concepts, Inc., 130 S. Ct. 624 (2009). The defendants argued that "the district court strayed by 'treat[ing] the obviousness conclusion as a pure factual question' and simply reviewing the jury's verdict for substantial evidence." *Id.* at 1020 (quoting Appellant's Brief at 54).

149. *Id.* at 1014.The Federal Circuit also rejected the appellant's alternative request for a new trial on obviousness. *Id.* at 1021.

150. *Id.* at 1017.

interpretations of the prior art.[151] The Federal Circuit held that it is the province of the jury to make credibility determinations and that the jury could have found the appellee's experts more credible.[152] The court further found that the appellee's testimony was sufficient to support the jury's verdict.[153] The court reasoned that since the defendant's obviousness argument "relied heavily" on the scope and content of the prior art references, a *Graham* factual inquiry, the court "must assume that the jury found that the [scope and content] of the prior art" was consistent with the jury's verdict of nonobviousness.[154]

Although the element of a teaching, suggestion, or motivation to combine is no longer dispositive after *KSR v. Teleflex*,[155] it may still play a role in the obviousness inquiry. The teaching, suggestion, or motivation to combine is an issue of fact to be determined by the fact-finder.[156]

While the obviousness determination is a legal one,[157] the Federal Circuit allows the court to submit this issue to the jury and rejects the notion that these verdicts are merely advisory.[158] In *Perkins-Elmer Corp. v. Computervision Corp.*, the Federal Circuit rejected the use of advisory juries as suggested in *Sarkisian*.[159] The court reasoned that too much appellate review of general verdicts raises the risk that the appellate court will substitute its own factual determinations for those of the jury.[160] Under the Federal Rules of Civil Procedure, advisory juries may only be used for "actions not triable of right by a jury."[161] When juries are used only in an advisory capacity, the court is required to enter its own set of findings and conclusions, just as it would for a bench trial.[162] Furthermore, the Federal Circuit noted that the non-use of advisory juries stems from a

151. *Id.* at 1019-20.

152. *Id.* at 1020.

153. *Id.*

154. *Id.* at 1021. The Federal Circuit relied on a Fifth Circuit appeal of a motion for JMOL, which stated that "the evidence, as well as all reasonable inferences form it, are viewed in the light most favorable to the verdict." *Id.* (quoting Arsement v. Spinnaker Exploration Co., 400 F.3d 238, 249 (5th Cir.2005)).

155. KSR Int'l Co. v. Teleflex Inc., 550 U.S. 398, 415 (2007).

156. McGinley v. Franklin Sports, Inc., 262 F.3d 1339, 1351 (Fed. Cir. 2001).

157. Graham v. John Deere Inc., 383 U.S. 1, 17-18 (1966).

158. McGinley v. Franklin Sports, Inc., 262 F.3d 1339, 1356 (Fed. Cir. 2001); Perkin-Elmer Corp. v. Computervision Corp., 732 F.2d 888, 893 (Fed. Cir. 1984).

159. *Perkin-Elmer Corp.*, 732 F.2d at 895 n. 5.

160. *Id.*

161. *Id.*

162. FED R. CIV. P. 39(c), 52(a); *Perkin-Elmer Corp.*, 732 F.2d at 895 n. 5.

reluctance to require jurors to take time out of their lives to act as "mere advisors."[163]

2. Appellate Review of the Issue of Obviousness

In *Jurgens v. McKasy*, where the appellants failed to preserve the right to challenge the presumed jury findings as unsupported by substantial evidence, the Federal Circuit outlined the two-part standard of review for obviousness determinations submitted to the jury.[164] For factual findings, the court presumes the disputed facts were resolved in support of the verdict winner; these findings will remain as long as they are supported by substantial evidence.[165] For the legal conclusion based on those presumed factual findings, the court reviews de novo; the inquiry is whether the verdict "is correct in light of the presumed jury fact findings."[166] The *Jurgens* court, because of the procedural posture of the case, only performed the second prong of the analysis, asking whether the facts as told by the verdict winner supported the legal conclusion the jury reached.[167] The de novo review the court engaged in consisted solely of a summary of the verdict winner's evidence.[168]

When the disputed facts are narrow enough to provide insight into the jury's support for its verdict, the Federal Circuit is able to identify a specific misapplication of the law. In the 2008 case *Agrizap, Inc. v. Woodstream Corp.*, the Federal Circuit overturned a jury's verdict of nonobviousness.[169] The Federal Circuit's holding of obviousness was based on the combination of a product already on the market and two patents.[170] The only disputed facts in this case

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163. *Perkin-Elmer Corp.*, 732 F.2d at 895.

164. Jurgens v. McKasy, 927 F.2d 1552, 1557 (Fed. Cir. 1991). The appellant failed to bring a timely motion for a directed verdict, and the court held"[w]here a directed verdict motion is not made at the close of the evidence, the sufficiency of the evidence underlying presumed jury findings cannot be challenged through a JNOV [judgment notwithstanding verdict] motion or on appeal." *Id.*

165. *Id.*

166. *Id.*

167. *Id.* at 1560.

168. *Id.*

> And if we assume, as we must in this appeal, that the Mattson patent does not disclose a windsock, but merely a stationary bird-decoy, then that decoy would be no different than the stationary decoys considered twice by the PTO in determining obviousness. On the record before us, it would not have rendered obvious the Shjeflo claim.

Id.

169. Agrizap Inc. v. Woodstream Corp., 520 F.3d 1337, 1339 (Fed. Cir. 2008).

170. *Id.* at 1344.

related to objective elements of nonobviousness: commercial success, copying by others, and a long felt need in the market are secondary considerations in determining obviousness. The parties did not dispute the underlying facts of the defendant's prima facie case.[171] Even with the "black box" jury verdict,[172] the court was able to determine that the only factual issues the jury was left to resolve, which pertained to the objective elements of nonobviousness, could not, even if taken for true, overcome the defendant's prima facie case.[173] As a result, the court was able to determine that the jury gave too much weight to the objective evidence.

Also, if an undisputed *Graham* factor is not supported by substantial evidence, this may provide the Federal Circuit with enough insight into the jury verdict to reverse it. The Federal Circuit stated that when it finds that, "even in light of a jury's findings of fact, the references demonstrate an invention to have been obvious, we may reverse its obviousness determination."[174] In an appeal from the district court's denial of both a new trial and judgment as a matter of law, the Federal Circuit overruled the jury verdict of nonobviousness, finding a lack of support for a finding that ordinary skill would not have found a motivation to combine two embodiments located in the same prior art.[175] However, the level of ordinary skill was undisputed, and therefore, was not submitted to the jury.[176] The Federal Circuit also agreed that secondary considerations of nonobviousness do not overcome the prima facie case of obviousness established by the defendants.[177]

When the procedural posture of the case does not provide insight into any possible errors made by the jury, the Federal Circuit looks at the evidence as a whole to see if it supports the verdict.[178] In a review of such a case, the court stated that:

> Due to the "black box" nature of the jury's verdict, it is impossible to determine which of the above pieces of evidence, alone or in combination, carried the day in the jury room, and how much weight was assigned to each piece. All that can be said with certainty is

171. *Id.* The parties agreed that the only difference between the prior art, and the patented invention was the substitution of a resistive electric switch for a mechanical pressure switch. *Id.* Also, the parties did not dispute that additional pieces of prior art indicated that the substation of the switches was known in the art prior at the time of invention. *Id.*

172. *Id.* at 1343.

173. *Id.* at 1344.

174. Boston Sci. Scimed, Inc. v. Cordis Corp., 554 F.3d 982, 990 (Fed. Cir. 2009).

175. *Id.* at 990-91.

176. *Id.* at 992.

177. *Id.* at 991.

178. *See* McGinley v. Franklin Sports, Inc., 262 F.3d 1339 (Fed. Cir. 2001).

> that—as a whole—the evidence enumerated above (all of which was admittedly before the jury) constitutes substantial evidence to support the jury's verdict.[179]

The appellate court overturned the district court's grant of judgment as a matter of law and reinstated the jury's verdict of nonobviousness.[180] The Federal Circuit recognized the difficulty judges face in deciding whether to grant judgment as a matter of law to overturn a jury's general verdict of obviousness: "it is difficult to sort out the weight to be given factual determinations in an obviousness inquiry from the degree to which the district court should override permissible found-facts to sum-up the legal conclusion of obviousness vel non."[181] But this pre-*KSR* court relied on the dispositive element of a motion to combine in refusing to overturn the verdict.[182] The court noted that "so long as the parties are content to give the jury unfettered room to operate on dispositive factual issues within the scope of a general verdict request" it will respect the verdict.[183]

III. REQUIRING SPECIAL VERDICTS AND INTERROGATORIES

A. Black box jury verdicts result in an absence of meaningful appellate review.

General verdicts offer no insight into the obviousness analysis and result in an absence of meaningful appellate review. The rejection of the TSM test in *KSR* has made the inquiry more flexible, as no *Graham* factor is dispositive in every situation. Appellate review under current Federal Circuit practice is a backwards analysis of the verdict, ending with a determination of the facts the jury could have relied upon. When general verdicts are used, explicit analysis of the *Graham* factors, as recommended in *KSR*, cannot be accomplished either at the trial court level or on appeal when general verdicts are used.

In 1984, the Federal Circuit acknowledged that, by declaring patent validity a question of law, the *Graham* court intended for the trial court's decision to be "fully reviewable on appeal."[184] The court stated that "[t]he introduction of the jury can not [sic] change the

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179. *Id.* at 1356.
180. *Id.*
181. *Id.*
182. *Id.*
183. *Id.*
184. Structural Rubber Products Co. v. Park Rubber Co., 749 F.2d 707, 718 (Fed. Cir. 1984).

nature of the obviousness decision."[185] The appellate court must "be satisfied that the *law* has been correctly applied to the facts regardless of whether the facts were determined by judge or jury."[186] Without a record of how the law was applied to the facts, the appellate court can never be sure whether the application was correct.

The problem of black box jury verdicts is more in need of correction since the rejection of the TSM test in *KSR*. Without the threshold requirement of a teaching to combine found within the prior art, the obviousness inquiry has become a multi-factored test with no single factor being determinative. The Supreme Court, in rejecting this test, still recognized that the test brought more uniformity to the obviousness inquiry.[187] It follows then, that removing this requirement increases the risk of non-uniform application. As a preventative matter, the Federal Circuit needs more insight into how the rule is being applied by juries. Special verdicts or special interrogatories would prove this much needed insight.

The result of the Federal Circuit's presumption of facts underlying the jury's verdict is a backwards approach to de novo review of the legal question of obviousness. The court is starting with the verdict and working backwards by finding which facts the jury presumptively relied upon in making the obviousness determination. From there, the court looks for substantial evidence to support finding those facts in favor of the party who won on the obviousness issue. This perverts the de novo review the appellate court should engage in when reviewing decisions of law.

The Federal Circuit struggles to give the jury's fact-findings the deferential substantial evidence standard and still review the legal conclusion de novo.[188] With black box verdicts, applying a two level deferential standard is impossible and ends up sacrificing a meaningful review of the verdict, as the courts presume the jury found the facts to support its jury verdict. Of course, if the courts adopt a de novo review of general verdicts on obviousness, then the role of the jury is a toothless one. In some cases, the Federal Circuit has tried to separate the substantial evidence review of presumed factual findings from the de novo review of the legal conclusion.[189]

Adding to the difficulty, the Federal Circuit presumes that the jury sided with the verdict winner on every one of the factual disputes.

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185. *Id.*
186. *Id.* at 719 (emphasis added).
187. KSR Int'l Co. v. Teleflex, Inc., 550 U.S. 398, 419 (2007).
188. *E.g.*, McGinley v. Franklin Sports, Inc.; 262 F.3d 1339 (Fed. Cir. 2001).
189. *See id.*

While this may be true in some cases, each of the *Graham* factors could easily be found in favor of the two separate parties. For example, the jury could submit a verdict of nonobviousness, even though it agreed with the defendant on the scope and content of the prior art, the differences between the prior art and the claims at issue, but sided with the plaintiff on the higher standard of review. The Federal Circuit should have the means to review each of the *Graham* factors for substantial evidence independent of each other. The current system does not ensure this.

The black box jury verdicts and the absence of meaningful review of these verdicts by appellate courts have left the jurisprudence of obviousness unclear and stunted. Without explicit analysis of the *Graham* factors (which the Supreme Court has recommended[190]), the law is inconsistently applied and the development of the doctrine of obviousness is halted. Regardless of whether the jury remains central in the obviousness determination, it is absolutely necessary that an explicit legal analysis be provided. This could even be performed at the appellate level. However, the problem of determining whether the presumed fact-findings on which the appellate court would rely in performing the legal analysis were actually the findings on which the jury relied still remains. This presents the risk that the jury misunderstands and misapplies the law and the court incorrectly presumes the jury's fact-findings were those offered by the verdict winner. In such a situation, the court would be relying on the wrong facts in performing the obviousness analysis.

In patent law, it is important that the law develop uniformly. This is the reason the Federal Circuit was established: to do away with inconsistent development and application of patent law.[191] For the law of obviousness, the need for uniform application of law is just as important. When the district courts allow juries to render verdicts on the ultimate issue of obviousness, the development of the obviousness law is stunted. Furthermore, there is no way to tell whether the juries are consistently applying the law, especially in the absence of special verdicts or special interrogatories.

The determination of the credibility of witnesses is well within the province of the jury, especially on issues such as the scope and content of the prior art, which the courts have established are factual determinations.[192] This is one of the most important responsibilities of the jury, and it must remain so. But the system also needs to

190. *KSR Int'l Co.*, 550 U.S. at 418.

191. *See supra* notes 17-18 and accompanying text.

192. *See supra* Part II.B.1.

provide a meaningful review of those credibility determinations, and this is where the general verdict system fails.

B. Requiring special verdicts or interrogatories places additional burdens on an already-complex system.

While requiring special verdicts or interrogatories may be more time consuming and increase the burden on the jury, these burdens are necessary to ensure the obviousness inquiry is performed correctly at the trial court or corrected on appeal. This approach would also require resolution of what the proper burden of proof for these factual inquiries should be.

The extensive nature of the factual questions is likely a reason why this approach has rarely been put to practice. In *Structural Rubber Prods v. Park Rubber*, the jury was asked to issue ten special verdicts solely on the issue of secondary considerations, one of the four *Graham* factors.[193] If the courts were to use special verdicts for each *Graham* factor, the jury could easily be forced to answer hundreds of special verdicts. Furthermore, these "yes" or "no" special verdicts are often inadequate to convey the jury's findings, which are often more a matter of degree than an absolute answer.[194] Some commentators fear that the extensive use of special interrogatories themselves could confuse the jury.[195] Despite the added burdens and the evident shortcomings in requiring special verdicts or special interrogatories, this approach nevertheless improves upon the current system by granting the appellate court more insight into the obviousness analysis. Patent infringement suits are already expensive and time-consuming without this additional requirement.[196] Requiring the jury to engage in a more cumbersome verdict process will exacerbate the problem. But when the typical patent infringement case already costs more than one million dollars to litigate,[197] it seems that a little additional time spent on jury instructions and deliberations are worth the trouble, if only to preserve the record for appellate review. Still, the Seventh Circuit argues that construction of the special verdict

193. Moore, *Lack of Transperancy, supra* note 30, at 789-90.

194. Brief for Apple, Inc., et al. as Amici Curiae Supporting Petitioners, Medela AG v. Kinetic Concepts, Inc., 10 S. Ct. 624 (2009) (No. 09-198).

195. Panther Pumps & Equip. Co. v. Hydrocraft, Inc., 468 F.2d 225, 228 n.7 (7th Cir. 1972).

196. Moore, *Judges, Juries, and Patent Cases, supra* note 2, at 211.

197. *Id.*

form would be cumbersome for the court.[198] This concern is addressed by the fact that, if this approach were made a requirement, parties would be aware of the additional difficulty it entails. Additionally, the burden that it places on the trial court in developing these jury instructions is not a strong enough factor to disregard this approach. The approach, as it stands now, risks completely relieving the trial court from its duty regarding obviousness. Trial courts merely issue the jury's verdict or, in the case of a request for judgment notwithstanding the verdict, review it under the highly deferential "no reasonable jury" standard.[199] There would be no additional burden on the jury. Even under the special verdict approach, juries should still be deciding the facts of the case. The special verdicts would simply make explicit the findings of the jury and show that the jury was weighing the evidence individually, rather than as a whole.

Chief Judge Paul R. Michel of the Federal Circuit recently organized a committee to develop model patent jury instructions.[200] While the committee ultimately issued some jury instructions, it recognized a difficulty in determining what the proper burden of proof on the underlying factual considerations should be.[201] Traditionally, the defendant bears the burden of proof of patent invalidity, and the burden is "highly probative."[202] What the committee found difficult was whether the highly probative standard applied individually to the *Graham* factors.

The challenge comes in designing a proper division of work between the court and jury, that is, separating the ultimate legal determination from its underlying questions of fact. If the court reserves the ultimate determination of obviousness for the judge, letting the jury respond only to the *Graham* factors, this raises practical difficulties, since the *Graham* factors are not easily framed as yes or no questions.[203] As a result, even if the jury must respond to questions addressing the underlying factual considerations, the issue

198. Meng Ouyang, Note, *The Procedural Impact of KSR on Patent Litigation*, 6 BUFF. INTELL. PROP. L.J. 158, 163 (2009); Constantine L. Trela, Jr., *An Afterword To: A Panel Discussion on Obviousness in Patent Litigation*: KSR Int'l v. Teleflex, 6 J. MARSHALL REV. INTELL. PROP. L. 633 (2007).

199. FED R. CIV. P. 50(b).

200. MODEL PATENT JURY INSTRUCTIONS, THE NATIONAL JURY INSTRUCTION PROJECT 51 (2009), http://www.nationaljuryinstructions.org/documents/NationalPatentJuryInstructions.pdf; Heather N. Mewes, *Are Juries Ready to Decide Underlying Questions of Fact? Obviously Not*, FENWICK.COM, Nov. 16, 2009, at 2, *available at* http://www.fenwick.com/docstore/Publications/Litigation/Are_Juries_Ready_to_Decide.pdf.

201. *Id.* at 1.

202. Mewes, *supra* note 200, at 1.

203. *Id.*

of how strong the evidence is on one factor, or how much weight the one factor should carry, still remains.[204]

While the *Graham* factors are not necessarily a balancing test, it is possible to find that some factors weigh in favor of an obvious finding, while other factors support nonobviousness. Because the strength of any these factors may be determinative, the appellate court needs some insight into the jury's findings on the individual factors, instead of the evidence as a whole, which is the most that a general verdict unaccompanied by special interrogatories provides. Furthermore, with this additional information, the substantial evidence standard can be more particularly applied to the specific findings, rather than the evidence as a whole. In the event that there is not substantial evidence to support the jury's finding regarding, for example, ordinary skill in the art, the change of this single factor may be determinative on the outcome of the obviousness inquiry. The Federal Circuit needs a chance to catch errors in the law as well as errors in fact in order to engage in de novo review of the legal determination of obviousness while still giving due deference to fact-findings.

Even insight into how the jury came out on the first three *Graham* factors in the form of special verdicts will offer more insight into the jury's fact-findings than the general verdict often used today. For the first factor, the scope and content of the prior art, the special verdicts could consist of a list of prior art offered by the parties, and where the jury is to answer yes or no as to whether the proffered art constitutes prior art.

With the combination of a legally complex test for obviousness with technically complex subject matter, the risk of the jury misapplying the law is high. Modifying the current appellate review to make review more meaningful can decrease the negative effects of such a risk. Furthermore, special verdicts give the trial judge the opportunity to explicitly lay out the legal analysis resting on the jury's fact-findings. This would not only give notice to both the parties and others as to the underlying reasons for the court's ruling on obviousness, but it would also make the work at the appellate level more useful, as the Federal Circuit would not have to waste time speculating as to the facts on which the jury may have relied, and the analysis would proceed forwards, from facts to legal analysis to conclusion, rather than backwards.

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204. *Id.*

IV. CONCLUSION

This Note focused on the expansive role the jury fills in determinations of patent obviousness and the implications of its role on appellate review of obviousness verdicts. Courts have developed a multi-factored test to determine whether an invention satisfies the requirements of non-obviousness determinations. Since the 2007 Supreme Court decision in *KSR International Co. v. Teleflex, Inc.*, application of the test for obviousness to the facts of a particular case has become much harder to apply. In light of the increase in complexity of obviousness determinations, the role of the jury in these decisions needs to be reexamined.

Current practice allows the jury to submit general verdicts on the issue of obviousness, a legal determination. The proper role for the jury in obviousness determinations is finding the facts that comprise the *Graham* factors. To best fulfill this role, the jury should respond to special verdicts directed at these factual issues. Alternatively, the jury could submit a general verdict on the issue of obviousness, accompanied with special interrogatories.

Special verdicts would allow the judge to engage in the legal analysis while still preserving a meaningful role for the jury. This would be consistent with the Supreme Court's recommendation that the analysis be explicit.[205] On appeal, the Federal Circuit would no longer have to engage in a backwards analysis of the determination. The court would be able to develop the obviousness doctrine with clear analysis of the legal issues. This would improve the predictability and uniformity of the obviousness doctrine. Although requiring special verdicts or special interrogatories will place additional burdens on both the parties and the court, these burdens do not outweigh the importance of preserving the record to ensure meaningful appellate review of obviousness determinations.

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205. KSR Int'l Co. v. Teleflex, Inc., 550 U.S. 398, 418 (2007).

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