REFORMING THE NON-OBVIOUSNESS JUDICIAL INQUIRY ♦

INTRODUCTION

The essence of the patent system is rooted in the *quid pro quo* that provides incentives for innovation that enable the public to benefit from the corresponding disclosure of invention in promoting the progress of science.[1] Society's utmost concern is to

[1] Patents are granted on inventions that promote progress. *See* U.S. CONST. art. I, § 8, cl. 8 ("The Congress shall have Power…To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective

only allow patent protection for inventions that "bring[] more innovation benefits to society than the patent costs."[2] Actualization of a net benefit to society requires a system that grants patents for those inventions induced by the patent system.[3]

Valuing the public's interest, Congress has codified gatekeepers of patentability. Effectuation of society's interest depends on the precise execution of these statutory mandates in the granting of patents by the Patent and Trademark Office and the courts, namely the Court of Appeals for the Federal Circuit.

Non-obviousness is recognized as the "ultimate condition of patentability."[4] It has also been referred to as the "final gatekeeper of the patent system."[5] Recognizing the underlying societal importance in this requirement, the Supreme Court has noted that awarding patents "to advances that would occur in the ordinary course without real innovation retards progress."[6] The Supreme Court has further elaborated the rationale: obvious inventions will be achieved without a patent incentive and are advances that do not benefit society enough to warrant imposing the costs of a patent monopoly on the public.[7] Thus, "the nonobviousness requirement protects society against the social costs both of denying a deserving patent and of granting an undeserving monopoly."[8]

Writings and Discoveries.").

[2] Tun-Jen Chiang, *A Cost-Benefit Approach to Patent Obviousness*, 82 ST. JOHN'S L. REV. 39, 41 (2008).

[3] *See* A. Samuel Oddi, *Beyond Obviousness: Invention Protection in the Twenty-First Century*, 38 AM. U. L. REV. 1097, 1101 (1989) ("These 'patent-induced' inventions are ones that would not have been made but for the availability of patents.").

[4] *See* NON-OBVIOUSNESS – THE ULTIMATE CONDITION OF PATENTABILITY (John F. Witherspoon ed., 1980); *see also* DONALD CHISUM, CHISUM ON PATENTS § 5.02[6] (2007); Robert P. Merges, *Commercial Success and Patent Standards: Economic Perspectives on Innovation*, 76 CAL. L. REV. 805, 812 (1988); Hon. Giles S. Rich, *Laying the Ghost of the "Invention" Requirement*, 1 AIPLA Q.J. 26, 26 (1972) (The non-obviousness provision "is the heart of the patent system and the justification of patent grants.").

[5] ROBERT PATRICK MERGES & JOHN FITZGERALD DUFFY, PATENT LAW AND POLICY 612 (4th ed. 2007).

[6] KSR Int'l Co. v. Teleflex Inc., 550 U.S. 398, 402 (2007). The purpose of the non-obviousness requirement is to assure that only significant technological advances merit a patent award. *See* Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 156 (1989); CHISUM, *supra* note 4, at § 5.01; MERGES & DUFFY, *supra* note 5, at 644.

[7] *See Bonito Boats*, 489 U.S. at 156; *see also* Graham v. John Deere Co. of Kansas City, 383 U.S. 1, 6 (1966) (explicating that without innovation and social benefit, patent protection removes useful knowledge from the prior art instead of promoting progress). Even Thomas Jefferson, author of an early Patent Act and member of the Patent Board, recognized the importance "of drawing a line between the things which are worth to the public the embarrassment of an exclusive patent and those which are not." Letter from Thomas Jefferson to Mr. Isaac M'Pherson (Aug. 13, 1813), *in* 6 THE WRITINGS OF THOMAS JEFFERSON 181 (H.A. Washington ed., 1905).

[8] Gregory Mandel, *The Non-Obvious Problem: How the Indeterminate Nonobviousness Standard Produces Excessive Patent Grants*, 42 U.C. DAVIS L. REV. 57, 62 (2008). *See also Bonito Boats*, 489 U.S. at 151, 156 (stating that the non-obviousness standard provides "a careful balance between the need to promote innovation and the recognition that imitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy").

Non-obviousness is an overwhelmingly prominent area in patent litigation.[9] Although empirical evidence on the function and impact of the patent system is meager,[10] in what is considered to be the most extensive set of data ever gathered on patent litigation, obviousness was found to be the most frequently used basis for judicial invalidation of patents.[11] Subsequent support was found in the Allison & Lemley study that examined 300 patents litigated in 239 different cases in the district courts or Federal Circuit from 1989 through 1996: of the 138 patents held invalid in the population, 58 or 42% of invalidity determinations were made on the basis of obviousness.[12] Furthermore, obviousness was the most popular theory of invalidity asserted by defendants in litigation (asserted in 160 out of 300 cases).[13]

Patent litigation has witnessed an increasing role in jury trials; the "Federal Judicial Center statistics indicate that in 1978, only 8.3% of all patent cases were tried to a jury, while in 1994, 70% of all patent trials were held before juries."[14] In the Allison & Lemley study, validity was decided by a jury in 24.3% of cases, by a judge in 47.7% of cases, and during pretrial motions (summary judgments and directed verdicts) in 27.3% of cases.[15] Additionally, 62.5% of the jury findings of invalidity were premised on obviousness, whereas in bench trials, judges invalidate a patent for obviousness in 42.6% of cases.[16]

The non-obviousness requirement has been regarded as the "center of innovation policy and the technology economy in the United States"[17] and as the integral unit for the protection of the U.S. patent system.[18] The empirical studies of patent litigation demonstrate the prevalent role non-obviousness has in determining patentability. In summation, it is the most commonly litigated patent validity issue, and the requirement most likely to

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9 *See* Bradley G. Lane, *A Proposal to View Patent Claim Nonobviousness from the Policy Perspective of Federal Rule of Civil Procedure 52(a)*, 20 U. MICH. J.L. REFORM 1157, 1159 (1987) (Obviousness is litigated more than the other two fundamental conditions for patent validity – utility and novelty.); *see generally* John R. Allison & Mark A. Lemley, *Empirical Evidence on the Validity of Litigated Patents*, 26 AIPLA Q.J. 185, 208-09 (1998) (Non-obviousness is responsible for invalidating more patents than any other patent rule.); Josh Harrison, *Do the Evolution: The Effect of* KSR v. Teleflex *on Biotechnology*, 5 OKLA. J. L. & TECH. 42, 59 (2009).

10 *See* Allison & Lemley, *supra* note 9.

11 GLORIA K. KOENIG, PATENT INVALIDITY: A STATISTICAL AND SUBSTANTIVE ANALYSIS 5-70-5-78 (rev. ed. 1980).

12 Allison & Lemley, *supra* note 9.

13 *Id.*

14 Allison & Lemley, *supra* note 9 (citing HERBERT F. SCHWARTZ, PATENT LAW & PRACTICE 130 (2d ed. 1995)).

15 Allison & Lemley, *supra* note 9.

16 *Id.*

17 Mandel, *supra* note 8, at 62.

18 *See* Glynn S. Lunney, Jr., *E-Obviousness*, 7 MICH. TELECOMM. & TECH. L. REV. 363, 370 (2001).

result in patent invalidation.[19] Juxtaposed with its role as a gatekeeper protecting the public's interest, the desire for a clear and definitive standard of non-obviousness is plain and commanding.

Despite its leading importance in patent law, the non-obviousness judicial standard of patentability remains in flux. Courts have failed to meet the goal identified in *Graham v. John Deere Co. of Kansas City* to create a "more practical test of patentability"[20] and they have not fulfilled Congress's desire for a "more uniform and definite" test[21] – the intention behind codification of non-obviousness.[22]

"Appropriate application of the nonobviousness standard is critical to the function of patent law."[23] Improper application can retard technological progress and be socially and economically damaging.[24] At risk is a "socially detrimental shift in research and development away from targeting great technological advances and towards more mundane innovation."[25] A poorly implemented standard of non-obviousness "results either in inefficiently low incentives to innovate (reducing technological innovation) or permits the patenting of trivial advances, leading to patent thickets and other inefficiencies, and similarly reducing future technological advance."[26] Likewise, indeterminacy will have a deleterious effect on patent litigation where parties will "litigate patents on non-obvious advances excessively and patents on obvious advances too infrequently" compounded by resultant incorrect legal outcomes.[27] In fact, Mandel posits that "indeterminacy in the nonobviousness standard may be responsible for much of the variety and extent of problems

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19 *See* Allison & Lemley, *supra* note 9.
20 Graham v. John Deere Co. of Kansas City, 383 U.S. 1, 17 (1966).
21 S. REP. NO. 82-1979, at 2411(1952) ("This paragraph is added with the view that an explicit statement in the statute may have some stabilizing effect.").
22 *See* Mandel, *supra* note 8, at 71.
23 Mandel, *supra* note 8, at 89 (citing John Duffy & Robert Merges, *The Story of* Graham v. John Deere: *Patent Law's Evolving Standard of Creativity*, *in* INTELLECTUAL PROPERTY STORIES 109, 110 (Jane C. Ginsburg & Rochelle Cooper Dreyfuss eds., 2006) (declaring the non-obviousness standard to be "one of the most important policy issues in all of patent law")).
24 *Id.*
25 *Id.* at 108.
26 *Id.* at 62 (citing Fed. Trade Comm'n, TO PROMOTE INNOVATION: THE PROPER BALANCE OF COMPETITION AND PATENT LAW AND POLICY, ch. 4, at 6-7 (2003) (listing the consequences of indeterminacy in non-obviousness decisions as: an excessive total number of patent grants, and in many patent grants on obvious inventions; too many patent applications on obvious inventions and too few applications on non-obvious inventions; more patent litigation than is optimal and incorrect litigation outcomes; low incentives to research and develop great advances, and excessively high incentives to invest in mundane innovation); *see also* ROBERT MERGES & JOHN DUFFY, PATENT LAW AND POLICY: CASES AND MATERIALS 646-47 (3d ed. 2002); Dan L. Burk & Mark A. Lemley, *Policy Levers in Patent Law*, 89 VA. L. REV. 1575, 1577, 1586 (2003).
27 Mandel, *supra* note 8, at 108.

perceived to be plaguing the patent system."[28]

This Note demands that the unsettled judicial inquiry for non-obviousness necessitates reform now. In line with Supreme Court directive, partial Federal Circuit initiative, and an overwhelming trend in the regional circuits, this Note proposes that a two-tiered judicial inquiry with special verdicts will properly uphold the Constitutional mandate in patent law, provide certainty and stability for district courts and litigants – namely inventive entities making large investments in research and development and provide society with the benefits they deserve from a properly policed patent system.

The benefits of reforming the non-obviousness judicial standard are multifold. The resultant consistency in instituting the standard as proposed by this Note would be manifest in the bestowed uniformity in the Patent Office and judicial system. In turn, the Federal Circuit would presumably be less likely to disturb decisions of the United States Patent and Trademark Office (PTO) and district courts. Certainty importantly provides "socially beneficial incentives for innovators deciding whether to research a particular area, file a patent application, or challenge a patent in litigation."[29] Accompanying predictability "protects the balance the Patent Act seeks to strike between the incentives of monopoly rights for inventors and society's interest in an optimal public domain."[30] Furthermore, inventive industries across the spectrum – from those that support stronger patent protection (pharmaceutical and biotechnology industries) to those that are concerned about excessive patenting (information technology and financial industries) – will benefit from the resultant standardization of non-obviousness reform.[31]

Cognizant of the implications attached to the non-obviousness standard of patentability, the Federal Circuit has emphasized that courts must implement a systematic approach to addressing the enumerated factual inquiries in a legal determination of obviousness.[32] Judicial execution of this mandate, however, has failed and consequently raised uncertainty as to the respective roles of judge and jury.[33]

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[28] *Id.* at 109.
[29] *Id.* at 109-10.
[30] *Id.* at 110; *see* Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 535 U.S. 722, 731 (2002) (noting clarity of patent rights promotes "the delicate balance the law attempts to maintain between inventors, who rely on the promise of the law to bring the invention forth, and the public, which should be encouraged to pursue innovations, creations, and new ideas beyond the inventor's exclusive rights" (citing Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 150 (1989))).
[31] Mandel, *supra* note 8, at 127-28.
[32] *See* Specialty Composites v. Cabot Corp., 845 F.2d 981, 990 (Fed. Cir. 1988); Loctite Corp. v. Ultraseal Ltd., 781 F.2d 861, 873 (Fed. Cir. 1985).
[33] Corresponding resolution is of prime importance. "In patent cases particularly, the

The indeterminacy is grounded in the intertwinement of law and fact in non-obviousness. Whether the conclusion of non-obviousness is to be treated as a question of law or a question of fact[34] is a highly debated issue[35] with important consequences attached to its ultimate resolution.

> If the conclusion is one of fact, then a finding of obviousness or non-obviousness by a trial court would be insulated from appellate review unless "clearly erroneous" under the standard of Rule 52(a) of the Federal Rules of Civil Procedure, and the conclusion of obviousness would be appropriately submitted to a jury for resolution.[36] On the other hand, if the conclusion is one of law, then the judge, not the jury, would decide the question of obviousness, and any such decision at the trial court level would be freely reviewable on appeal.[37]

As there are arguably identifiable legal *and* factual components to the non-obviousness determination, an ancillary facet involves fashioning the role of the jury with due recognition to the firm roots in the U.S. legal system provided by the Seventh Amendment. The unique interplay of the Patent and Trademark Office, an administrative agency, requires additional considerations in defining the jury's role.

The import of this controversial and unsettled issue is epitomized by the recent petitions for writs of certiorari in *Medela AG & Medela, Inc. v. Kinetic Concepts, Inc.*[38] and *Acushnet Co. v. Callaway Golf Co.*[39] *Medela* petitioned the Supreme Court to hold that the determination of obviousness should be made by a judge rather than a lay jury.[40] Trailing *Medela's* failure,[41] *Acushnet* posed

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type of verdict and instructions utilized by the trial court are keys to effectuation of the proper distribution of decisional responsibilities among judge and jury." Roberts v. Sears, Roebuck & Co., 723 F.2d 1324, 1340 (7th Cir. 1983).

[34] A judge decides "questions of law," whereas the jury decides "questions of fact." *See* Hurst v. Dippo, 1 U.S. (1 Dall.) 20, 21 (1774) (referring to the maxim that "courts of law determine Law; a Jury Facts" as a "settled rule" upon which "every security depends in an English Country"); Jurgens v. McKasy, 927 F.2d 1552, 1557 (Fed. Cir. 1991) ("In a jury trial, there are two decision-makers, the judge and the jury. In general, the judge decides issues of law and issues committed to his discretion, and the jury decides issues of fact that are material to the case and in genuine dispute.").

[35] Illustratively,

> [t]he indiscriminate use of inconclusive labels has engendered a great deal of confusion in the field of patent law. The lack of uniform decision and reasoning in circuit court opinions leaves the researcher of the issue whether the standards governing the determination of patentability present legal or factual issues with no definitive answer.

Roberts, 723 F.2d 1324, 1331.

[36] CHISUM, *supra* note 4, § 5.04[3].

[37] *Id.*

[38] Petition for Writ of Certiorari, Medela AG & Medela, Inc. v. Kinetic Concepts, Inc., 130 S. Ct. 624 (2009) (No. 09-198).

[39] Petition for Writ of Certiorari, Acushnet Co. v. Callaway Golf Co, 130 S. Ct. 1525 (2010) (No. 09-702).

[40] Petition for Writ of Certiorari, *Medela*, 130 S. Ct. 624 (No. 09-198) (asking "whether a person accused of patent infringement has a right to independent judicial, as distinct

that a jury verdict on the question of obviousness should be treated as advisory, obligating an independent legal conclusion by the judge.[42] Both petitions present cogent argumentation that provides foundational support for the position advocated throughout this Note.[43]

This Note proposes that the standard of review utilized in non-obviousness determinations must be reformed to a two-step standard of review to apportion respective roles of judge and jury. It is further proposed that the utilization of special verdicts on the underlying factual questions of non-obviousness will supplement effective review.

Part I presents an analysis of the circuit split prior to formation of the United States Court of Appeals for the Federal Circuit. Part II critiques the Federal Circuit's present approach to non-obviousness. Part III provides a background analysis of the Seventh Amendment and administrative law principles in support of a preserved, yet refined, jury role in questions of non-obviousness. Part IV explicates the proposed two-step judicial inquiry to effectively reform non-obviousness determinations. Part V discusses the integration of special verdicts. This Note concludes that a two-tiered judicial inquiry in combination with special verdicts will properly allocate the decision-making power between the judge and jury, while effectuating Congressional directives in patent law and allowing for effective review on patent validity questions rooted in non-obviousness.

I. HISTORIC CIRCUIT SPLIT

The Patent Act of 1952 lists three conditions for patentability: utility,[44] novelty,[45] and non-obviousness.[46] The non-obviousness requirement is a common law principle first recognized by the Supreme Court in *Hotchkiss v. Greenwood*,[47] subsequently codified

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from lay jury, determination of whether an asserted patent claim satisfies the 'non-obvious subject matter' condition for patentability").

41 Medela's petition for writ of certiorari was denied. Medela AG & Medela v. Kinetic Concepts, Inc., 554 F.3d 1010 (Fed. Cir. 2009), *cert. denied*, 130 S. Ct. 624 (2009).

42 Petition for Writ of Certiorari, *Acushnet*, 130 S. Ct. 1525 (2010) (No. 09-702) (asking the Supreme Court to hold that (1) "a court reviewing a jury's [obviousness] verdicts must always independently render its own legal conclusion regardless of whether one or all of the jury's underlying findings are accepted as adequately supported by the evidence" and (2) the jury's verdict on the question of obviousness is "entirely advisory as to the ultimate legal conclusion. . . ."). Acushnet's petition for writ of certiorari was denied. Acushnet Co v. Callaway Golf Co, 576 F.3d 1331 (Fed. Cir. 2009), *cert. denied*, 130 S. Ct. 1525 (2010).

43 *See generally* Petition for Writ of Certiorari, *Medela*, 130 S. Ct. 624 (No. 09-198); Petition for Writ of Certiorari, *Acushnet*, 130 S. Ct. 1525 (No. 09-702).

44 35 U.S.C. § 101 (2007).

45 35 U.S.C. § 102 (2007).

46 35 U.S.C. § 103 (2007).

47 52 U.S. 248 (1850) (expanding the requirements of patentability in requiring an inventor to display "more ingenuity and skill" than that possessed by the "ordinary

in the 1952 Patent Act,[48] and judicially interpreted in *Graham v. John Deere Co.*[49]

The Supreme Court held that the ultimate question of patent validity, of which non-obviousness is the ultimate determinant,[50] is one of law.[51] However, the non-obvious requirement under 35 U.S.C. § 103 lends itself to several basic factual inquiries as defined by the *Graham* Court. The four "background" factors, "against" which the legal conclusion of obviousness is drawn, are: 1) the scope and content of the prior art; 2) the differences between the prior art and the claimed invention; 3) the level of ordinary skill in the pertinent art; and 4) secondary considerations.[52] Thus, non-obviousness is a question of law with underlying factual inquiries, presenting an inherent tension between the legal and factual nature of the judicial analysis.

Brief attention to the historical background embodied by the circuit split prior to the funneling of patent cases into the Federal Circuit is important for several reasons. It reflects the difficulty in developing a proper judicial inquiry to the mixed question of fact and law under

§ 103. It is also representative of various district court approaches to non-obviousness because of the Federal Circuit's inconsistent precedent. Additionally, the Supreme Court considers circuit splits to be an influential indicator of patent cases warranting a grant of certiorari.[53]

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mechanic").

48 35 U.S.C. § 103 (2007). The test of obviousness is whether "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 which said subject matter pertains."

49 383 U.S. 1 (1966). The Supreme Court contemporaneously resolved *Graham v. John Deere Co., Calmar, Inc. v. Cook Chemical Co.*, and *Colgate-Palmolive Co. v. Cook Chemical Co.* in one proceeding.

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

51 *See Graham*, 383 U.S. at 17 (citing Great Atlantic & Pac. Tea Co. v. Supermarket Equipment Corp., 340 U.S. 147, 155 (1950)); Sakraida v. Ag Pro, Inc., 425 U.S. 273, 280 (1976). The Supreme Court has correspondingly engaged in independent judicial assessments of obviousness vel non. *See* Dann v. Johnston, 425 U.S. 219, 230 (1976); Anderson's-Black Rock, Inc. v. Pavement Salvage Co., 396 U.S. 57, 62-63 (1969); United States v. Adams, 383 U.S. 39, 51 (1966).

52 *See Graham*, 383 U.S. at 17; Panduit Corp. v. Dennison Mfg. Co., 810 F.2d 1561, 1567 (Fed. Cir. 1987) (Secondary considerations include commercial success due to the invention, long felt but unsolved needs, failure of others (*see Graham*, 383 U.S. at 17-18), skepticism of experts (*see U.S. v. Adams*, 383 U.S. at 52), and copying the invention in preference to the prior art (*see* Diamond Rubber Co. v. Consolidated Rubber Tire Co., 220 U.S. 428, 441 (1911))); *see also* Stratoflex, Inc. v. Aeroquip Corp., 713 F.2d 1530 (Fed. Cir. 1983) (noting that secondary considerations should be appraised in every case).

53 *See* Holmes Grp., Inc. v. Vornado Air Circulation Sys., Inc., 535 U.S. 826, 839 (2002) (Stevens, J., concurring) (noting that a "conflict in [circuit] decisions [on patent law issues] may be useful in identifying questions that merit this Court's attention"). Stevens also recognized why a circuit split is important to the Federal Circuit: "decisions by courts with broader jurisdiction will provide an antidote to the risk that the specialized court may develop an institutional bias." *Id.*

A. *Question of Law: 2nd, 3rd, 6th, 7th, 8th, 9th, 11th*

Previous to the centralization of federal patent law civil actions in the Court of Appeals for the Federal Circuit,[54] the Seventh and Ninth Circuits both held that judges must independently make the legal determination of obviousness based on the factual record.[55]

The Seventh Circuit held that the "trial court abdicated its control over the legal issue" in "asking the jury to pass upon the ultimate legal question . . . [and] impermissibly allowed the jury to be the final arbiter of the legal issue of patent validity."[56] Furthermore, the Seventh Circuit advocated that special verdicts should be utilized to resolve the factual issues subsidiary to the legal question of obviousness.[57] Similarly, the Ninth Circuit held that "the court must, in all cases, determine obviousness as a question of law independent of the jury's conclusion[58] [cautioning that] [c]onstitutional standards of patentability must not be evaded by improper fact finding."[59]

In *Flour City Architectural Metals v. Alpana Aluminum Prod.*,[60] the Eighth Circuit dissected Supreme Court precedent[61] to resolve its own intra-circuit split[62] and ultimately established non-obviousness

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54 28 U.S.C. § 1295(a)(1) (2000). The Federal Circuit has exclusive intermediate appellate jurisdiction to hear appeals from final judgments in civil actions "arising under" federal patent law.

55 *See* Roberts v. Sears, Roebuck & Co., 723 F.2d 1324, 1341-44 (7th Cir. 1983) (en banc); Sarkisian v. Winn-Proof Corp., 688 F.2d 647, 651 (9th Cir. 1982) (en banc) (per curiam) ("The court must, in all cases, determine obviousness as a question of law independent of the jury's conclusion.").

56 *Roberts*, 723 F.2d at 1342-43; *see generally* Dickey-john Corp. v. Int'l Tapetronics Corp., 710 F.2d 329 (7th Cir. 1983); Dual Mfg. & Eng'g, Inc. v. Burris Indus., 619 F.2d 660 (7th Cir. 1980) (viewing obviousness as a question of law that rests upon the tripartite factual inquiry set forth in *Graham*).

57 *Dual Mfg.*, 619 F.2d at 667.

58 *Sarkisian*, 688 F.2d at 651. *See also* Hensley Equip. Co. v. Esco Corp., 375 F.2d 432, 436 (9th Cir. 1967); M.O.S. Corp. v. John I. Haas Co., 375 F.2d 614 (9th Cir. 1967); Nat'l Lead Co. v. W. Lead Prod. Co., 291 F.2d 447, 450-51 (9th Cir. 1961).

59 *Sarkisian*, 688 F.2d at 651.

60 454 F.2d 98 (8th Cir. 1972).

61 The Supreme Court overturned its earlier decision holding non-obviousness to be a question of fact in Graver Tank & Mfg. Co. v. Linde Air Prod. Co., 336 U.S. 271, 275 (1949) (stating that the Court will not disturb a finding of invention made by two courts below "in the absence of a very obvious and exceptional showing of error."). *See* Great Atlantic & Pacific Tea Col v. Supermarket Equip. Corp., 340 U.S. 147, 155-56 (1950) (The *Graver* rule "never had a place in patent law… and is now in substance rejected." The Court held that the "standard of invention" is a question of patent validity which the Court must decide); *see also* Anderson's Black Rock v. Pavement Salvage Co., 396 U.S. 57 (1969) (illustrating the Court's independent review of non-obviousness, unrestrained by Rule 52(a)); Calmar, Inc. v. Cook Chem. Co., 383 U.S. 1 (1966); United States v. Adams, 383 U.S. 39 (1966).

62 Several decisions in the 8th Circuit treated non-obviousness as a question of fact subject to review under Rule 52(a). *See* Gallo v. Norris Dispensers, Inc., 445 F.2d 649 (8th Cir. 1971); Kell-Dot Industries, Inc. v. Graves, 361 F.2d 25 (8th Cir. 1966); American Infra-Red Radiant Co. v. Lambert Indus. Inc., 360 F.2d 977, 988 n.4 (8th Cir. 1966); Automated Building Components, Inc. v. Hydro-Air Eng'g, Inc., 362 F.2d 989 (8th Cir. 1966). Other decisions in the 8th Circuit treated non-obviousness as a question of law subject to

to be a question of law.[63] Furthermore, although holding the denial of a request for special interrogatories not to be a reversible error, the Eighth Circuit expressed that the use of interrogatories and special verdicts may reveal the basis for the verdict and correspondingly relieve the court of the responsibility of reviewing every possible basis for the jury's verdict.[64]

The Second, [65] Third,[66] and Eleventh Circuits[67] held the ultimate decision of non-obviousness to be one of law that is freely reviewable by the appellate court. The Sixth Circuit denotes the *Graham* factors as findings of fact that are binding on appeal unless clearly erroneous, while declaring the ultimate determination of non-obviousness to be a conclusion of law for the judge to resolve based on the established findings of fact.[68]

B. *Question of Fact: 1st, 10th*

The Tenth Circuit takes a different approach in holding patent validity to be a question of law, and non-obviousness to be a question of fact.[69] Accordingly, the court allows the question of

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independent evaluation upon appeal. *See* Ralston Purina Co. v. Gen. Foods Corp., 442 F.2d 389 (8th Cir. 1971); Agrashell, Inc. v. Hammon Prod. Co., 413 F.2d 89 (8th Cir. 1969); Skee-Trainer, Inc. v. Garelick Mfg. Co., 361 F.2d 895 (8th Cir. 1966); Piel Mfg. Co. v. George A. Rolfes Co., 363 F.2d 57 (8th Cir. 1966); L & A Prod., Inc. v. Britt Tech Corp., 365 F.2d 83 (8th Cir. 1966).

63 *See Flour City*, 454 F.2d at 106 ("Following these examples set by the Supreme Court, we are constrained to review the ultimate question of obviousness vel non as a matter of law, not fact.").

64 *See* E.I. du Pont de Nemours & Co. v. Berkley & Co., 620 F.2d 1247, 1256 n.5 (8th Cir. 1980).

65 *See* Shackelton v. J Kaufman Iron Works, Inc., 689 F.2d 334 (2d Cir. 1982); Philip v. Mayer, Rothkopf Indus., Inc., 635 F.2d 1056, 1061 (2d Cir. 1980); Julie Research Lab., Inc. v. Guildine Instruments, Inc., 501 F.2d 1131, 1135-36 (2d Cir. 1974); *see also* Lemelson v. Topper Corp., 450 F.2d 845 (2d Cir. 1971); Shaw v. E.B. & A.C. Whiting Co., 417 F.2d 1097 (2d Cir. 1969); Watsco, Inc. v. Henry Valve Co., 404 F.2d 1104 (2d Cir. 1968); Taylor Wine Co. v. Celmer, 397 F.2d 784 (2d Cir. 1968).

66 *See* Hadco Prods. Inc. v. Walter Kidde & Co., 462 F.2d 1265, 1268 (3d Cir. 1972) (holding that factual issues are governed by the clearly erroneous standard of Rule 52(a) but "the ultimate question of patent validity, including a determination of the obviousness or non-obviousness of the subject matter of a patent is" a question of law "reviewable free of the clearly erroneous test"); *see also* Systematic Tool & Mach. Co. v. Walter Kidde & Co., 555 F.2d 342 (3d Cir. 1977); Minnesota Mining & Mfg. Co. v. Berwick Indus., Inc., 532 F.2d 330 (3d Cir. 1976); Packwood v. Briggs & Stratton Corp., 195 F.2d 971 (3d Cir. 1952).

67 *See* Mfg. Research Corp. v. Graybar Elec. Co., 679 F.2d 1355 (11th Cir. 1982).

68 This approach is similar to the one advocated in this note. *See* Kolene Corp. v. Motor City Metal Treating, Inc., 440 F.2d 77, 81 (6th Cir. 1971); *see also* Kwik-Site Corp. v. Clear View Mfg. Co., 758 F.2d 167 (6th Cir. 1985); TWM Mfg. Co., Inc. v. Dura Corp., 722 F.2d 1261 (6th Cir. 1983); Kaiser Indus. v. McLouth Steel Corp., 400 F.2d 36, 41 (6th Cir. 1968) (holding the question of 'obviousness' in determining patent validity to be a mixed question of fact and law); Monroe Auto Equip. Co. v. Heckethorn Mfg. & Sup. Co., 332 F.2d 406 (6th Cir. 1964).

69 *See* Norfin Inc. v. Int'l Bus. Mach. Corp., 625 F.2d 357 (10th Cir. 1980); Celebrity, Inc. v. A & B Instrument Co., 573 F.2d 11, 12-13 (10th Cir. 1978); Moore v. Shultz, 491 F.2d 294, 300 (10th Cir. 1974), *cert. denied*, 419 U.S. 930 (1974). But see Justice Douglas's dissenting opinion from the denial of certiorari.

In every patent infringement suit a court is called upon to oversee obedience to

obviousness to be submitted to the jury and limits judicial review to determining whether the verdict was supported by substantial evidence.[70] However, *Rutter v. Williams*[71] illustrates a vacillation in Tenth Circuit precedent where the court held that is was not bound by the trial court's conclusion of law.[72]

The First Circuit joins the Tenth Circuit in treating obviousness as a question of fact subject to a deferential standard of review.[73] The First Circuit recognizes patent validity to be a question of law, [74] but emphasizes that the highly factual context of a determination of §103 obviousness without a meaningful way of separating the factual and legal components[75] justifies placement as a question of fact.

C. *Intra-Circuit Splits: 4th, 5th, D.C.*

There appears to be an intra-circuit split in the Fifth Circuit. In *Control Components, Inc. v. Valtek, Inc.*,[76] the Fifth Circuit instructed jurors on the law of obviousness and upon subsequent review, the court assumed that the jury "made implicit findings on each underlying factual inquiry," finding "support [in] substantial evidence" to affirm the jury's verdict.[77]

In dissent, Judge Rubin critically characterized the majority's position as "a step further into the Serbonian bog that threatens to engulf patent litigation."[78] Further, on dissent from denial of an en banc rehearing, Judge Brown, speaking for three other judges, articulated the jury's general verdict on the obviousness issue to be inconsistent with *Graham's* holding that patent validity is a question of law.[79]

> the constitutional standard [of patentability]. It cannot be delegated to the jury on the supposition that only a question of fact is involved. Factual assessments are, of course, part of the process of judging validity. . . . But the determination whether the patentee's distinctive contribution is of such a character as to justify the 17-year monopoly is one that demands reasoned elaboration and therefore, treatment as a question of law.

Shultz v. Moore, 419 U.S. 930, 931-32 (1974) (Douglas dissenting).

70 *Norfin*, 625 F.2d 357.

71 541 F.2d 878 (10th Cir. 1976).

72 *Id.*

73 *See* Koppers Co. v. Foster Grant, 396 F.2d 370, 372 (1st Cir. 1968) ("[A]lthough, within limits, a question of law, the determination whether a discovery of a new combination is or is not obvious must be a question of fact."); *see also* Rosen v. Lawson-Hemphill, Inc., 549 F.2d 205, 209 (1st Cir. 1976) ("In this circuit, the question of obviousness vel non is essentially one of fact. . . .").

74 *See* Scully Signal Co. v. Elec. Corp. of Am., 570 F.2d 355 (1st Cir. 1977).

75 *See* Forbro Design Corp. v. Raytheon Co., 532 F.2d 758, 763 (1st Cir. 1976).

76 609 F.2d 763 (5th Cir. 1980), *reh'g denied*, 616 F.2d 892, *cert. denied*, 449 U.S. 1022 (1980).

77 *Control Components*, 609 F.2d at 768-69.

78 *Id.* at 774.

79 *Id.* at 892 (citing Graham v. John Deere Co. of Kansas City, 383 U.S. 1, 17 (1966)). *See also* Swofford v. B & W, Inc., 395 F.2d 362 (5th Cir. 1968) (reviewing the Supreme Court directive in *Graham* to conclude that obviousness is a question of law).

Two years later, in *Baumstimler v. Rankin*,[80] a unanimous panel found Judge Rubin's *Control Components* dissent to be "cogent and convincing." The *Baumstimler* Court held that if the issue of obviousness were to be tried by a jury, special interrogatories should be utilized in addressing the factual predicates of obviousness.[81]

The District of Columbia Circuit also embodies conflicting approaches. Some decisions hold the 'clearly erroneous' standard of Rule 52(a) to govern appellate review, effectively treating the non-obviousness question as one of fact.[82] Others hold the standard of obviousness to be a question of law, answered in light of underlying facts.[83]

The question appears to be unsettled in the Fourth Circuit where patent validity is held to be a question of law,[84] but appellate deference to obviousness conclusions has been expressed.[85]

D. *Supreme Court Guidance*

The Supreme Court in *KSR Int'l Co. v. Teleflex*[86] described obviousness as "a legal determination"[87] to be made by "a court, or patent examiner."[88] *KSR* also instructed that "this analysis should be made explicit" so as "[t]o facilitate review."[89] Juxtaposed with *Graham*'s holding patent validity to be a question law, one could draw a precedential directive supporting the notion that non-obviousness is a question of law. In fact, *KSR*'s reaffirmance that non-obviousness is a matter of law yields a strong invitation for the Federal Circuit to shape post-*KSR* non-obviousness law.[90]

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[80] 677 F.2d 1061 (5th Cir. 1982).
[81] *See Baumstimler*, 677 F.2d at 1071-72; *see also* Nat'l Filters, Inc. v. Research Prod. Corp., 384 F.2d 516 (5th Cir. 1967) (holding the obviousness inquiry in patent validity to be a mixed question of fact and law).
[82] Comm'r of Patents v. Deutsche Gold-und-Silber-Scheideanstalt, 397 F.2d 656, 661 n.12 (D.C. Cir. 1968).
[83] Int'l Salt Co. v. Comm'r of Patents, 436 F.2d 126, 129 (D.C. Cir. 1970) (citing Highley v. Brenner, 387 F.2d 855, 857 (D.C. Cir. 1967) ("What the prior art is and what the claimed invention is are questions of fact. However, whether the standard of obviousness applied to those facts is correct, is a question of law.")).
[84] *See* Blohm & Voss AG v. Prudential-Grace Lines, Inc., 489 F.2d 231, 245 (4th Cir. 1973).
[85] *See* Deering Milliken Research Corp. v. Beaunit Corp., 538 F.2d 1022, 1025 (4th Cir. 1972); *see also* Harrington Mfg. Co. v. Taylor Tobacco Enters., 664 F.2d 938, 939 (4th Cir. 1981).
[86] 550 U.S. 398 (2007).
[87] *KSR Int'l*, 550 U.S. at 427. There is also vast scholastic support viewing the obviousness question as one of law. *See, e.g.*, DONALD CHISUM, CHISUM ON PATENTS, § 5.04[3] (2007); 1 I. KAYTON, PATENT PRACTICE, 5-11 (1985); 2 E.B. LIPSCOMB, WALKER ON PATENTS, § 6:4 (1985); 1 P. ROSENBERG, PATENT LAW FUNDAMENTALS, § 9.02, at 9-12 to 9-12.1 (1985).
[88] *KSR Int'l*, 550 U.S. at 407.
[89] *Id.* at 418.
[90] Justin Lee, *How* KSR *Broadens (Without Lowering) the Evidentiary Standard of Non-obviousness*, 23 BERKELEY TECH. L.J. 15, 15 (2008). *See also* Rebecca Eisenberg, *Commentary, The Supreme Court and the Federal Circuit: Visitation and Custody of Patent Law*, 106 MICH. L. REV. FIRST IMPRESSIONS 28, 32 (2007) ("Indeed, by affirming that the ultimate determination of obviousness is a question of law rather than a question of fact, the

II. THE FEDERAL CIRCUIT'S APPROACH TO NON-OBVIOUSNESS

There are two fundamental criticisms of the Federal Circuit's current approach to non-obviousness determinations under §103: 1) the current standard of review effectively treats the legal question of obviousness as a question of fact, and 2) the general verdict framework precludes effective review of a jury's factual findings.

A. *Inconsistency in the Federal Circuit*

The Court of Appeals for the Federal Circuit has exclusive jurisdiction over all patent appeals[91] and has been referred to as the "Supreme Court of patent law."[92]

Following the standard of its predecessor courts, the Court of Claims and the Court of Customs and Patent Appeals, the Federal Circuit has asserted that "obviousness is a legal conclusion based on factual determinations and not a factual determination itself,"[93] warranting a corresponding "de novo" appellate review of district court decisions on obviousness.[94] Illustratively, in *Panduit Corp. v. Dennison Mfg. Co.*, the Federal Circuit interpreted *Graham* as iterating "that one answering the § 103 question is drawing a legal conclusion."[95]

Supreme Court left intact the plenary review power that has allowed the Federal Circuit to reshape obviousness doctrine over the years.").

91 28 U.S.C. § 1295(a) (2000).

92 Donald S. Chisum, *The Supreme Court and Patent Law: Does Shallow Reasoning Lead to Thin Law?*, 3 MARQ. INTELL. PROP. L. REV. 1, 2 (1999).

93 *See* McNeil-PPC, Inc. v. L. Perrigo Co., 337 F.3d 1362, 1368 (Fed. Cir. 2003) ("Obviousness is a legal conclusion based on the factual inquires set forth in Graham."); Mazzari v. Rogan, 323 F.3d 1000, 1005 (Fed. Cir. 2003) ("Obviousness is a question of law with underpinning factual findings."); Duro-Last, Inc. v. Custom Seal, Inc., 321 F.3d 1098 (Fed. Cir. 2003); Boehringer Ingelheim Vetmedica, Inc. v. Schering-Plough Corp., 320 F.3d 1339, 1353 (Fed. Cir. 2003) ("Obviousness is a question of law based on underlying factual determinations."); Bowers v. Baystate Tech., Inc., 320 F.3d 1317 (Fed. Cir. 2003); *In re* Peterson, 315 F.3d 1325, 1328 (Fed. Cir. 2003); Miles Labs., Inc. v. Shandon Inc., 997 F.2d 870, 877 (Fed. Cir. 1993); Jurgens v. McKasy, 927 F.2d 1552, 1557 (Fed. Cir. 1991); Aktiebolaget Karlstads Mekaniska Werkstad v. United States Int'l Trade Comm'n, 705 F.2d 1565, 1575 (Fed. Cir. 1983).

94 *McNeil-PPC* 337 F.3d at1368 ("When reviewing a district court's decision, we review a district court's underlying findings of fact for clear error, while we rule *de novo* on the ultimate issue of obviousness."); Eli Lilly & Co. v. Bd. of Regents of the Univ. of Washington, 334 F.3d 1264, 1267 (Fed. Cir. 2003) ("This court reviews the legal conclusion of obviousness without deference."); Oakley, Inc. v. Sunglass Hut Int'l, 316 F.3d 1331, 1339 (Fed. Cir. 2003) ("We review a district court's underlying findings of fact for clear error, while we rule *de novo* on the ultimate issue of obviousness."); Ruiz v. A.B. Chance Co., 234 F.3d 654, 663 (Fed. Cir. 2000) ("We review the ultimate determination of obviousness de novo, while the underlying factual inquiries are reviewed for clear error."); Yamanouchi Pharm. Co., Ltd. v. Danbury Pharmacal, Inc., 231 F.3d 1339, 1343 (Fed. Cir. 2000) ("This court reviews the conclusion on obviousness, a question of law, without deference, and the underlying findings of fact for clear error.").

95 Panduit Corp. v. Dennison Mfg. Co., 810 F.2d 1561, 1567-68 (Fed. Cir. 1987) ("A determination that an invention would have been obvious when it was made to one of ordinary skill in the art under § 103 is thus a conclusion of law based on fact."). *See also* Para-Ordnance Mfg., Inc. v. SGS Imp. Int'l, Inc., 73 F.3d 1085, 1088 (Fed. Cir. 1995); Stiftung v. Renishaw PLC, 945 F.2d 1173, 1182 (Fed. Cir. 1991).

However, the Federal Circuit's inconsistent approach to the question of non-obviousness fails to support its own precedent.[96] Dissenting in *In re Lockwood*, Judge Nies called attention to the Federal Circuit's irreconcilable approach to review of jury verdicts on non-obviousness.[97]

Exhibiting the conflicted and unsettled state of non-obviousness law in the Federal Circuit, the court has also postulated that juries can render verdicts – in the form of "yes" or "no" – on the question of patent validity under § 103, precluding independent judicial determination.[98] The court in *Connell v. Sears, Roebuck & Co.*[99] held that it was without error to submit the legal question of obviousness to the jury. Cementing the circuitous divide, the Federal Circuit described the Ninth Circuit approach as a "discredited procedure of advisory verdicts."[100]

Additionally demonstrative of the precedential inconsistency, in some decisions, the Federal Circuit employs a highly deferential standard of review by assessing implicit factual determinations[101] in a general verdict only for substantial evidence, and presuming all factual disputes were resolved in favor of the verdict.[102] This

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96 *See* Connell v. Sears, Roebuck & Co., 722 F.2d 1542 (Fed. Cir. 1983); *see also* Kinetic Concepts, Inc. v. Blue Sky Med. Group, Inc., 554 F.3d 1010 (Fed. Cir. 2009); Callaway Golf Co. v. Acushnet Co., 576 F.3d 1331(2009); McGinley v. Franklin Sports, Inc., 262 F.3d 1339 (Fed. Cir. 2001); Perkin-Elmer Corp. v. Computervision Corp., 732 F.2d 888 (Fed. Cir. 1984).

97 *In re* Lockwood, 50 F.3d 966, 989 (Fed. Cir. 1995) (Nies, J., dissenting) (Some panel opinions speak of *de novo* review after accepting the presumed findings of fact, others reject the *de novo* standard, and still others conflate the standard to whether a "reasonable" jury could reach the verdict it rendered). Judge Newman of the Federal Circuit concedes that "Non-obviousness is fuzzy ground. It's hard to decide, difficult to administer, even harder to set." *See* FED. TRADE COMM'N, TO PROMOTE INNOVATION: THE PROPER BALANCE OF COMPETITION AND PATENT LAW AND POLICY, 4(13) (2003).

98 Petition for Writ of Certiorari, Medela AG & Medela, Inc. v. Kinetic Concepts, Inc., 130 S. Ct. 624 (2009) (No. 09-198); *see Connell*, 722 F.2d 1542; *Kinetic Concepts*, 554 F.3d 1010.

99 *Connell*, 722 F.2d 1542 (affirming the jury's role in making the ultimate legal determination of a patent's validity with justification of the judge's control over the legal issue in motions for judgment as a matter of law and motions for a new trial).

100 Richardson v. Suzuki Motor Co., 868 F.2d 1226, 1234 (Fed. Cir. 1989); *see also Perkin-Elmer*, 732 F.2d at 895 n.5.

101 *See* LNP Eng'g Plastics, Inc. v. Miller Waste Mills, Inc., 275 F.3d 1347, 1353 (Fed. Cir. 2001) ("This court reviews a jury's conclusion on obviousness, a question of law, without deference, and the underlying findings of fact, whether explicit or implicit within the verdict, for substantial evidence."); Upjohn Co. v. Mova Pharm. Corp., 225 F.3d 1306, 1310 (Fed. Cir. 2000) ("Where…the jury made no explicit factual findings regarding obviousness, we must determine whether the implicit findings necessary to support the verdict are supported by substantial evidence."); *See generally In re* Zurko, 258 F.3d 1379, 1384 (Fed. Cir. 2001) ("The substantial evidence standard has been analogized to the review of jury findings, and it is generally considered to be more deferential than the clearly erroneous standard of review.").

102 *See* Kinetic Concepts, Inc. v. Blue Sky Med. Group, Inc., 554 F.3d 1010 (Fed. Cir. 2009); McGinley v. Franklin Sports, Inc., 262 F.3d 1339, 1351 (Fed. Cir. 2001) (characterizing Federal Circuit precedential appellate review of a jury's verdict on the ultimate question of obviousness as "re-creating the facts as they may have been found by the jury," and determining whether such hypothetical facts would be sufficient to support a legal conclusion of validity on any theory); Jurgens v. McKasy, 927 F.2d 1552, 1557 (Fed. Cir. 1991).

methodology effectively eliminates any independent judicial determination,[103] a judicial approach that is mandated by other Federal Circuit precedent.

B. *Current Approach in the Federal Circuit*

In the recent case, *Kinetic Concepts, Inc. v. Blue Sky Med. Grp., Inc.*, the district court applied Federal Circuit precedent finding sufficient evidence to uphold the jury's general verdict on obviousness.[104] Likewise, on appeal, the Federal Circuit reviewed the jury's general verdict by assuming factual findings to find substantial evidence to support the jury's decision on obviousness.[105] This case is reflective of modern Federal Circuit methodology to the judicial inquiry of non-obviousness that eliminates independent judicial review, effectively transforming it to a question of fact.

Similarly, in *Callaway Golf Co. v. Acushnet Co.*, the Federal Circuit agreed with the district court that, "when viewed in the light most favorable to the verdict, the jury could have reasonably concluded that [petitioner] failed to prove invalidity due to obviousness."[106]

As utilized in *Kinetic Concepts* and *Callaway Golf*, "the approach of reviewing 'in a light most favorable to the verdict' and deciding what 'the jury could have reasonably concluded' represents how courts review jury factual findings, not how the courts draw legal conclusions from established facts."[107] These cases are reflective of 2009 Federal Circuit precedent, and evoked petitions for certiorari requesting that the Supreme Court resolve inconsistent Federal Circuit precedent by mandating an independent judicial determination on the question of non-obviousness underlying patent validity,[108] as is required by the framework for a question of law.

C. *Criticism of the Federal Circuit's Current Approach*

Federal Circuit treatment of non-obviousness as a question of

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103 Perkin-Elmer Corp. v. Computervision Corp., 732 F.2d 888, 895 (Fed. Cir. 1984).
104 Kinetic Concepts, Inc. v. Bluesky Med. Corp., No. SA-03-CV-832, 2007 WL 1113085, *5 (W.D. Tex. Apr. 4, 2007).
105 *Kinetic Concepts,* 554 F.3d at 1021, citing Federal Circuit precedent for this approach. *See LNP Eng'g Plastics*, 275 F.3d at 1353 (characterizing review as, "whether explicit or implicit within the verdict, for substantial evidence"); *see also* Grp. One, Ltd. v. Hallmark Cards, Inc., 407 F.3d 1297, 1304 (Fed. Cir. 2005) ("In re-creating the facts as they may have been found by the jury . . . we assess the evidence in the light most favorable to the verdict winner.") (quoting *McGinley*, 262 F.3d at 1351).
106 Callaway Golf Co. v. Acushnet Co., 576 F.3d 1331, 1339 (2009).
107 Petition for Writ of Certiorari, Acushnet Co. v. Callaway Golf Co, 130 S. Ct. 1525 (2010) (No. 09-702).
108 *See id.*; *see also* Petition for Writ of Certiorari, Medela AG & Medela, Inc. v. Kinetic Concepts, Inc., 130 S. Ct. 624 (2009) (No. 09-198).

fact through its cursory review of what a reasonable jury might decide and its assumptions of implicit factual findings[109] is an incorrect – though customary – approach[110] to a question of law. This approach precludes satisfactory review of the verdict and "effectively [positions validity as] a question for the jury, not one of law for the judge."[111]

As non-obviousness is held to be a question of law by the Federal Circuit[112] and the Supreme Court, there can be no *jury* "finding" on non-obviousness, and judicial review should not be truncated under the standard of "substantial evidence."[113] A "substantial evidence" standard of review is only applicable to the underlying issues of fact when reviewing the ultimate legal issue of validity under § 103.[114] The current Federal Circuit approach reflects inappropriate deference to the jury's ultimate determination of a legal issue[115] and abdication of the judge's role in determining questions of law. Furthermore, a black box verdict – the "yes" or "no" jury verdict answer – conceals the jury's reasoning and analysis in reaching its verdict and thereby "thwarts effective review."[116]

Moreover, the Federal Circuit's stipulated jury control seemingly runs counter to articulated Supreme Court policy encouraging "express" findings and reasoning in conjunction with "uniformity and definiteness" in conclusions and application of

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109 *See* McGinley v. Franklin Sports, Inc., 262 F.3d 1339, 1356 (Fed. Cir. 2001) (noting that it would be "impossible to determine" what evidence persuaded the jury).

110 *See* Cordis Corp. v. Boston Scientific Corp., 561 F.3d 1319, 1322 (Fed. Cir. 2009) ("There was substantial evidence that… did not render [the] claim obvious."); Kemin Foods, L.C. v. Pigmentos Vegetales Del Centro S.A., 464 F.3d 1339, 1344 n.2 (Fed. Cir. 2006) ("Our cases . . . have applied the substantial evidence standard to general jury verdicts on obviousness . . . ."); Honeywell Int'l Inc. v. Hamilton Sundstrand Corp., 370 F.3d 1131, 1145-46 (Fed. Cir. 2004) (en banc) ("There is substantial evidence to support the jury's finding of non-obviousness."); Cardiac Pacemakers, Inc. v. St. Jude Med., Inc., 381 F.3d 1371, 1378 (Fed. Cir. 2004) ("The record contains substantial evidence whereby a reasonable jury could have reached the verdict that it would not have been obvious."); LNP Eng'g Plastics, Inc. v. Miller Waste Mills, Inc., 275 F.3d 1347, 1353 (Fed. Cir. 2001) ("The record supplies substantial evidence for a reasonable jury to find that [the] claim . . . would have been obvious . . . ."); Richardson v. Suzuki Motor Co., 868 F.2d 1226, 1237 (Fed. Cir. 1989) ("Our review shows that there was substantial evidence on which reasonable jurors could have concluded that claim 9 had not been proved invalid for obviousness . . . .").

111 Gary M. Ropski, *Constitutional and Procedural Aspects of the Use of Juries in Patent Litigation*, 58 J. PAT. OFF. SOC'Y 609, 685 (1976).

112 *See* sources cited *supra* notes 92, 93.

113 *See generally* Petition for Writ of Certiorari, Acushnet Co. v. Callaway Golf Co., 130 S. Ct. 1525 (2010) (No. 09-702).

114 *See In re* Lockwood, 50 F.3d 966, 988-89 (Fed. Cir. 1995) (Nies, J., dissenting).

115 Brief for Apple, Inc., et al. as Amici Curiae Supporting Petitioners, Medela AG & Medela, Inc. v. Kinetic Concepts, Inc., 130 S. Ct. 624 (2009) (No. 09-198).

116 Kimberly A. Moore, *Juries, Patent Cases, & a Lack of Transparency*, 39 HOUS. L. REV. 779, 791 (2002); *see* McGinley v. Franklin Sports, Inc., 262 F.3d 1339, 1358 (Fed. Cir. 2001) (Michel, J., dissenting) (asserting that "a general jury verdict on the legal question of obviousness is essentially immune" from judicial review).

obviousness law.[117]

The resultant unpredictable and unreviewable jury decisions coming out of current patent cases has been skeptically defined as "clash[ing] with [the] fundamental premise . . . [in] creating the Federal Circuit . . . [for] nationwide uniformity in patent law."[118] Scholars caution that if "the application of basic doctrines of patent law are subsumed within jury verdicts, particularly general verdicts, uniformity, predictability, and doctrinal stability could easily become hollow shells within which juries could do as they wished."[119]

The Supreme Court's grant of certiorari in *American Airlines, Inc. v. Lockwood*[120] underscores the need to determine the proper role of juries in patent cases. Dissenting from the denial of rehearing en banc, Judge Nies expressed that the conflict between Federal Circuit and regional circuit precedent "warrants Supreme Court review."[121]

At the district court level, there exists an unresolved tension as courts continue to grapple with the problem of allocating the decision-making responsibility between judges and juries without clear guidance from the Federal Circuit. In the Federal Circuit, inconsistent precedent creates instability and uncertainty in patent litigation. This discrepancy is amplified by the Federal Circuit's current trend in non-obviousness that clashes with vast regional circuit support and Supreme Court directive holding § 103 to be a question of law. This Note maintains that potential resolution can be found through a two-tiered judicial inquiry and in the crafting of jury pattern instructions[122] through the utilization of special verdicts.[123]

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117 *See* Graham v. John Deere Co. of Kansas City, 383 U.S. 1, 18 (1966) (referencing the addition of Section 103 as upholding Congress's directive in the 1952 Act for "uniformity and definiteness"); KSR Int'l Co. v. Teleflex Inc., 550 U.S. 398, 418 (2007).

118 Allen N. Littman, *The Jury's Role in Determining Key Issues in Patent Cases: Markman, Hilton Davis and Beyond*, 37 IDEA 207, 209-210 (1997) (quoting legislative history of the legislation creating the Federal Circuit); *see* Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 162 (1989) ("Congress conferred exclusive jurisdiction of all patent appeals on the Court of Appeals for the Federal Circuit, in order to 'provide nationwide uniformity in patent law.'"); S. REP. NO. 97-275, 4-5 (1981) (Congress created the Federal Circuit in 1982 with the intention of "increasing doctrinal stability in the field of patent law" that exhibited "a special need for national uniformity.").

119 Littman, *supra* note 118, at 210.

120 515 U.S. 1121 (1995). The grant of certiorari was vacated when the patentee withdrew his jury demand and moved for dismissal of the Supreme Court case as moot.

121 *In re* Lockwood, 50 F.3d 966 (Fed. Cir. 1995).

122 *See generally* William F. Lee, Lauren B. Fletcher, & Gabriel Taran, *Reflections on the Ongoing Role of Juries in Determining Obviousness in Patent Cases After the Supreme Court's decision in* KSR, 76 PATENT, TRADEMARK & COPYRIGHT J. NO. 1870 (BNA May 30, 2008).

123 FED. R. CIV. P. 49(a) ("The court may require a jury to return only a special verdict in the form of a special written finding on each issue of fact.").

III. THE JURY'S ROLE IN NON-OBVIOUSNESS

A. *Seventh Amendment and Patent Law*

The proper foundation for analyzing the appropriate scope of the jury's role in the non-obviousness inquiry of patentability rests in the Seventh Amendment of the U.S. Constitution. The Seventh Amendment provides the right to a jury trial.[124] In determining whether or not a jury right exists, the Court will look to see whether that right existed at English common law in 1791, when the Seventh Amendment was ratified.[125]

Historically, questions of patentability have been tried to juries since the enactment of the first U.S. patent law in 1790. As time has evidenced, the amount of patent trials before juries has greatly increased,[126] making it increasingly important to define the jury's role in patent litigation. In *Markman v. Westview Instruments, Inc.*,[127] the Supreme Court adopted (former patent practitioner) Justice Curtis's classification of the two elements of a patent case in holding claim construction to be within the court's province while designating the question of infringement as requiring a jury trial.[128]

The Supreme Court has noted that the Constitution does not mandate every specific issue relating to patent validity be tried to a jury.[129] The Federal Circuit has also noted that given the "public right"[130] pedigree of patent validity, there is no absolute constitutional bar to independent judicial (rather than jury) resolution of obviousness.[131] *Markman* advised that when

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124 U.S. CONST. amend. VII ("In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved … .").
125 Dimick v. Schiedt, 293 U.S. 474, 476 (1935).
126 Kimberly A. Moore, *Judges, Juries, and Patent Cases – An Empirical Peek Inside the Black Box*, 11 FED. CIR. B.J. 209, 210 (2001) (From 1968 to 1970, juries heard 2.6% of all patent cases tried in district court. From 1997 to 1999, juries heard 59% of all patent cases.).
127 517 U.S. 370, 384 n.11 (1996).
128 *See Markman*, 517 U.S. at 384 n.11 (citing Winans v. Denmead, 56 U.S. 330, 338 (1853) ("The first [constructing the patent] is a question of law, to be determined by the court. The second [determining whether infringement occurred] is a question of fact, to be submitted to a jury.")).
129 *See* Granfinanciera, S.A. v. Nordberg, 492 U.S. 33, 42 n.4, 51 (1989) ("[T]he Seventh Amendment does not entitle the parties to a jury trial" on issues of public rights.); Ross v. Bernhard, 396 U.S. 531, 538 (1970) ("The Seventh Amendment question depends on the nature of the issue to be tried rather than the character of the overall action."); Murray's Lessee v. Hoboken Land & Improvement Co., 59 U.S. (18 How.) 272, 284 (1855). *But see Markman*, 517 U.S. at 377 ("[T]here is no dispute that infringement cases today must be tried to a jury, as their predecessors were more than two centuries ago.").
130 *See* Zoltek Corp. v. United States, 442 F.3d 1345, 1352 (Fed. Cir. 2006) ("[P]atent rights are a creature of federal law."); Patlex Corp. v. Mossinghoff, 758 F.2d 594, 604 (Fed. Cir. 1985) (A patent is "a right that can only be conferred by the government.").
131 *In re* Lockwood, 50 F.3d 966, 983 (Fed. Cir. 1995) (Nies, C.J.) (emphasizing that a patent is a public right created by Congress and "[a] constitutional jury right to determine validity of a patent does not attach to this public grant"); *see also* Brief for Intel et al. as Amici Curiae Supporting Petitioners, Medela AG & Medela, Inc. v. Kinetic Concepts, Inc.,

uniformity in a body of law is an important value and no constitutional jury-trial right is implicated, the law can provide for initial resolution by trial judges and *de novo* review by appellate judges.[132]

However, the Federal Circuit has also recognized that the Seventh Amendment does extend the right to a jury trial for questions of validity.[133] Furthermore, the Federal Circuit has ruled that no "complexity exception"[134] exists to a litigant's Seventh Amendment right to a jury trial in patent actions.[135] Notably, however, the question of patent validity implicates analysis of issues of both law and fact, i.e. non-obviousness, requiring tailored confinement of the jury's recognized role to questions of fact.

B. *Patent and Trademark Office and Administrative Law*[136]

As the *Graham* framework raises difficult questions about the relationship between the Federal Circuit and lower courts, it also raises similar situational problems between the Federal Circuit and the United States Patent and Trademark Office with respect to judicial review of obviousness determinations.[137]

Principles of administrative law also support a limited role for the jury on the question of obviousness, one with great oversight and independent legal analysis reserved in the judge. The grant of a patent "represents a legal conclusion reached by the Patent [and Trademark] Office"[138] that is presumed to be valid.[139] "Throughout the obviousness determination, a patent retains its

130 S. Ct. 624 (2009) (No. 09-198).

132 *Markman*, 517 U.S. at 390-91 (emphasizing "the importance of uniformity" as "an independent reason to allocate all issues of construction to the court" and observing that "uniformity would . . . be ill-served by submitting issues of document construction to juries").

133 *See In re* SGS-Thomson Microelectronics, Inc., 1995 U.S. App. LEXIS 10017 (Fed. Cir. 1995) (holding a right to a jury on validity and infringement issues); *In re Lockwood*, 50 F.3d at 980 (likening patent validity to patent infringement in recognizing the right to a jury trial under the Seventh Amendment on the question of validity); *but see In re Lockwood*, 50 F.3d at 980-81 (Nies, J., dissenting) (rejecting the majority's conception of a right to a jury trial on issues of patent validity); *Paltex Corp.*, 758 F.2d at 603 (recognizing that the Seventh Amendment protects the right to a jury trial on patent validity issues).

134 *See* SRI Int'l v. Matsushita Elec. Corp. of Am., 775 F.2d 1107, 1127 (Fed. Cir. 1985) (noting that one federal appellate court and three federal district courts have remanded or struck jury demands in "complex" civil cases, relying on a judge-created "complexity exception" despite the clear directive of the Seventh Amendment that "the right to jury trial shall be preserved").

135 *See* Paul J. Zegger & Peter Lee, *The Paper Side of Patent Jury Trials: Jury Instructions, Special Verdict Forms, and Post-Trial Motions*, 910 PLI/PAT 701, 705 (2007) (citing *SRI Int'l*, 775 F.2d at 1130 (en banc)).

136 The novel administrative law argument was presented in Medela's petition for writ of certiorari. *See generally* Petition for Writ of Certiorari, Medela AG & Medela, Inc. v. Kinetic Concepts, Inc., 130 S. Ct. 624 (2009) (No. 09-198).

137 Stuart Minor Benjamin & Arti K. Rai, *Who's Afraid of the APA? What the Patent System Can Learn from Administrative Law*, 95 GEO L.J. 269, 270-71 (2007).

138 *See* Lear, Inc. v. Adkins, 395 U.S. 653, 670 (1969).

139 35 U.S.C. § 282 (2006) ("A patent shall be presumed valid.").

statutory presumption of validity."[140] The Patent and Trademark Office (PTO) is an administrative agency and the Supreme Court has stated that the validity of an administrative agency's action is a matter for a court's independent judgment.[141]

In *Cox v. United States*,[142] defendants raised the invalidity of an administrative order as a defense in a criminal proceeding. The plurality opined that "the constitutional right to jury trial does not include the right to have a jury pass on the validity of an administrative order."[143] A majority was acquired for the proposition that the validity of an administrative order "is properly one of law for the Court."[144]

Construing the import of *Cox*, prominent legal commentators avow that challenges to the validity of an administrative order should be withheld from the jury.[145] Furthermore, empirical proof has been proffered that juries, jaded with a pro-patentee bias, are reluctant to ignore the imprimatur of the government on the issuance of the public right afforded through a patent.[146]

Therefore, placing the question of patent validity within the sole province of the jury without independent judicial determination permits a lay jury to overturn the decision of an administrative agency and insulates PTO agency actions from effective judicial review. Importantly, treating non-obviousness as a question of law – with a step for independent judicial determination by the court – facilitates consistent application of § 103 in the courts and in the PTO.[147]

IV. REFORMED JUDICIAL INQUIRY UNDER § 103

Illustrative of the need for reform, *Acushnet* requests that the Supreme Court institute a two-tiered judicial inquiry for non-obviousness wherein: (1) the court first reviews a jury's underlying factual findings for substantial evidence, and (2) independently decides the ultimate legal conclusion based on the jury findings

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140 Rockwell Int'l. Corp. v. United States, 147 F.3d 1358, 1364 (Fed. Cir. 1998).
141 *See* Cox v. United States, 332 U.S. 442, 453-55 (1947) (Justice Reed speaking for a plurality noted that "[t]he concept of a jury passing independently on an issue previously determined by an administrative body or reviewing the action of an administrative body is contrary to settle federal administrative practice." Acquiring a majority, Reed further asserts that the validity of an administrative order "is properly one of law for the Court.").
142 332 U.S. 442.
143 *Cox*, 332 U.S. at 453.
144 *Id.* at 455.
145 *See* KENNETH CULP DAVIS, ADMINISTRATIVE LAW TREATISE § 8.16, at 597 (West 1958) (where the invalidity of an administrative order is brought as a defense, the court "should withhold from the jury the validity of the order"); *see also* LOUIS L. JAFFE, JUDICIAL CONTROL OF ADMINISTRATIVE ACTION 394 (Little Brown 1965) (reserving "the validity of the order" to the court).
146 ADAM B. JAFFE & JOSH LERNER, INNOVATION AND ITS DISCONTENTS: HOW OUR BROKEN PATENT SYSTEM IS ENDANGERING INNOVATION AND PROGRESS 125 (Princeton, 2004).
147 Panduit Corp. v. Dennison Mfg. Co., 810 F.2d 1561, 1567 (Fed. Cir. 1987).

supported by substantial evidence.[148]

The current Federal Circuit approach fails to maintain the critical distinction between reviewing a jury's factual findings and independently deciding the ultimate legal conclusion, thereby eliminating an independent judicial decision on the ultimate question of validity as mandated by *KSR* and *Graham*. Drawing from Federal Circuit precedent, [149] *Acushnet's* two-step process proposal for prescribing the proper judicial inquiry under § 103 properly delineates treatment of the *Graham* factual inquiries and the ultimate legal determination of validity with respective roles for judge and jury.

The first step recognizes the role of the jury and requires the court to review the jury's factual findings on the *Graham* factors for substantial evidence. The second step – neglected by the current Federal Circuit approach – apportions the role of the judge by mandating that the court render its own legal conclusion based on the facts established by the jury's supported findings.

The jury's findings on the predicate *Graham* factors in the first step should be reviewed under the appropriate standard for findings of fact – for support by substantial evidence.[150] They are not, however, dispositive of the ultimate legal conclusion as the Federal Circuit currently holds them to be.[151]

The second step defines the judge's role to comport with precedential authority holding non-obviousness to be a question of law.[152] It thereby corrects the Federal Circuit's error in allowing the jury's legal conclusion to be insulated from independent judicial review with the requirement that the reviewing court draw its own legal conclusion from the established facts, no matter how the jury itself decided the invalidity issue.[153]

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148 *See generally* Petition for Writ of Certiorari, Acushnet Co. v. Callaway Golf Co., 130 S. Ct. 1525 (2010) (No. 09-702).

149 *See Panduit Corp.*, 810 F.2d at 1566-69 (Holding that the § 103 inquiry requires resolving any disputes on the underlying factual issues and then making the separate legal conclusion on the ultimate invalidity issue.).

150 *See Panduit Corp.*, 810 F.2d at 1569 ("Rule 52(a) is applicable to all findings on the four inquires listed in Graham."); Dennison Mfg. Co. v. Panduit Corp., 475 U.S. 809, 810-11 (1986) (holding that underlying factual findings are subject to deferential review).

151 In Kinetic Concepts, Inc. v. Blue Sky Med. Grp., Inc., 554 F.3d 1010 (Fed. Cir. 2009) and Fresenius USA, Inc. v. Baxter Int'l, Inc., 582 F.3d 1288 (Fed. Cir. 2009) the Federal Circuit only looked at one *Graham* factor. *But see Panduit Corp.*, 810 F.2d at 1569-71 (The Federal Circuit held that all probative facts must be considered before a court renders its ultimate legal conclusion.).

152 *See* sources cited *supra* notes 92, 93.

153 Earlier Federal Circuit decisions recognized such a role for the court. *See, e.g.*, Richardson-Vicks Inc. v. Upjohn Co., 122 F.3d 1476, 1479 (Fed Cir. 1997) ("That an obviousness determination stands upon the relevant facts does not convert the ultimate conclusion of obviousness from one of law into one of fact."); Newell Co., Inc. v. Kenney Mfg. Col, 864 F.2d 757, 763 (Fed. Cir. 1988) ("[I]t is not the function of the jury to pick and choose among *established facts* relating to obviousness in contrast to its obligation to sift through the *conflicting evidence* to determine what those facts are.") (emphasis in original); R.R. Dynamics, Inc. v. A. Stucki Co., 727 F.2d 1506, 1515 (Fed. Cir. 1984)

A critical distinction to be noted in the two tiers is that the jury's factual findings are assigned deference, while the jury's ultimate legal conclusion on §103 is not.[154] The lack of deference in the second step reflects the appropriate allocation of decision-making power between the jury and judge. Put another way, the jury's ultimate legal conclusion on non-obviousness can be viewed as advisory in obliging the judge to render its own legal assessment.

V. SPECIAL VERDICTS[155]: A SOLUTION TO THE BLACK BOX OF § 103 VERDICTS

A. *Four Possible Verdict Forms*

The Federal Rules of Civil Procedure provide four possible types of verdict forms: 1) general verdict, 2) general verdict with interrogatories,[156] 3) special verdict,[157] and 4) advisory verdict.[158] The first two options charge the jury with the ultimate conclusion of non-obviousness with the resultant decision being binding on the court.[159] The third option, the special verdict, directs the jury to determine only the factual inquiries relevant to the *Graham* analysis.[160] Last, the advisory verdict would entrust the jury with making a non-binding determination on the ultimate question of non-obviousness.[161]

General verdicts[162] represent the quintessential "black box"[163]

("[T]he judge must remain the ultimate arbiter on the question of obviousness.").

154 Only subsidiary factual findings are subject to the clear and convincing evidence standard, because an evidentiary burden of proof has no applicability to a question of law. *See* Daralyn J. Durie, Mark A. Lemley, *A Realistic Approach to the Obviousness of Inventions*, 50 WM. & MARY L. REV. 989, 1014 (2008) (citing Joshua D. Sarnoff, *Bilcare, KSR, Presumptions of Validity, Preliminary Relief, and Obviousness in Patent Law*, 25 CARDOZO ARTS & ENT. L.J. 995, 1001-02 (2008)).

155 A special verdict is a "special finding of the facts of a case by a jury, leaving to the court the application of the law to the facts thus found." BLACK'S LAW DICTIONARY 1560 (6th ed. 1990).

156 FED. R. CIV. P. 49(b).

157 FED. R. CIV. P. 49(a).

158 FED. R. CIV. P. 39(c).

159 Tolga S. Gulmen, *Model Jury Instructions on Non-obviousness in the Wake of* KSR: *The Northern District of California's Approach*, 24 BERKELEY TECH. L.J. 99, 108 (2009).

160 *Id.*

161 *Id.*

162 Although expressing disfavor, the Federal Circuit has stated that a jury may return a "naked general verdict" just like in any other civil suit. *See* Connell v. Sears, Roebuck & Co., 722 F.2d 1542, 1546 (Fed. Cir. 1983). *But see* Am. Hoist & Derrick Co. v. Sowa & Sons, Inc., 725 F.2d 1350, 1357-61 (Fed. Cir. 1984) (recognizing that the form of jury verdict is normally within the discretion of the trial court, but still criticizing the trial court for submitting the question of obviousness as a general verdict and suggesting that the "failure to utilize [special interrogatories or special verdicts] in patent cases" may be an abuse of the trial court's discretion) (quoting Baumstimler v. Rankin, 677 F.2d 1061, 1071-72 (5th Cir. 1982)).

163 Moore, *supra* note 126, at 213.

in providing a practically unreviewable legal conclusion that invites a highly deferential standard of review.

> [When presented with a] naked general verdict involving mixed issues of law and fact or the application of law to face, an erroneous verdict may be effectively unreviewable because it is impossible to unscramble the issues of law from the issues of fact in order to analyze and assess whether the decisions of the jury was both legally correct and based upon non-reversible factual findings.[164]

Supporting an alternative to the general verdict, in the arena of mixed law-fact issues where uniformity is important, "the Court has been reluctant to give the trier of fact's conclusions presumptive force."[165] Correspondingly, courts have been urged to "institute safeguards consistent with the Seventh Amendment to ensure that the legal issues are determined by the court and that only triable factual questions are determined by the jury." [166]

B. *Special Verdicts Are Preferable to Special Interrogatories*

Two proposed safeguards to refine the jury's role and penetrate the "black box" of a general verdict are special verdicts and special interrogatories. Rule 49 of the Federal Rules of Civil Procedure authorizes the use of special verdicts[167] and general verdicts with special interrogatories in civil cases.[168] Commentators assert that relative to judges, juries tend to lump and decide issues in the aggregate,[169] so compelling a jury to consider factual issues individually through a special verdict or special interrogatory may improve the consistency of jury verdicts, as well as the underlying decision-making processes.[170] Furthermore, the resultant transparency that these two verdict forms yield remedies the "black box" conundrum.

In utilizing special verdicts, the judge does not "give any charge about the substantive legal rules beyond what is reasonably necessary to enable the jury to answer intelligently the [factual] questions" given to them.[171] Special verdicts therefore eliminate

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164 Meng Ouyang, *The Procedural Impact of KSR on Patent Litigation*, 6 BUFF. INTELL. PROP. L.J. 158, 165 (2009) (citation omitted).
165 Miller v. Fenton, 474 U.S. 104, 114 (1985).
166 Edward, Manzo, *A Panel Discussion on Obviousness in Patent Litigation:* KSR Int'l v. Teleflex, 6 J. MARSHALL REV. INTELL. PROP. L. 595, 625 (2007); *see also* Zegger & Lee, *supra* note 135, at 707-08.
167 FED. R. CIV. P. 49 (Rule 49(a) allows the court to require a jury "to return only a special verdict in the form of a special written finding upon each issue of fact.").
168 *Id.*
169 Moore, *supra* note 126, at 217.
170 Zegger & Lee, *supra* note 135, at 716.
171 Ouyang, *supra* note 164, at 166 (quoting Skidmore v. Baltimore & O.R. Co. 167 F.2d 54, 66 (2d Cir. 1945)); *see* R.H. Baker & Co. v. Smith-Blair, Inc., 331 F.2d 506, 511 (9th Cir. 1964); Krolikowski v. Allstate Ins. Co., 283 F.2d 889, 891-92 (7th Cir. 1960).

the need for potentially complicated instructions in law, leaving juries to simply answer factual questions.[172] As will be discussed in further detail, the Federal Circuit has not required, but has encouraged,[173] trial courts to utilize special verdicts or special interrogatories in patent cases and has otherwise held that the legal question of obviousness may be submitted to the jury through the form of a general verdict rather than by Rule 49.[174]

In adopting the first safeguard, the Seventh Circuit recognized that "because only issues of fact subsidiary to the legal question of obviousness are within the province of the jury, its resolution of those issues of fact should ordinarily be articulated in special verdicts under Federal Rule of Civil Procedure 49(a)."[175] On the other hand, the Tenth Circuit has held that the use of special verdicts is a discretionary decision for the trial judge.[176]

Under Federal Rule of Civil Procedure 49(b), general verdicts with special interrogatories require a court to instruct a jury on the relevant law and ask juries to apply those legal principles to the facts. Commentators posit that special interrogatories are preferable when the law and fact "cannot be so neatly separated" when submitting mixed questions of law and fact to the jury.[177] However, because 49(b) requires the application of legal principles to facts, the potential for inconsistency in this process is a problematic characteristic of general verdicts with special interrogatories that is absent from special verdicts.[178] Furthermore, the Seventh Circuit in *Dual Manufacturing* stressed that "a general verdict, with or without answers to special interrogatories, will ordinarily serve no purpose, because the court will still have the responsibility of deciding obviousness"[179] as a question of law.

Although it may be difficult to separate law and fact in mixed questions, the Supreme Court's holding obviousness to be a question of law and corresponding delineation of the *Graham*

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172 Ouyang, *supra* note 164, at 166.
173 *See* Hewlett-Packard Co. v. Mustek Sys., Inc., 340 F.2d 1314, 1325 (Fed. Cir. 2003). The 9th Circuit has also espoused similar encouragement. *See* Sarkisian v. Winn-Proof Corp., 688 F.2d 647, 650 (9th Cir. 1982) (en banc) (per curiam).
174 McGinley v. Franklin Sports, Inc., 262 F.3d 1339, 1358 (Fed. Cir. 2001) (citing R.R. Dynamics, Inc. v. A. Stucki Co., 727 F.2d 1506, 1515 (Fed. Cir. 1984); Connell v. Sears, Roebuck & Co., 722 F.2d 1542, 1547-48 (Fed. Cir. 1983)).
175 Dual Mfg. & Eng'g, Inc. v. Burris Indus., Inc., 619 F.2d 660, 667 (7th Cir. 1980).
176 Wheeler v. John Deere Co., 935 F.2d 1090, 1101 (10th Cir. 1991) ("When jury instructions comprehensively cover all material issues in the case, a district court does not abuse its discretion in denying a request for special interrogatories.").
177 Ouyang, *supra* note 164, at 166.
178 Zegger & Lee, *supra* note 135, at 716; *see* Structural Rubber Prods. Co. v. Park Rubber Co., 749 F.2d 707, 724 (Fed. Cir. 1984) (noting that special verdict forms have a particular advantage of not having to instruct the jury on the legal issues unlike where the jury has to deliver a verdict with or without interrogatories).
179 *Dual Mfg.*, 619 F.2d at 667.

factual underpinnings support the proposition that this is a distinction that must be made in appropriating the role of judge and jury on the question of obviousness.

The use of special interrogatories runs counter to confining the jury's role to factual findings, as they require legal analysis that should be reserved for the judge. They notably suffer from potential inconsistency in the jury's application of the facts to the legal standards of non-obviousness.[180]

Special verdicts serve an appropriate middle ground in remedying the black box of the general verdict while upholding the traditional role of the jury and allowing for judicial determination of the legal question of non-obviousness with a framework for effective review. Implementation of special verdicts would produce the transparency that allows the court to render its own legal conclusion based on the jury's factual findings, not just presumed ones. Special verdict forms can "help produce better-informed, more consistent jury determinations."[181] In clearly separating the respective functions of judge and jury,[182] special verdicts effectuate the congressional policy expressed in patent law[183] and should be mandated in cases of obviousness.[184]

C. *Special Verdicts and the Federal Circuit*

Expressing a favorable perspective, the Supreme Court has noted that, "in cases that reach the jury, a special verdict and/or interrogatories on each claim element could be very useful in facilitating review, uniformity, and possibly post-verdict judgments as a matter of law."[185]

The Federal Circuit does not mandate the use of a particular set of jury instructions or verdict forms,[186] thus creating a situation where each district, or even each bench, may utilize substantially

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180 Gulmen, *supra* note 159, at 112.
181 Zegger & Lee, *supra* note 135, at 716.
182 *See Structural Rubber*, 749 F.2d at 724.
183 *See generally* John R. Brown, *Federal Special Verdicts: The Double Eliminator*, 44 F.R.D. 245, 338 (1967); Samuel M. Driver, *The Special Verdict—Theory and Practice*, 26 WASH. L. REV. 21, 21-23 (1957); Elizabeth A. Faulkner, *Using the Special Verdict to Manage Complex Cases and Avoid Compromise Verdicts*, 21 ARIZ. ST. L.J. 297 (1989); Charles T. McCormick, *Jury Verdicts Upon Special Questions in Civil Cases*, 2 F.R.D. 176, 181 (1941); Gary M. Ropski, *Constitutional and Procedural Aspects of the Use of Juries in Patent Litigation (Part II)*, 58 J. PAT. OFF. SOC'Y 673 (1976).
184 Moore, *supra* note 116, at 792; *see also* John Petravich, *Making a Pitch for Extending a Judge's Power to Determine Obviousness: How the* McGinley *Court Struck Out*, 3 J. MARSHALL REV. INTELL. PROP. L. 156 (2003).
185Warner-Jenkinson Co. v. Hilton Davis Chem. Co., 520 U.S. 17, 39 n.8 (1997).
186 *See* R.R. Dynamics, Inc. v. A. Stucki Co., 727 F.2d 1506 (Fed. Cir. 1984); *see also* McGinley v. Franklin Sports, Inc., 262 F.3d 1339 (Fed. Cir. 2001); Orthokinetics, Inc. v. Safety Travel Chairs, Inc., 806 F.2d 1565, 1582 (Fed. Cir. 1986); Shatterproof Glass Corp. v. Libbey-Owens Ford Co., 758 F.2d 613 (Fed. Cir. 1985) (finding no reversible error in declining to present special interrogatories to the jury).

different jury instructions and verdict forms.[187] At best, the Federal Circuit suggests that general jury verdicts should be avoided, but it does not mandate the use of more detailed verdict forms.[188]

The Federal Circuit defers to the regional circuit's precedent on procedural matters[189] as a means of minimizing confusion between the district courts.[190] The Federal Circuit has also held that it does not possess supervisory power over the district courts.[191]

However, the Federal Circuit does reserve the authority to decide procedural issues in relation to substantive matters when those matters are "unique" to patent law,[192] such as mandating special verdicts for the *Graham* inquiries in non-obviousness. Furthermore, the Supreme Court seems to have signaled that the Federal Circuit may be able to "implement procedural improvements to promote certainty, consistency, and reviewability"[193] in areas of patent law. Moreover, there is scholastic support for Federal Circuit law that would be applicable to all procedural issues in patent cases, viewing it as superior to the current choice of law rules.[194]

In summation, there is support for a Federal Circuit holding

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187 Gulmen, *supra* note 159, at 99.

188 *See generally* Structural Rubber Prods. Co. v. Park Rubber Co., 749 F.2d 707 (Fed. Cir. 1984).

189 *See* Allen Organ Co. v. Kimball Int'l, Inc., 839 F.2d 1556, 1561 (Fed. Cir. 1988) ("District courts have broad discretion in the conduct of jury trials, including the form of the jury verdict."); Panduit Corp. v. All States Plastic Mfg. Co., 744 F.2d 1564, 1574-75 (Fed. Cir. 1984).

190 *See Allen Organ Co.*, 839 F.2d at 1563; *Panduit Corp.*, 744 F.2d at 1575; *see also* Biodex Corp. v. Loredan Biomed., Inc., 946 F.2d 850, 857-58 (Fed. Cir. 1991) (noting that the Federal Circuit practice is to defer to regional circuit law for issues involving interpretation of the Federal Rules of Civil Procedure).

191 *See In re* Mark Indus., 751 F.2d 1219, 1222 (Fed. Cir. 1984) ("This court has no administrative authority over any district court."); Petersen Mfg. Co. v. Cent. Purchasing, Inc., 740 F.2d 1541, 1552 (Fed. Cir. 1984) ("Unlike other Circuit Courts of Appeal, we have no direct supervisory authority over district courts.") (citation omitted); *In re* Int'l Med. Prosthetics Research Assocs., Inc., 739 F.2d 618, 619 (Fed. Cir. 1984) (stating that "this court is devoid of [supervisory] authority").

192 Warner-Jenkinson Co. v. Hilton Davis Chem. Co., 520 U.S. 17 (1997).

193 *Id.* at 39 n.8:

> With regard to the concern over un-reviewability due to black-box jury verdicts, we offer only guidance, not a specific mandate. . . . Finally, in cases that reach the jury, a special verdict and/or interrogatories on each claim element could be very useful in facilitating review, uniformity, and possibly post-verdict judgments as a matter of law. We leave it to the Federal Circuit how best to implement procedural improvements to promote certainty, consistency, and reviewability to this area of law.

Id.

194 *See* Moore, *supra* note 116, at 779 (citing Rochelle Cooper Dreyfuss, *The Federal Circuit: A Case Study in Specialized Courts*, 64 N.Y.U. L. REV. 1, 61-62, 64 (1989) (arguing in favor of the Federal Circuit creating its own procedural law)); *see also* Charles L. Gholz, *Choice of Law in the United States Circuit Court of Appeals for the Federal Circuit*, 13 AM. INTELL. PROP. L. ASSOC. Q.J. 309, 314 (1985) (contending that the current Federal Circuit choice of law rules create uncertainty and encourage forum shopping).

that demands the use of a particular verdict form on matters "unique" to patent law, such as mandating the use of special verdicts for the *Graham* factors of non-obviousness.[195]

There has been fragmented support for the use of special verdicts on the question of non-obviousness in the Federal Circuit. Without creating a precedential mandate, the Federal Circuit has expressed that special verdict forms or interrogatories on the *Graham* factors should be employed and would be beneficial.[196]

In positioning the standard of review, the court in *Agrizap* hinted that greater specificity in special verdicts provide "more insight" on jury findings.[197] One sitting Federal Circuit judge remarked, "clarification by our court of when to apply Rule 49 in patent actions in my opinion may offer the single most effective means of helping district courts rationalize jury verdicts."[198]

Judge Michel advocated for a similar directive in his dissenting opinion in *McGinley v. Franklin Sports, Inc.*[199] He expressed concern over the "common, if unfortunate, process" of allowing a general jury verdict on the legal question of obviousness that renders it essentially immune from review.[200] This observable

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195 *See* Moore, *supra* note 116, at 779.

196 *See* Richardson-Vicks Inc. v. Upjohn Co., 122 F.3d 1476, 1479, 1485 (Fed. Cir. 1997):

> Determining the facts and how they bore on the jury's view of the case is made considerably more problematic when, as in the case before us, the only information we have about the jury's views are contained in a general verdict. . . .
>
> The preferred route would have been to submit the underlying factual issues to the jury in the form of a special verdict under Rule 49(a). . . . The reasons for using this procedural device are obvious and well documented in all areas of law. For example, one noted scholar long ago described the benefits as follows: 'The special verdict compels detailed consideration. But above all it enables the public, the parties and the court to see what the jury really has done. The general verdict is either all wrong or all right, because it is inseparable and inscrutable. A single error completely destroys it. But the special verdict enables errors to be localized so that the sound portions of the verdict may be saved and only the unsound portions be subject to redeterminations through a new trial.'

Id. (quoting Sunderland, *Verdicts, General and Special*, 29 YALE L.J. 253, 259 (1920)); *see also* Agrizap, Inc. v. Woodstream Corp., 520 F.3d 1337, 1343 n.3 (Fed. Cir. 2008); McGinley v. Franklin Sports, Inc., 262 F.3d 1339 (Fed. Cir. 2001); Mendenhall v. Cedarapids, Inc., 5 F.3d 1557, 1563 (Fed. Cir. 1993); R.R. Dynamics v. Stucki, 727 F.2d 1506, 1516-17 (Fed. Cir. 1984); Am. Hoist & Derrick Co. v. Sowa & Sons, Inc., 725 F.2d 1350, 1361 (Fed. Cir. 1984); Structural Rubber Prods. Co. v. Park Rubber Co., 749 F.2d 707, 721 (Fed. Cir. 1984); Perkin-Elmer Corp. v. Computervision Corp., 732 F.2d 888, 893 (Fed. Cir. 1984).

197 *Agrizap, Inc.*, 520 F.3d at 1343 n.3 (Fed. Cir. 2008) (suggesting that special verdict forms that ask specific subsidiary factual questions are preferable to those that just ask the jury its view of obviousness); *see also* Zegger & Lee, *supra* note 135, at 716 ("By compelling a jury to consider factual issues individually, special verdicts and interrogatories may improve the consistency of jury verdicts as well as the underlying decision-making processes that produce them.").

198 Paul R. Michel & Michelle Rhyu, *Improving Patent Jury Trials*, 6 FED. CIR. B.J. 89, 91 (1996).

199 262 F.3d 1339 (Fed. Cir. 2001) (Michel, J., dissenting).

200 *McGinley*, 262 F.3d at 1358-59, 1363 (expressing that "[it is] surprising to find our supposedly de novo review so limited, despite our settled case law that a jury's ultimate conclusion on obviousness is a legal question freely reviewable by judges").

trend in the Federal Circuit seems misaligned with its own holding that "[t]here is no question that the judge must remain the ultimate arbiter on the question of obviousness."[201]

Of prime illustration, the Federal Circuit in *Structural Rubber* emphasized that Rule 49(a) beneficially simplifies jury instructions, separates respective judge and jury functions, conserves judicial resources, and effectuates the Congressional policy expressed in the patent laws.[202] In *Perkin-Elmer*, the court reviewed a general verdict presupposing factual determinations for substantial evidentiary support, but stated that it would have preferred the use of special interrogatories to facilitate review.[203] Further, in *Mendenhall v. Cedarapids, Inc.*, the court recognized that special verdicts allow the judge to retain control over the ultimate verdict while preserving judicial resources.[204]

In *Jurgens v. McKasy*,[205] the Federal Circuit expressly acknowledged that while factual findings are given due deference, the ultimate question of obviousness is a question of law for the court to decide independently;[206] and yet, general "black box" verdicts remain the norm. In *PharmaStem Therapeutics*, the court opened with noting that "[o]bviousness is a legal conclusion that we review de novo," but then proceeded with the seemingly inconsistent and characteristic deferential review utilized in the

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[201] *R.R. Dynamics, Inc.*, 727 F.2d at 1515; *see also Richardson-Vicks* F.3d at 1479 ("That an obviousness determination stands upon the relevant facts of the case does not convert the ultimate conclusion of obviousness from one of law into one of fact.").

[202] *See* Moore, *supra* note 116, at 792 (citing Structural Rubber Prods. Co. v. Park Rubber Co., 749 F.2d 707, 718, 724 (Fed. Cir. 1984) (suggesting special verdicts as a solution to the "black box in which patents are thrown and emerge intact or invalid by an unknown and unknowable process"); *see also Richardson-Vicks*, 122 F.3d at 1485 ("Given the nuances of patent law combined with the added complications of technology, the advantages of a special fact verdict are even more pronounced."); Orthokinetics, Inc. v. Safety Travel Chairs, Inc., 806 F.2d 1565, 1582 (Fed. Cir. 1986) ("The alternative mandatory verdict instructions discussed in *Structural Rubber* are desirable and facilitate both jury deliberations and appellate review").

[203] Perkin-Elmer Corp. v. Computervision Corp., 732 F.2d 888, 893-94 (Fed. Cir. 1984).

[204] *See* Mendenhall v. Cedarapids, Inc., 5 F.3d 1557, 1563 (Fed. Cir. 1993):

> One advantage of the use of special verdicts is that some may be accepted for those issues that are resolved according to the evidence and law and others need not be relied upon or may even be rejected outright. . . . Thus, a new trial may be avoided entirely or be necessary on only certain issues. . . . The trial judge reserves a large measure of control over the judgment to be entered.

[205] 927 F.2d 1552 (Fed. Cir. 1991).

[206] Jurgens v. McKasy, 927 F.2d 1552, 1557-59 (Fed. Cir. 1991). In *Jurgens* the Court acknowledged the benefits of special verdicts alongside treating obviousness as a question of law:

> When an issue of law has been submitted to the jury upon disputed facts – for example, a jury special verdict on patent claim obviousness where the underlying facts have been disputed – the standard of review has two parts. We first presume that the jury resolved the underlying factual disputes in favor of the verdict winner and leave those presumed findings undisturbed if they are supported by substantial evidence. . . . Then we examine the legal conclusion *de novo* to see whether it is correct in light of the presumed jury fact findings.

Id. at 1557.

Federal Circuit.[207]

Countering this widely asserted inconsistency, it has been claimed that the Federal Circuit *does* conduct independent review of jury verdicts on obviousness, illustrated by its reversals of lower court denials of motions for judgments as a matter of law (JMOL).[208] However, this proffered evidence is immaterial to the customary review of general verdicts that courts conduct on every obviousness case when no motion for JMOL is made. Critics argue that there must be independent judicial review on every jury verdict without requiring the party to motion for JMOL, and the "black box" status quo prevents such legal analysis.

D. *Support for Special Verdicts in the District Courts*

The benefits of special verdict forms can only be fully realized through careful drafting that clearly focuses the jury's attention to specific factual questions. The reception to, and development of, special verdict forms in the district courts is noteworthy.[209]

The special verdict forms developed in the United States District Courts for the Western District of Texas and the Northern District of California embody the desirable focus on the *Graham* factual inquires. The U.S. District Court for the Western District of Texas illustratively uses a special verdict comprising the four requisite *Graham* questions and ultimately leaves the legal judgment of obviousness to the judge.[210] The U.S. District Court for the Northern District of California provides instructions for either a special verdict where the jury only determines the underlying factual *Graham* inquiries or an advisory verdict where the jury makes the determination of non-obviousness that has no binding effect on the trial judge.[211]

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[207] PharmaStem Therapeutics, Inc. v. ViaCell, Inc., 491 F.3d 1342, 1359 (Fed. Cir. 2007).

[208] *See* Boston Scientific Scimed, Inc. v. Cordis Corp., 554 F.3d 982, 990 (Fed. Cir. 2009), *petition for cert. dismissed*, No. 09-103, 2009 LEXIS 7156 (Oct. 2, 2009) (reversing the denial of the alleged infringer's JMOL motion on obviousness); Agrizap, Inc. v. Woodstream Corp., 520 F.3d 1337, 1344 (Fed. Cir. 2008) (finding the defendant's obviousness case "overwhelming" and reversing the district court's denial of the defendant's motion for JMOL on obviousness).

[209] *See* Moore, *supra* note 116, at 785-88 (noting the use of various permutations of special verdicts for non-obviousness in the Western District of Pennsylvania, Northern District of Ohio, District of Delaware, Southern District of California, Eastern District of Texas, Western District of Texas, District of North Carolina, and Northern District of Illinois).

[210] *See* Special Verdict Form, Sterling Drug, Inc. v. Intermedics, Inc., 670 F. Supp. 1347 (W.D. Tex. 1987) (No. CIV.A-82-CV0578); *see also* Special Verdict Form, Structural Rubber Prods. Co. v. Park Rubber Co., 1986 U.S. Dist. LEXIS 18715 (N.D. Ill. Oct. 22, 1986) (No. 79-C-1223).

[211] Claudia Wilkin, *Model Patent Jury Instructions for the Northern District of California*, *in* DEVELOPMENTS IN PHARMACEUTICAL AND BIOTECH PATENT LAW 2008, at 337 (PLI Patent, Copyrights, Trademarks, & Literary Prop., Course Handbook Series No. 17180, 2008); Model Patent Jury Instructions for the Northern District of California, Nov. 29, 2007, http://www.cand.uscourts.gov/cand/ForAttys.nsf/d07d1927bb07c86c88256d6e005ce658/4ed41e5a5972b27a88256d6e005cee5d/$FILE/NDModel.nov07.pdf.

The Northern District of California's special verdict form presents a valuable framework that can be utilized in working towards developing the optimal draft for a special verdict on the underlying factual components of non-obviousness:

> Not all innovations are patentable. A patent claim is invalid if the claimed invention would have been obvious to a person of ordinary skill in the field [at the time the application was filed][as of [insert date]]. The court, however, is charged with the responsibility of making the determination as to whether a patent claim was obvious based upon your determination of several factual questions. First, you must decide the level of ordinary skill in the field that someone would have had at the time the claimed invention was made. Second, you must decide the scope and content of the prior art. Third, you must decide what difference, if any, existed between the claimed invention and the prior art. Finally, you must determine which, if any, of the following factors have been established by the evidence:
>
> (1) Commercial success of a product due to the merits of the claimed invention;
>
> (2) A long felt need for the solution provided by the claimed invention;
>
> (3) Unsuccessful attempts by others to find the solution provided by the claimed invention;
>
> (4) Copying of the claimed invention by others;
>
> (5) Unexpected and superior results from the claimed invention;
>
> (6) Acceptance by others of the claimed invention as shown by praise from others in the field or from the licensing of the claimed invention;
>
> (7) Other evidence tending to show non-obviousness;
>
> (8) Independent invention of the claimed invention by others before or at about the same time as the named inventor thought of it; and
>
> (9) Other evidence tending to show obviousness.[212]

The recognition of the benefits of special verdicts at the district court level should draw the Federal Circuit's attention in support of a precedential mandate for special verdicts on the *Graham* factors in non-obviousness. Furthermore, a Federal Circuit mandate on special verdicts would remove incentives to forum shop[213] in the districts and henceforward promote

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[212] Model Patent Jury Instructions for the Northern District of California, Nov. 29, 2007, http://www.cand.uscourts.gov/cand/ForAttys.nsf/d07d1927bb07c86c88256d6e005ce658/4ed41e5a5972b27a88256d6e005cee5d/$FILE/NDModel.nov07.pdf.

[213] *See generally* Kimberly A. Moore, *Forum Shopping in Patent Cases: Does Geographic Choice Affect Innovation?*, 79 N.C.L. REV. 889 (2001); Gulmen, *supra* note 159, at 127 ("Patentees

uniformity.

CONCLUSION

This Note draws attention to the dominant role non-obviousness has in patent law as a means of illustrating how indeterminacy and variability in this standard of patentability threatens the U.S. patent system and society at large. Discussion of the inconsistency rampant in the Federal Circuit's approach to the non-obviousness question of patent validity highlights the urgent need for reform. Consistent with a majority of the regional circuits (preceding the formation of the Federal Circuit), Supreme Court directives, and partial support from the dichotomous Federal Circuit precedent, this Note asserts that a two-tiered judicial inquiry with apportioned roles for jury and judge is the proper resolve to be adopted for non-obviousness jurisprudence. In accordance with the Federal Circuit's authority to do so, special verdicts should be mandated for the underlying *Graham* inquiries as a means of enhancing judicial review in further support of non-obviousness as a question of law.

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would tend to submit complaints in districts where the jury makes the conclusion, and alleged infringers would have greater incentive to seek declaratory relief in districts where judges make the ultimate conclusion.").

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