

*Brand v. Miller* Prevents Administrative Patent Judges From Using Their Common Sense in Inter Partes Proceedings<sup>1</sup>

by

Robert C. Nissen<sup>2</sup>

and

Charles L. Gholz<sup>3</sup>

In a previous article,<sup>4</sup> we explained that, under *Brand v. Miller*, 487 F.3d 862, 82 USPQ2d 1705 (Fed. Cir. 2007), the Federal Circuit is using the wrong standard of review when reviewing factual findings by the Board of Patent Appeals and Interferences (“the BPAI”). In this article, we explain that, under *Brand*, the Federal Circuit will not allow Administrative Patent Judges (“APJs”) to use their common sense when deciding inter partes proceedings. We believe that the Federal Circuit’s decision directly contradicts *KSR Int’l Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 82 USPQ2d 1385 (2007), which explicitly allows patent examiners and district court judges to use their common sense.

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<sup>1</sup> Copyright 2008 by Robert C. Nissen and Charles L. Gholz.

<sup>2</sup> Partner in Litigation Section of Oblon, Spivak, McClelland, Maier & Neustadt. My direct dial telephone number is 703/412-6267, and my email address is rnissen@oblon.com.

<sup>3</sup> Partner in and head of the Interference Section of Oblon, Spivak, McClelland, Maier & Neustadt. My direct dial telephone number is 703/412-6485, and my email address is cgholz@oblon.com.

<sup>4</sup> Robert C. Nissen & Charles L. Gholz, *Brand v. Miller* Demonstrates that the Federal Circuit is Giving Insufficient Deference to the Factual Findings of the Patent and Trademark Office, 89 JPTOS 848 (2007).

*Brand* was an interference proceeding involving log cutting technology. A panel of the BPAI had unanimously entered a judgment holding unpatentable a claim in a patent application by Brand on the ground that Brand had derived the invention defined by that claim from Miller. The BPAI's holding was based on its assessment of what certain documents given Brand by Miller had taught Brand.

The Federal Circuit reversed, stating that “it is impermissible for the Board to base its factual findings on its expertise, rather than on evidence in the record.” *Brand*, 487 F.3d at 869, 82 USPQ2d at 1710. It asserted that, in interpreting the record documents, “the Board substituted its own expertise for record evidence that Miller was obligated to provide.”<sup>5</sup> *Brand*, 487 F.3d at 870, 82 USPQ2d at 1711. The Federal Circuit agreed with Brand that “the Board improperly substituted its own opinion for evidence of the knowledge of one of ordinary skill in the art.” *Brand*, 487 F.3d at 870, 82 USPQ2d at 1710. Although the Federal Circuit conceded that “the Board’s expertise appropriately plays a role in interpreting record evidence,” *id.*, it held “that the Board improperly substituted its own opinion for evidence of the knowledge of one of ordinary skill in the art.” *Id.* The Federal Circuit went on to establish the rigid rule “that, in the context of a contested case, it is impermissible for the Board to base its factual findings on its expertise, rather than on evidence in the record.” *Brand*, 487 F.3d at 869, 82 USPQ2d at 1710.

In so holding, the Federal Circuit ignored the Supreme Court’s decision in *KSR*, 127 S.

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<sup>5</sup> This statement is factually incorrect. Miller “provide[d]” evidence in the form of an affidavit from Brand (respondents’ assignor) that fully supported the Board’s conclusion that the two documents made the asserted claim of the Brand patent obvious. As the declaration was by the individual Brand, it is possible that the court wrongly attributed the declaration to the party Brand.

Ct. 1727, 82 USPQ2d 1385, which came down two weeks before the Federal Circuit's decision in *Brand*. *KSR* gave courts and the PTO additional tools to weed out obvious claims. In particular, the Supreme Court explicitly stated:

If a court, or *patent examiner*, conducts [the analysis necessary to decide that references are properly combinable] and concludes the claimed subject matter was obvious, the claim is invalid under § 103.

127 S. Ct at 1734, 82 USPQ2d at 1391 (emphasis added). *KSR* explicitly rejected rigid rules such as the one the Federal Circuit applied in *Brand*, noting that “[r]igid preventative rules that deny factfinders recourse to common sense, however, are neither necessary under our case law nor consistent with it.” 127 S. Ct. at 1742-43, 82 USPQ 2d at 1397. Instead, *KSR* explained that it is proper for both district courts and patent examiners to rely on their “common sense” to decide whether two references can be properly combined to make a claim obvious.

Consequently, the Supreme Court overturned the Federal Circuit's “rigid rule” that references cannot be combined unless there was a teaching, suggestion, or motivation to combine the references.

Apparently, the Federal Circuit believes that *KSR* does not apply to APJs, but rather was limited to district courts and patent examiners. There is no basis, however, for having one standard for patent examiners and district courts and another standard for APJs. A panel of APJs acts as an appellate court when it hears appeals from rejections of claims by examiners. *See* 35 U.S.C. at § 134. However, a panel of APJs *acts as a factfinder* (just like a patent examiner and a district court) when it decides interferences. *See id.* at § 135(a). In both instances, the losing party may seek judicial review in a district court. *See id.* at § 145 (review of a decision affirming the rejection of a claim); *id.* at § 146 (review of a decision in an interference). Assuming, *arguendo*, that it would be proper to hold the APJs to a different standard than patent examiners

and district courts when they fulfill an appellate function, there is no basis for holding them to a different standard when they fill the same factfinder function as a patent examiner or a district court.<sup>6</sup>

Nevertheless, the Federal Circuit held that, when the APJs are acting as factfinders in an interference, they may not use their common sense to decide whether a single reference or multiple references make the subject matter defined by a claim obvious. *See Brand*, 487 F.3d at 869-70, 82 USPQ2d at 1710-11. But in *KSR*, the Court explicitly stated that it *is* proper for district courts and patent examiners to rely on their common sense to decide whether one or more references make a claim obvious: “*Common sense* teaches, however, that familiar items may have obvious uses beyond their primary purposes, and in many cases a person of ordinary skill will be able to fit the teachings of multiple patents together like pieces of a puzzle.” *KSR*, 127 S. Ct. at 1742, 82 USPQ2d at 1397 (emphasis added).

In *Brand*, the Federal Circuit did exactly what the Court forbade in *KSR*. It made a *rigid preventive rule* that, “in the context of a contested case, it is impermissible for the Board to base

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<sup>6</sup> Conceptually, it is hard to understand why APJs should not be allowed to use their common sense when they are reviewing the rejection of a claim by a patent examiner. Under *KSR*, the patent examiners are allowed to use their common sense to decide whether a reference or combination of references make a claim obvious. Similarly, during review of the rejection of a claim by a district court, the district court is allowed to use its common sense to decide whether a reference or a combination of references make a claim obvious.

its factual findings on its expertise, rather than on evidence in the record.”<sup>7</sup> *Brand*, 487 F.3d at 869, 82 USPQ2d at 1710. Although the Federal Circuit implicitly attempted to distinguish *KSR* (it never actually mentioned *KSR* in its opinion), it made a distinction without a difference when it referred to “expertise” rather than “common sense.” An Article III trial judge applying his or her “common sense” to decide whether one or more references makes the subject matter defined by a claim obvious is no different than a panel of Article I trial judges applying their own “expertise” to do the same thing.

Further, there is no evidence that the APJs did any more than apply their own common sense. Nowhere in their opinion did they state that they were relying on their “expertise,” and there was no evidence that those three APJs had any particular expertise in log cutting.<sup>8</sup> Rather, that was a “fact” supplied by the Federal Circuit in an attempt to distinguish the result here from *KSR*. It is true, of course, that APJs are required to have both “competent legal knowledge and scientific ability.” 35 U.S.C. § 6(a). The “common sense” of one who has “competent . . . scientific ability” might include some “expertise.” It is still proper under *KSR*, however, for a district court judge or patent examiner to use “common sense” in deciding whether references make the subject matter defined by a claim obvious, so long as his or her “common sense” does

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<sup>7</sup> It is unclear why the Federal Circuit believed it was necessary to explicitly limit its holding to “contested cases.” Perhaps it believed that, by limiting its holding, it would be mitigating its violation of *KSR*. But *KSR* was a contested case. Indeed, district court proceedings regarding a patent are virtually *always* contested cases. If district courts are required to use their common sense in a contested case to decide whether a patent claim is obvious, APJs should also be allowed to use their common sense in a contested case to do the same thing.

<sup>8</sup> The three APJs in question were Martin, Lee, and Moore.

not encompass more than the “*common knowledge and common sense* of the person of ordinary skill in the art.”<sup>9</sup> *In re Bozek*, 416 F.2d 1385, 1390, 163 USPQ 545, 549 (C.C.P.A. 1969) (emphasis added). Here, there was *no* evidence that the three APJs who decided this case had more skill in the relevant field (log cutting) than one of ordinary skill in that art – if as much.

Simply put, the APJs here used the exact method that the Supreme Court approved in *KSR*. They looked at a document in the record and used their common sense to decide that the document, both alone and in combination with another document (also in the record), made the subject matter defined by a claim obvious. Indeed, it is hard to understand why the Federal Circuit reversed the Board here in light of *KSR*, unless the Federal Circuit was attempting to circumvent *KSR* by once again making it difficult to hold a claim unpatentable for obviousness.

Brand, however, in opposing Miller’s petition for *certiorari*, argued that *KSR* did not apply to the Federal Circuit’s decision because this was a case regarding priority of invention, not patentability/unpatentability on the grounds of nonobviousness/obviousness. But that is a distinction without a difference. *To obtain a judgment that a claim is unpatentable on the ground of derivation of invention*, an interferent must demonstrate that a named inventor acquired knowledge of the claimed invention from another, or at least so much of the claimed invention as *would have made it obvious to one of ordinary skill in the art*. *New England Braiding Co., Inc., v. A.W. Chesterton Co.*, 970 F.2d 878, 883, 23 USPQ2d 1622, 1626 (Fed. Cir. 1992) (citing *Agawam Co. v. Jordan*, 74 U.S. (7 Wall.) 583 (1868)) (emphasis added). Thus, this case directly addressed obviousness, and Miller requested the Supreme Court to grant *certiorari* to decide

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<sup>9</sup> This would also be true even in the perhaps unusual situation where the district court judge actually does have some technical expertise.

Whether the Court should allow the Federal Circuit to ignore *KSR*...by establishing a rigid rule forbidding Administrative Patent Judges in the Patent and Trademark Office from using their common sense in deciding whether a reference, alone or in combination, makes a claim obvious?

But as we stated in the previous article, the Supreme Court chose to keep its record intact of having never granted *certiorari* in an interference proceeding. Thus, *Brand* has now created a different standard for APJs than for district courts. For example, in future interferences the APJs will not be able to use their “expertise” (*i.e.*, common sense) when viewing the record to decide if the subject matter defined by a claim was obvious based on combining references. But, if the losing party to the interference seeks review in a district court (as is its right under 35 U.S.C. § 146), under *KSR*, the district court should use *its* common sense to decide whether a combination of references makes the claim or claims at issue obvious. *See KSR*, 127 S. Ct. at 1743-44, 82 USPQ2d at 1398-99. If the district court so holds, it would have to find that the *Board committed reversible error due to the Board’s following Brand*. Thus, this case may lead to twice the litigation that would otherwise occur because, should a party lose in an interference, it should strongly consider filing a § 146 action – since the district court, unlike the Board, will be able to use its common sense in making its decision.<sup>10</sup>

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<sup>10</sup> This is in *addition* to the reason described in Gholz, *Why 35 USC 146 Practice Should Boom*, 7 Intellectual Property Today No. 12 at 48 (2000).