



Patent Law in 2014: Act fast or get left behind

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Overview of Presentation

- Patent Law Fundamentals
- America Invents Act (AIA) Changes
 - First-to-File
 - Miscellaneous Changes
 - Challenging Patent Validity Before PTO
- Other Topical Patent Law Issues
 - Patentable Subject Matter
 - Claim Construction Appellate Review
 - Patent Troll legislation
- AIA Best Practices

Patent Law Fundamentals

- Rights granted
- Categories of patents
- Statutory requirements



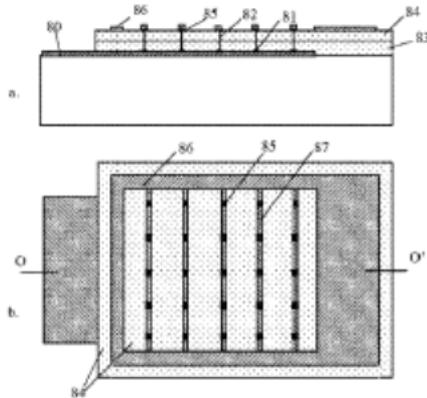
What is a Patent?

- A patent is ***not*** a right for the patentee to make, use, or sell the claimed invention.
- A patent is a right to ***exclude*** others from making, using, selling, importing, offering for sale the claimed invention for a limited duration.
 - After the *Ebay* decision, an injunction is much more difficult to get.

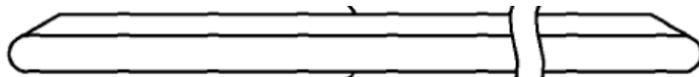
Two Major Categories of Patents

- **Utility Patents** – claims are words; drawings are part of description

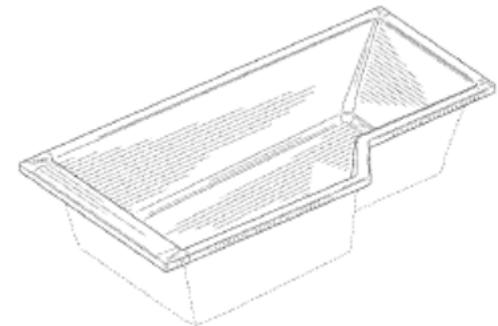
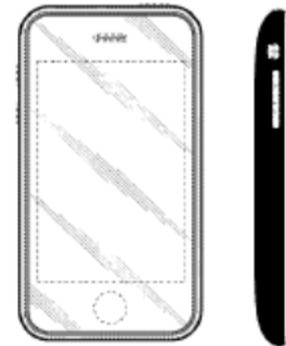
A nanotube array LED



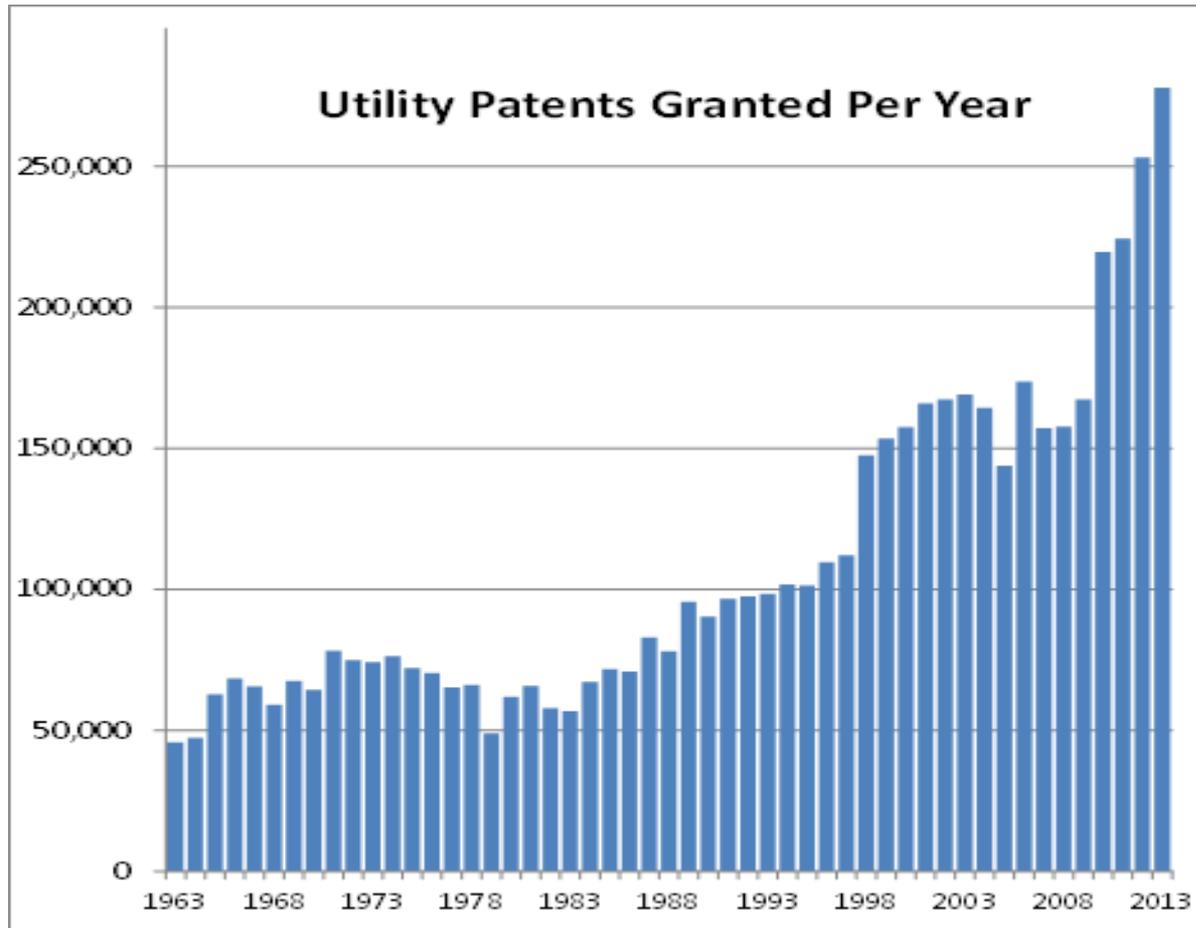
A silicon-on-insulator wafer



- **Design Patents** – claim is the drawing



Patents – a desirable asset



Credit: Dennis Crouch, patentlyo.com, January 2, 2014

Statutory Requirements

- **Patentable Subject Matter** – process, machine, manufacture, composition
 - Not abstract ideas, mathematical formulae, natural phenomena
- **Utility/Useful** – presently available use for the invention

Statutory Requirements (cont.)

- **Novel/New** – no single piece of prior art discloses all the claim elements
 - 1 year grace period for an inventor's public disclosure
 - Absolute novelty in many other countries
- **Nonobvious** – differences between invention and prior art such that the subject matter as a whole would have been nonobvious to a person of ordinary skill in the art at the time the invention was made

Statutory Requirements (cont.)

- **Enablement** – teach one of ordinary skill in the art how to make and use the invention without undue experimentation
- **Written Description** – sufficient description to show that inventor was in possession of the claimed invention
- **Best Mode** - for carrying out the invention known to the inventor(s) at the time of filing
 - AIA removed Best Mode as a basis for challenging the validity of a patent



AIA – Change to First-To-File

- The most publicized change to U.S. Patent Law implemented by the America Invents Act.
- The U.S. was a first-to-invent system – between competing applications directed to the same invention, the person who was the first to invent received the patent; not the person who filed first.
- On March 16, 2013, the U.S. became a first-to-file system – whichever inventor files first receives the patent.

Change to First-to-File (cont.)

The change to a first-to-file system necessitated changes to what is prior art to U.S. patents. The changes expanded the prior art in some respects and narrowed it in others.

First-to-file: Changes to Prior Art

Narrowing the Prior Art

- Removes from prior art disclosures made by fewer than all the listed inventors.
- Removes “prior knowledge” and “non-public uses” of the invention from the prior art.
- PCT applications are only prior art as of their publication date (instead of filing date), unless it is the basis of a U.S. application then it becomes prior art as of its effective filing date.

Expanding the Prior Art

- Expands prior art from before invention to before the effective filing date.
- Expands prior art to include public uses and sales anywhere in the world; not just U.S.; no longer a 1 yr grace period.
- Published foreign patent application becomes prior art as of the filing date.
- Expands prior art to include U.S. patent publications as of an earlier effective filing date anywhere in the world.

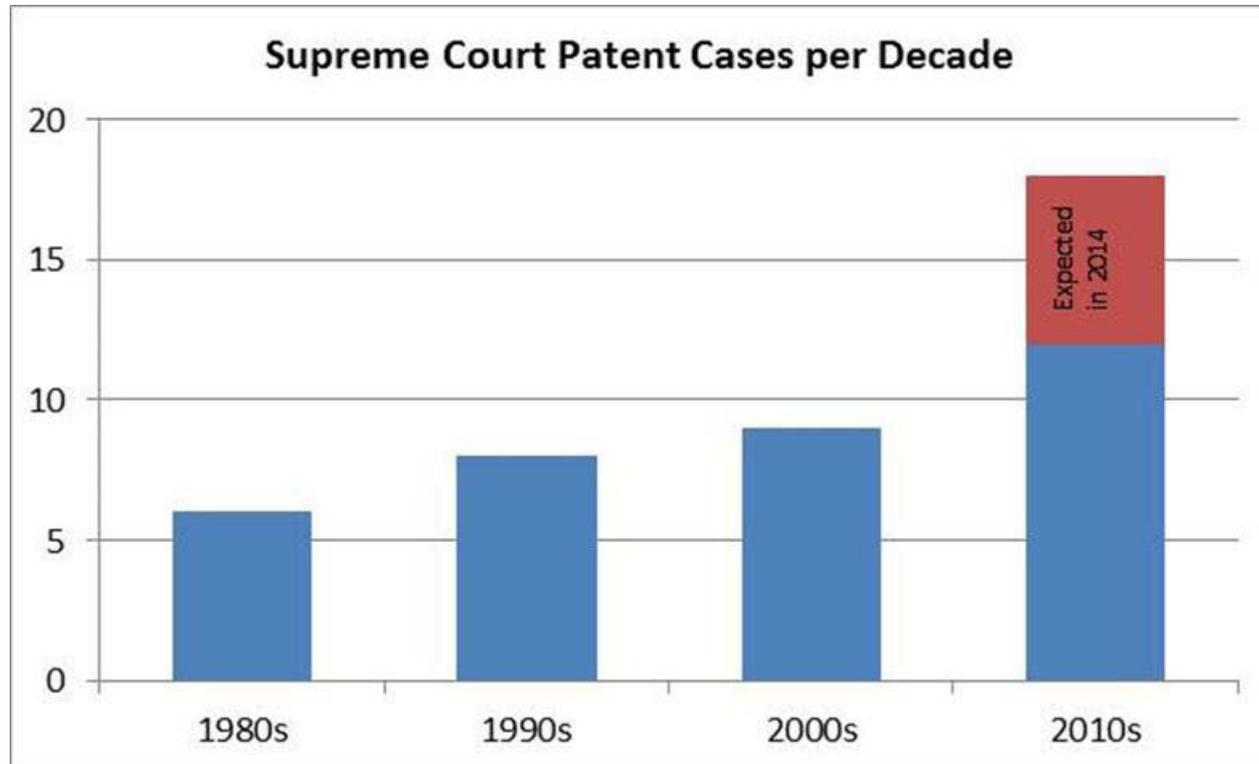
Prior Art Exceptions

- **Inventor Disclosures** - made within 1 year before the effective filing date are not prior art if the disclosure was made by any of the inventors or by another who obtained the subject matter disclosed directly or indirectly from any inventor.
- Different from absolute novelty jurisdictions; U.S. law not really harmonized with absolute novelty jurisdictions (e.g. Europe).
- The new U.S. system is more accurately described as a First Inventor-to-Disclose or File System.

Prior Art Exceptions

- **Common Ownership** – commonly owned prior applications and patents removed from prior art.
 - **Retroactive** – parties can agree to common ownership after an invention is made; needs to be done by the effective filing date.
- **Joint Research Agreements** – prior applications and patents not commonly owned but subject to a joint research agreement removed from prior art.
 - **Retroactive** – joint research agreement may be after an invention is made; needs to be done by the effective filing date.

The Roberts' Court and Patent Law



Credit: Dennis Crouch, patentlyo.com, April 4, 2014

Roberts' Court is active in patent law. By the end of 2015, only half-way through the decade, the Supreme Court will rule on more cases than in the 1960s, the previous second most active decade. The most active decade was the 1880s when the Court decided 145 patent cases.

AIA – Miscellaneous Changes

- Prior commercial use defense
- Derivation
- Patent marking
- Prioritized examination

Prior Commercial Use Defense

- Now applies to any patentable invention used in good faith in a manufacturing or other commercial use in the U.S. at least 1 year before the effective filing date of the claimed invention or the date the claimed invention was publicly disclosed by the inventor.
- Effective for any patent issued after September 16, 2011.
- Defense is personal but transferable upon sale of business.
- Limited to sites and level of activity where otherwise infringing activities occurred before effective filing date.

Prior Commercial Use (cont.)

University Exception

- Defense not available if claimed invention was, ***at the time the invention was made***, owned or subject to assignment to a University.
- Exception is not personal, exception inures to the patent, which may be licensed or assigned.
- Possible incentive for engaging/collaborating with a University for research.

Derivation Proceedings

- What if the first person to file an application on an invention did not actually invent it? The applicant actually derived the invention from another (e.g., the actual inventor made a disclosure at a conference and an attendee decided to file an application).
- The actual inventor can petition the PTO to institute a derivation proceeding.
 - Petition must be filed within 1 year of the application being published.
 - Must provide evidence that the invention was communicated by the petitioner to the applicant.

Patent Marking

- Marking your product as being covered by a patent is necessary to obtain the full extent of compensation from infringers.
- AIA created the option of virtual marking by directing people to a freely accessible website.
- AIA essentially eliminated false marking troll suits by exempting actions for expired patents and limited ability to obtain damages to persons that suffered a competitive injury.



Prioritized Examination

- Obtaining a patent usually takes at least 3 years.
- What if you need to get a patent on your invention quickly (e.g., a competitor is selling a product that would infringe or a patent will help you secure financing)?
- You can request **Prioritized Examination** and receive a first Office action within 4 months and final disposal within 12 months.
- **Cost** - \$4,800 in addition to regular fees.

AIA - Challenging Patents at the PTO

- *Inter Partes* Review
- Post-grant Review





Inter Partes Review

- **Trial in the PTO** on the validity of a patent.
- **Limited bases and art** - anticipation and obviousness; patents and printed publications.
- **Timing** – filed within 9 months after patent issues or within 1 year of being sued.
- **Quick** – final Decision within 1 year.
- **Less expensive** than court litigation but not cheap.
- **Used more than anticipated** – PTO estimated 450 in 2014; on track for nearly 1000.
- **Challengers likely to succeed** – 95% of the claims are invalidated.
 - Appeal to Fed. Cir. that PTO is using wrong, “broadest reasonable interpretation” standard.



Post-grant Review

- Trial in the PTO on validity like *Inter Partes* Review (quick, filed within 9 months of grant).
- **Broader grounds** – can involve and ground, not just prior art (e.g., on sale bar, non-patentable subject matter, written description and enablement).
- Only applies to **First-to-Invent** patents; not used yet.
- Likely to be used as much as, or more than, *Inter Partes* Review.

Challenging Patents at the PTO

■ Take away:

- IPR and PGR advantageous to challengers, especially so long as PTO uses its broad claim interpretation standard.
- Potential consideration: estoppel
- Monitor competitors' filings and prosecution so you can utilize IPR/PGR when appropriate.

Other Topical Patent Law Issues

Patentable Subject Matter

- Supreme Court created/altered/expanded exceptions to statutorily defined patent-eligible subject matter – natural phenomena, natural products, natural principles, abstract ideas, mathematical formulae. See *Bilski* (2010), *Prometheus* (2012), and *Myriad* (2013).
- Standard – does the claim recite something ***significantly different*** than the natural phenomena, product, or principle exception?

Patentable Subject Matter (cont.)

- March 4, 2014 - PTO issued new examination guidelines, without public notice or comment.
- PTO developed 12 factors to use by examiner when evaluating whether there is a **significant difference**.
- Guidelines inconsistent with, and overstate, the S.Ct. holdings.

Patentable Subject Matter (cont.)

- Guidelines are flawed, would deny patent eligibility to gun powder.
- March 31, 2014 - S.Ct. heard oral arguments on yet another patentable subject matter case, *Alice v. CLS*.
- Sorting this out will take a few years and appeals of PTO decisions.
- **Take away:** work with patent attorney on new claim strategies when appropriate.

Claim Construction Appellate Review

- Trial court claim construction (*Markman* decision) nearly always appealed.
- Fed. Cir. precedent gives no deference to trial court (*de novo* review). Relatively high reversal rate.
- July 12, 2005 - Fed. Cir.'s *en banc* decision in *Phillips v. AWH Corp.* clarifying role of intrinsic and extrinsic evidence in patent claim construction.
- *Phillips* apparently got the Fed. Cir. judges easing up on trial court decisions. Pre-*Phillips* reversal rate 35-40%; post-*Phillips* reversal rate has dropped to 25-30%.

Claim Construction

(cont.)

- February 21, 2014 – divided Fed. Cir. confirmed *de novo* review of claim construction. *Lighting Ballast Control LLC v. Philips Electronics N.A. Corp.*
- March 31, 2014 – S.Ct. granted writ of certiorari in *Teva v. Sandoz, Inc.*, in which it will address the issue.
- **Take away:**
 - quite likely the S.Ct. will rule trial court decision entitled to more deference;
 - if certain claim terms important for avoiding prior art or claim coverage, work closely with attorney to develop adequate supporting disclosure in the application.

Potential Patent Legislation

- **Patent Troll Legislation** – despite the enactment of certain AIA provisions (e.g., restricting joinder of unrelated parties in a single patent infringement action), both houses of Congress are working to pass additional anti-patent troll legislation.
- Difficult to craft legislation that isn't harmful to "legitimate" patent owners.
- The courts are addressing the issue (e.g., enhanced pleading requirements; fee shifting, etc.).
- **Take away:** follow the debate; contact your Reps and Senators and voice your concerns.

AIA Best Practices

- **Monitor the Art Closely.** Be aware of commercial activities of competitors, scientific journals, and published patent applications.
 - Such knowledge is critical to timely institute certain new PTO proceedings such as a derivation action, an *inter partes* review, or a post-grant review.
 - Such knowledge may allow removal of a reference from the prior art to your application by acquiring ownership of an earlier-filed application or executing a joint research agreement before the effective date of your application.

- **Keep Detailed Records of Research Activities and Disclosures.** These records may be useful to:
 - establish that a disclosure you made was of an independently developed invention, and so qualifies as prior art to a competitor's application;
 - defend against a charge that the invention in your earlier-filed application was derived from another with a later-filed application; or
 - support a prior commercial use defense.

- **Avoid Pre-filing Disclosures both Public and Confidential.** It is more important than ever to file a patent application before disclosing your invention publicly or even pursuant to a confidentiality agreement.
- **Avoid Intervening Disclosures.** Even if you've filed a provisional application, avoid making disclosures about your invention until after the non-provisional application is filed.

- **Increase Provisional Application Filings.** File provisional applications early and often as advances are made and prior to any disclosure.
- **Don't Necessarily Race to the Patent Office.** The expansion of the prior commercial user defense along with the described elimination of the bar against a patentee from secretly practicing an invention before seeking patent protection seems to have substantially mitigated the potentially negative consequences of not filing or delaying the filing of a patent application for inventions that can be secretly exploited.

The End.

Thank you for your attention.



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