

The Georgetown University Law Center Conference on the Changing Patent Landscape

The Changing Patent Landscape ♦ April 1, 2008

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USPTO Reforms

Hon. Michael R. Fleming

John J. Love

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**Georgetown University Law Center Conference
April 1, 2008**

**John J Love
Deputy Commissioner for Patent Examination
Policy**



Topics

- **Statistical Update**
 - **Patents Operations Update for FY 2007**
- **Strategic Planning & the Future of the USPTO**
- **On-Going Quality Initiatives and Programs**
 - **Fulfilling the goal of continuous improvement**



STATISTICAL UPDATE

Progress in FY 2007



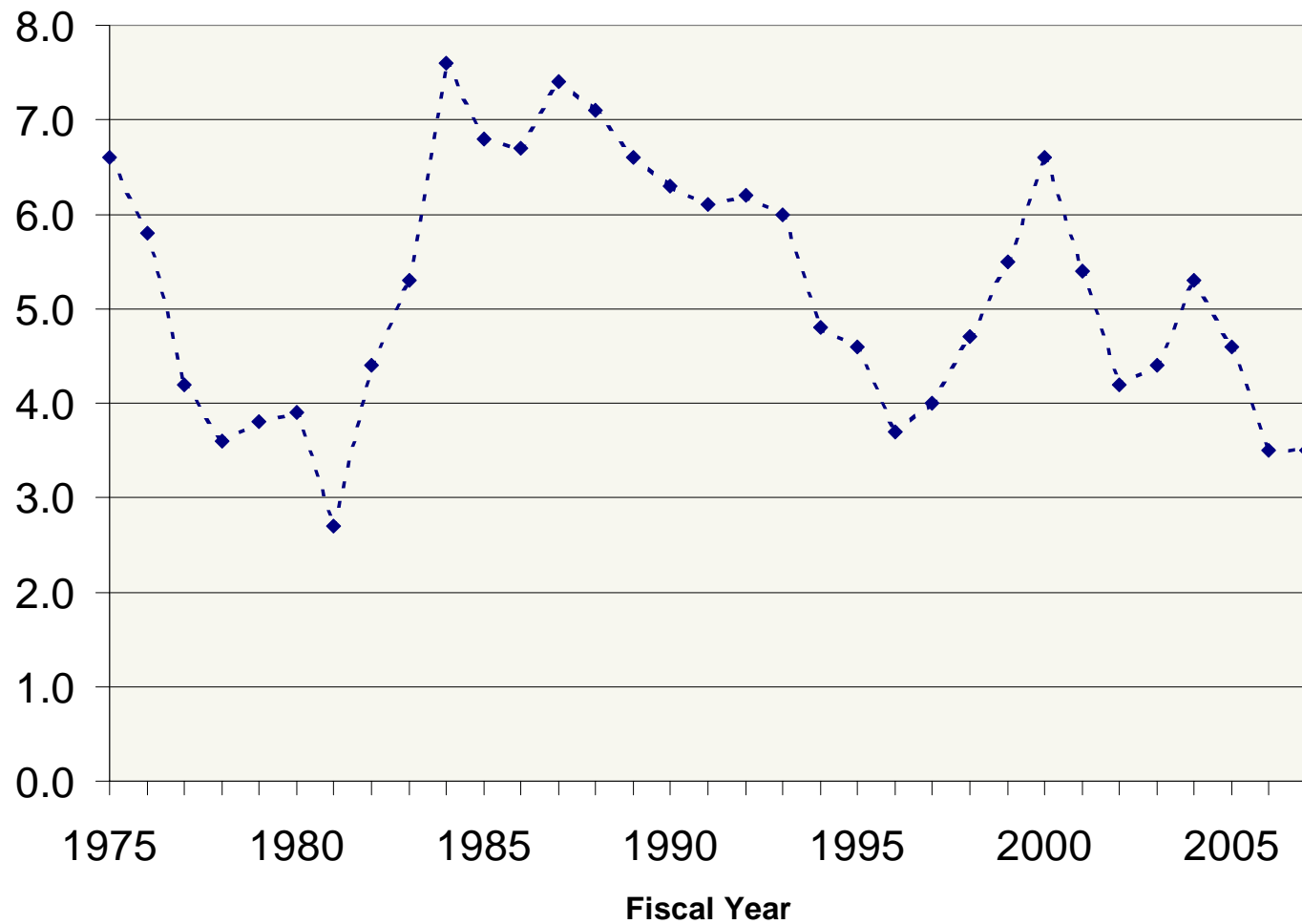
FY 2007 Quality Results

- Improving Quality is our Highest Priority

2007 Goal	2007 Result
96% or higher Allowance compliance	96.5% Allowance compliance
90% or higher In-Process compliance	92.2% In-Process compliance

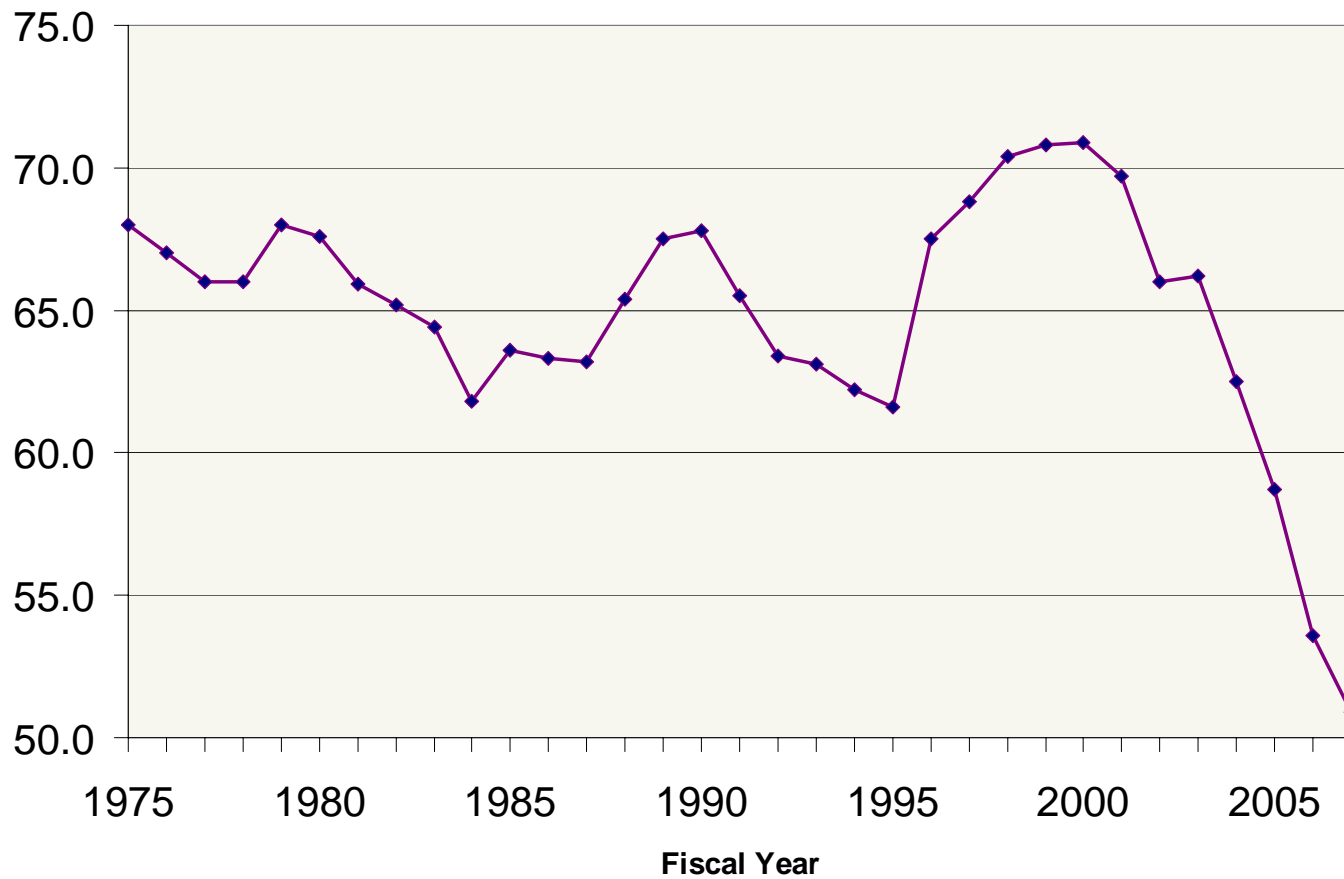


Allowance Error Rate



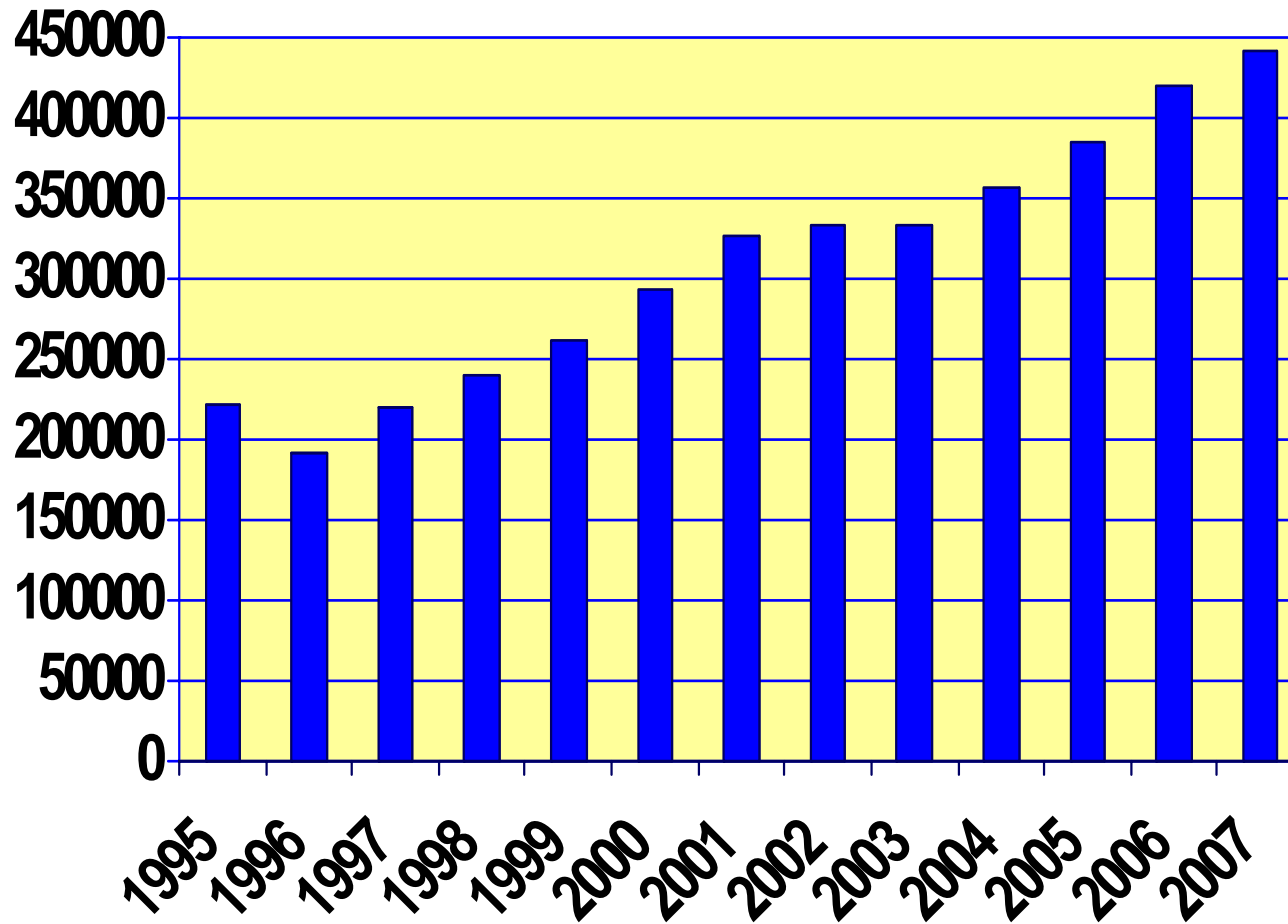


Allowance Rate





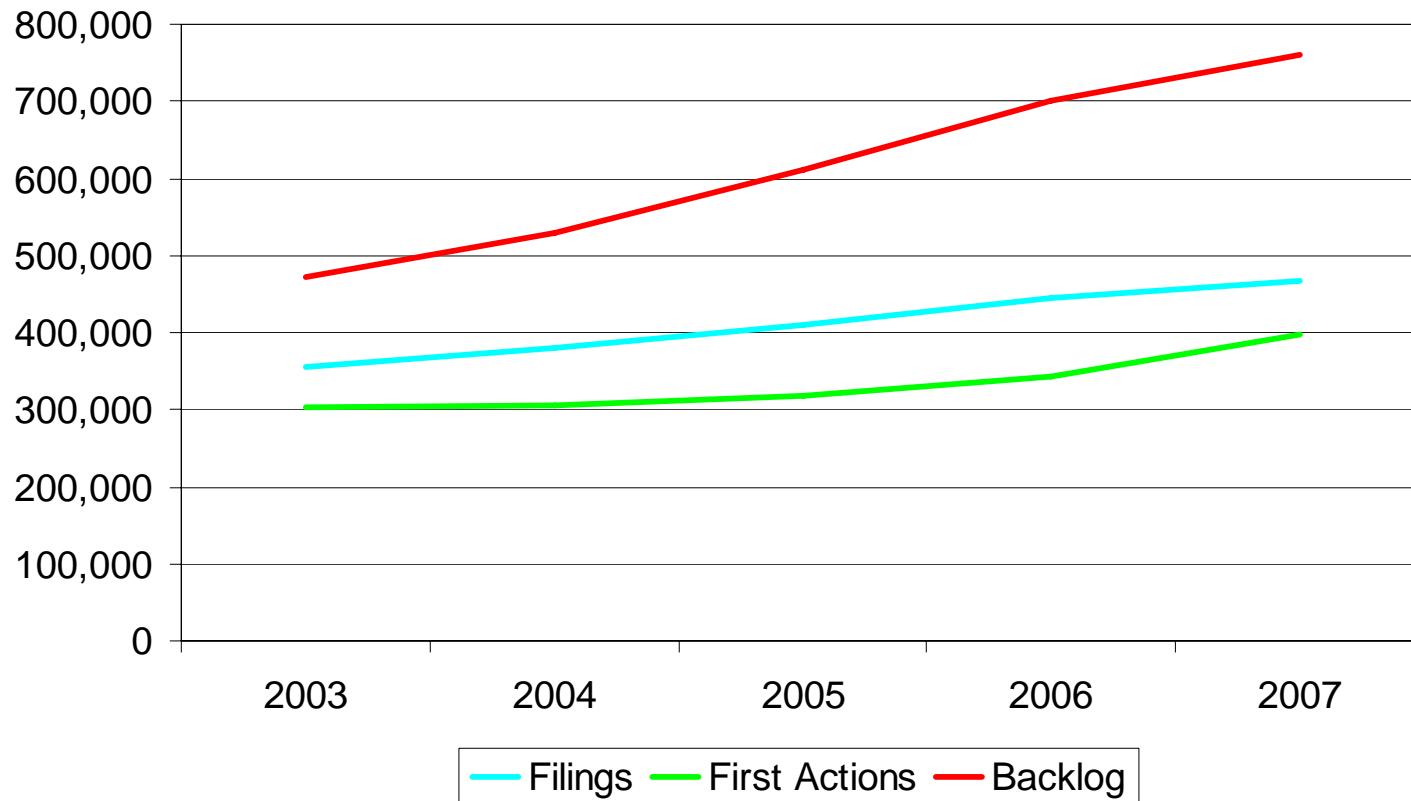
UPR filings



- FY '07 440,617 (preliminary)
- Growth of 5% from '06



Filings, First Actions and Backlog





Patent Pendency - FY 2007

Technology Center	Average 1st Action Pendency (months)¹	Average Total Pendency (months)²
1600 - Biotechnology and Organic Chemistry	22.7	34.3
1700 - Chemical and Materials Engineering	26.1	34.4
2100 - Computer Architecture Software and Information Security	30.7	42.9
2600 – Communications	34.0	43.1
2800 - Semiconductor, Electrical, Optical Systems	17.7	26.5
3600 - Transportation, Construction, Electronic Commerce	25.9	31.6
3700 - Mechanical Engineering, Manufacturing and Products	23.1	29.8
UPR Total	25.3	31.9
FY 07 Target	23.7	33.0

¹ "Average 1st action pendency" is the average age from filing to first action for a newly filed application.

² "Average total pendency" is the average age from filing to issue or abandonment of a newly filed application.



Hires and attritions

	1600	1700	2100	2600	2800	3600	3700	Corps
FY 07 Hiring Goal	64	160	208	304	112	176	176	1200
FY 07 Hiring	63	160	212	291	134	182	173	1215
FY 07 Attrits	39	53	94	121	92	52	92	543
FY 07 EOY Staff	567	633	1012	1116	1072	702	698	5800
FY 08 Hiring Goal	32	200	196	354	40	200	178	1200

Examiners, SPEs and Academy trainers only.



STRATEGIC PLANNING AND THE FUTURE OF THE USPTO

<http://www.uspto.gov/web/offices/com/strat2007/>



USPTO Strategic Goal 1: Optimize Patent Quality & Timeliness

- **Patents must address many challenges and opportunities, for example:**
 - **Confidence in patent quality**
 - **Number and technical complexity of patent applications**
 - **Hiring and training of new patent examiners**
 - **Best and necessary use of electronic tools and resources**
 - **Examination Alternatives**



A Sample of the Strategic Plan Initiatives

- Patent Training Academy
- Expand telework & explore establishing regional/remote/local USPTO offices
- Explore the development of alternative approaches to examination in collaboration with stakeholders
- Peer Review of Published Applications
- Enhance Search Quality
- Design & implement a comprehensive quality system
- Examination reform through rule making to focus examination & enhance information exchange
- Continued increase of e-filing



Rules Changes

- **Claims and Continuing Applications**
 - Notice of Final Rulemaking Published August 21, 2007
 - *Changes to Practice for Continued Examination Filings, Patent Applications Containing Patentably Indistinct Claims, and Examination of Claims in Patent Applications*

- **Information Disclosure Statements**
 - Notice of Proposed Rulemaking Published July 10, 2006

- **Alternative Claims**
 - Notice of Proposed Rulemaking Published August 10, 2007



Policy/Practice Initiatives

- **Alternative Examination Products**
 - **Patentee / Trade Organization / User Input**
 - **Wants and Needs for IP Protection**
 - **Different Levels of Examination / Protection**
 - **Deferred Examination**
 - **Peer Review**
 - **Collaborative Examination**



Policy/Practice Initiatives

- **Applicant Quality Submissions**
 - Search requirement
 - Analysis



QUALITY

*Fulfilling the goal of continuous
improvement*



On-Going Quality Initiatives – Examples & Updates

- **Pre-Appeal Brief Conferences**
- **Appeal Conferences**
- **Patent Examiner Training Academy**
- **Central Reexamination Unit**
- **Accelerated Examination**
- **External Quality Survey**



Affirmance Rate at the BPAI

Technology Center	% Affirmed/AIP at the BPAI - FY '06	% Affirmed/AIP at the BPAI Through Aug FY '07
1600 Biotech	41.4%	65.0%
1700 Chemical Eng.	68.2%	75.1%
2100 Computers	57.8%	66.1%
2600 Communications	59.1%	75.7%
2800 Electrical, Optics	67.1%	66.5%
3600 Mechanical	45.3%	59.4%
3700 Mechanical Eng.	51.8%	71.0%



Accelerated Examination

- Change in practice effective August 25, 2006
- First patent, prosecuted in compliance with AE program, issued March 13, 2007
- Guidance provided on the USPTO web site at <http://www.uspto.gov/web/patents/accelerated/>



Henry Sacco (Brother International) and David Schlitz (Baker Botts), look on as Jon Dudas signs the first accelerated exam patent.



Accelerated Examination

- **Program began August 25, 2006**
- **854 AE petitions filed**
 - **254 granted**
 - **79 allowances**
 - **5 abandonments**
 - **86 denied on merits**
 - **127 dismissed**
- **Applications filed in FY 06 met the one year to final rejection or allowance target**



Contact Information

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Patent Examination Policy**

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Thank you.

The Changing Patent Landscape

An FTC Perspective



Suzanne Michel
Assistant Director for Policy
Federal Trade Commission

Georgetown Law Center
April 1, 2008

The views I express are mine alone, and do not necessarily represent the views of the Federal Trade Commission.



The FTC IP Report

To Promote Innovation: The Proper Balance
of Competition and Patent Law and Policy

Issued October 28, 2003

<http://www.ftc.gov/os/2003/10/innovationrpt.pdf>



Why did the FTC Study Patents?

- One role of the FTC is to study and report on the workings of the marketplace
- Patents can promote innovation
- Competition can promote innovation
- Public policy should seek patent and competition rules that optimize innovation and maximize consumer welfare



What Did We Learn?

- Patents work well in stimulating innovation, but invalid, overbroad patents can hinder competition by:
 - Blocking innovation paths
 - Taxing research through royalty payments
 - Raising transaction costs
 - Draining resources by spurring defensive patenting
 - Generating uncertainty



Improving Patent Quality

- Recognize the practicalities created by the flood of patent applications
- Improve information available to the PTO during examination



Continuation Rules

- Final rules published Aug. 21, 2007
- Limits applicant to
 - Two continuations or CIPs plus one RCE as a matter of right
 - Additional continuations allowed upon a petition showing why the argument, amendment or evidence could not have been presented earlier
- PI granted Oct. 31, 2007



Continuation Rules

- Problems with unlimited continuations
 - Undermines patent quality
 - Contributes to backlog by diverting resources from away new applications
 - Delays final resolution of patentability
 - Allows later capture of developments in similar technology



Examination Support Document

- Final rules Aug. 21, 2007. PI granted Oct. 31, 2007
- For more than 5 independent or 25 total claims
 - A pre-examination search statement
 - A listing of the most closely related references
 - Identification of claim limitations disclosed in references
 - Distinguish claims over cited references
 - Show support in the specification for each claim limitation



Information Disclosure Statements

- Proposed rules published July 10, 2006
- For references over 25 pages long, foreign-language references, and every reference when more than 20 are submitted – identify the relevant information
- For references submitted after the first OA – explain why they are non-cumulative
- For references submitted after a notice of allowance – explain why claims are patentable



The Big Questions

- How will these changes affect innovation overall?
 - Will they make it more difficult to obtain adequate patent coverage? If so, will that decrease incentives to innovate?
 - Will they decrease application pendency and increase the value of patents?
 - Will they improve patent quality so that invalid patents present less of a drag on innovation?
 - Will they lessen the problems of uncertainty and patent hold-up?

Litigation Challenging the USPTO's Final Rules on Continuations & Claims

Grant K. Rowan

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Overview

- PTO rule changes on continuations & claims
- GSK/Tafas lawsuit

USPTO New Rules on Continuations & Claims

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USPTO's New Rules on Continuations & Claims

- Final rules published August 21, 2007
- Effective date November 1, 2007
- Key aspects limit the number of continuation applications and the number of claims in an application
- Further provisions address commonly-owned applications with overlap in inventorship, filing or priority date, and disclosure

Continued Examination Filings

37 CFR 1.78(d) and 1.114

- Applicants may file, without a petition and showing:
 - Two continuation or continuation-in-part (CIP) applications; and
 - A single request for continued examination (RCE) in an application family

- An application family includes the initial application and its continuation or CIP applications
 - Each divisional application filed in response to a restriction requirement is entitled to 2 continuations (not CIPs) and 1 RCE

Examination of Claims

37 CFR 1.75(b); 37 CFR 1.265

- Applicants may present, without an Examination Support Document (ESD), up to:
 - Five (5) independent claims and
 - Twenty-five (25) total claims in an application

- An ESD must include for all claims:
 - A preexamination search statement;
 - Listing of references deemed most closely related to the subject matter of each claim;
 - Identification of claim limitations disclosed by each reference;
 - Detailed explanation of patentability; and
 - Showing of support under 35 USC 112, ¶1

Challenging the New Rules:

Tafas v. Dudas

SmithKline Beecham v. Dudas

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Challenging the New Rules: Preliminary Injunction

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Litigation Initiated

- 8/21/07: PTO Final Rules published with effective date 11/1/07
- 8/22/07: Tafas complaint, motion for preliminary injunction
- 10/9/07: GSK complaint
- 10/15/07: GSK motion for preliminary injunction
- 10/31/07: Preliminary injunction granted

Preliminary Injunction Opinion

- Prevents USPTO from implementing Final Rules until the case is heard on its merits

- Judge Cacharis found plaintiffs favored in all four preliminary injunction factors
 - Likelihood of success on the merits (on several arguments)
 - Irreparable harm
 - Balance of hardships
 - Public interest

Likelihood of Success on the Merits

- Plaintiffs demonstrated likelihood of success for
 - “Colorable question” as to whether Final Rules are substantive and thus outside PTO authority/not entitled to *Chevron* deference
 - Effective limit of 2 continuations violates Patent Act (35 USC 120)
 - Retroactivity (new duties with respect to already-completed transactions; altering *quid pro quo* for invention disclosure)
 - ESD search requirement unconstitutionally vague

Likelihood of Success on the Merits

- PTO likely to succeed on
 - Efficiency rationale for rule changes is not “arbitrary and capricious”

- No party favored on
 - Effective limit of 1 RCE violates Patent Act (35 USC 132)
 - Limits on claim number violate Patent Act (35 USC 111-112)

Irreparable Harm

- Uncertainty under new rules would harm plaintiffs' investments and cause disincentive to file new applications
- Possibility of lost patent protection
- Losses cannot be recovered if Final Rules eventually found invalid

Balance of Hardships

- PTO harm in stopping agency implementation of new rules in mid-stream, and suffering ongoing inefficiencies to be addressed by new rules
- Outweighed by immediate uncertainty regarding patent protection and loss of investment to plaintiffs

Public Interest

“Allowing the implementation of rules that may or may not remain in effect is likely to cause much greater uncertainty and squelching of innovation than a preliminary injunction giving the Court time to consider the validity of the Final Rules before they go into affect [*sic*].”

Discovery Denied

- 11/28/07: Magistrate Judge Thomas Rawles Jones, Jr., denied plaintiffs' requests for discovery from the USPTO
- Discovery requests (including noticed depositions) were a “classic ‘fishing expedition’”
- Granted PTO motion for summary judgment briefing schedule without discovery

Challenging the New Rules: Summary Judgment

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Litigation Schedule

- 12/20/07: Summary judgment briefs
- 1/22/08: Oppositions
- 2/1/08: Rebuttals
- 2/8/08: Summary judgment hearing

Summary Judgment: Plaintiffs' Arguments

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Plaintiffs' Primary Summary Judgment Arguments:

- Violation of Administrative Procedure Act
- Contrary to patent statute (35 USC)
- Retroactivity
- Constitutional takings
- ESD void for vagueness
- Small business impact (Tafas)

Final Rules Exceed PTO's Authority

- Final Rules are substantive
 - Limit statutorily defined rights for continuations and claims

- Congress has not given PTO substantive rule-making authority
 - PTO can “establish regulations, not inconsistent with law”
 - To “govern the conduct of proceedings in the Office”
 - To “facilitate and expedite the processing of patent applications”
 - Since 2005, proposals have been made in Congress to give PTO substantive rule-making authority and have not passed

Final Rules Violate APA

- “Arbitrary and capricious”
 - Outside PTO’s rule-making authority
 - Efficiency rationale not properly substantiated
- Not “logical outgrowth” of originally proposed rules
 - 5/25 claim limit substantially different from proposed examination of 10 “representative” claims
 - Would require additional notice and comment

Final Rules Violate Patent Statute

Patent laws do not limit number of continuing applications, RCEs or claims

- 35 USC 120: a continuation “shall” be given the benefit of priority claim
 - Courts have rejected prior PTO attempts to arbitrarily limit number of continuations as contrary to §120
- Final Rules effectively limit to 2 continuations
 - Virtually impossible to meet standard for additional continuation that amendment, evidence or argument “could not have” been presented earlier

Final Rules Violate Patent Statute

- 35 USC 132(b): “The Director *shall* prescribe regulations to provide for the continued examination of applications for patent *at the request of the applicant*”
- PTO has conceded the patent statute does not limit the number of claims in an application
- Courts have required PTO to evaluate acceptable number of claims on a case-by-case basis

Retroactivity

- *Landgraf*: Retroactive rules “impair rights a party possessed when he acted ... or impose new duties with respect to transactions already completed”
 - “New duties”: Petition and showing for additional continuations/RCEs and ESD to exceed 5/25 claims
 - “Impair rights”: Alter *quid pro quo* of surrendering trade secrets to file patent applications
- PTO lacks authority to impose rules retroactively

Constitutional Arguments

- Final Rules terminate substantial property rights
 - Applicants disclose trade secrets in exchange for patent applications, which are constitutionally protected private property
 - Final Rules' limitations on continuations and claims remove the ability to adequately patent inventions

- Agency action that fails to sufficiently address takings concerns is arbitrary and capricious

- Final Rules do not promote the progress of science and the useful arts

ESD Void for Vagueness

- Applicants would not know how to comply with ESD preexamination search requirement
 - Required scope of search is not clear
- PTO reference to MPEP is not sufficient
 - MPEP not subject to notice and comment
 - MPEP guidance still not clear

Small Business Impact

- Final Rules violate Regulatory Flexibility Act
- PTO improperly certified that the Final Rules would not have a significant economic impact on a substantial number of small entities
- Tafas' analysis shows small entities will be significantly and disproportionately affected by the Final Rules

Summary Judgment: PTO's Arguments

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USPTO's Primary Summary Judgment Arguments

Final Rules are

- Within PTO's authority
- Consistent with Patent Act
- Not “arbitrary and capricious”
- Not retroactive
- Consistent with Constitution

PTO Policy Rationale

Rule changes are required to protect patent quality due to applicants

- “flooding the agency with repetitive and otherwise vexatious ‘continuing’ applications, often for the purpose of strategic delay”
- “submitting increasingly large numbers of claims for examination”

No Violation of APA

Final Rules are

- Within PTO's authority to issue regulations to
 - “govern the conduct of proceedings in the Office”
 - “facilitate and expedite the processing of patent applications”
 - “govern the ... conduct of agents, attorneys, or other persons representing applicants or other parties before the Office”

- Entitled to *Chevron* deference
 - Even if they were substantive, although they are procedural

No Violation of APA

Final Rules are

- Supported by substantiated efficiency rationale

- Reasonably foreseeable and logical outgrowth of proposed rules
 - Final Rules consistent with overall approach of proposed rules
 - Final Rules address concerns raised in the public comments
 - “Logical outgrowth” doctrine not applicable anyway

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Final Rules are Consistent with the Patent Act

- Simply impose procedural requirements that help “to curb repetitive or otherwise vexatious filings” by requiring applicants to
 - “justify their excess filings” of continuations and RCEs
 - “assist the agency in examining particularly burdensome applications” by submitting ESD
- Patent Act does not expressly authorize unlimited filings, so PTO may “impose reasonable conditions”

No Retroactivity

- Final Rules are procedural, with future effect only

- No rights impaired
 - There are no vested rights in patent *applications*
 - Trade secrets are lost because applicants want to file internationally

- No new duties on completed transactions
 - Filing an application does not complete a transaction
 - Final Rules do not render past actions in applications invalid

Constitutional Arguments

- Plaintiffs have no cognizable property rights in patent *applications*, so no takings or due process concerns
- No violation of Patents Clause
 - Preamble does not even limit Congress
 - “concern over promoting the interests set out in the Patent Clause pervaded the USPTO’s decision to enact the Final Rules”

ESD Not Void for Vagueness

- Void-for-vagueness doctrine only applies to regulations prohibiting conduct
- Preexamination search requirements are sufficiently clear

Small Business Impact

- PTO complied with Regulatory Flexibility Act
 - Tafas' disagreement with final conclusion does not mean PTO abused discretion
- Final Rules are procedural so RFA compliance not required anyway

Summary Judgment: *Amici*

- Numerous briefs in support of plaintiffs
 - Include AIPLA, PhRMA, BIO
- Several for PTO
 - Include Micron, Intel

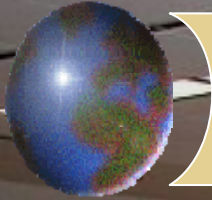
Summary Judgment: Road to the Court's Decision

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Present Uncertainty

- Practical implications will depend heavily on Court's decision
- Summary judgment hearing was held February 8
- Timing for opinion unclear

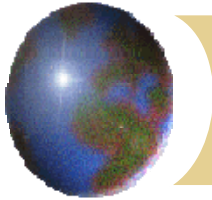


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*-State of the Board-
-Challenges-
-Enhance Flexibility-
-Best Practices-*

**Michael R. Fleming – Chief Administrative Patent Judge
571-272-9797**

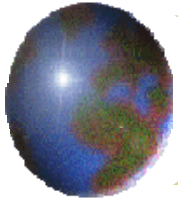
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Major Accomplishments

	FY 2007	Mid- FY2008 (Projected)
Pendency	5.4 months	6.7 months
Disposals	3,485	≈ 2,000
Docketed	4,639	≈ 2,500
Inventory	2,511	≈ 3,000



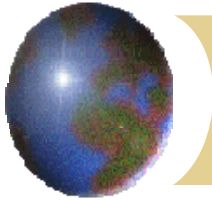
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Ex Parte Results by TC for FY 08 (as of February 2008)

FY 2008 CUMULATIVE DISPOSITIONS

TECHNOLOGY CENTER	REPORTING PERIOD	PENDING BEGINNING FISCAL YEAR	APPEALS RECEIVED FISCAL YEAR	AFFIRMED	AFFIRMED-IN-PART	REVERSED	PANEL REMANDS	ADMINISTRATIVE REMANDS	DISMISSED	TOTAL	PENDING END FISCAL YEAR	INCREASE/DECREASE FISCAL YEAR	PERCENT OF CASE WORKLOAD
1600	10-1-07 to 2-29-08	258	93	115	11	53	6	2	6	193	158	-100	5.5
1700	10-1-07 to 2-29-08	266	316	198	38	61	10	0	2	309	273	7	9.4
2100	10-1-07 to 2-29-08	547	512	156	36	68	12	0	2	274	785	238	27.1
2600	10-1-07 to 2-29-08	348	177	114	32	47	2	1	2	198	327	-21	11.3
2800	10-1-07 to 2-29-08	254	150	64	15	26	5	0	2	112	292	38	10.1
2900	10-1-07 to 2-29-08	13	4	2	0	1	1	0	0	4	13	0	0.4
3600	10-1-07 to 2-29-08	562	413	125	53	83	11	5	7	284	691	129	23.9
3700	10-1-07 to 2-29-08	253	293	116	35	38	8	1	9	207	339	86	11.7
3900	10-1-07 to 2-29-08	10	16	3	1	2	0	0	1	7	19	9	0.7
Board Totals		2511	1974	893	221	379	55	9	31	1588	2897	386	100.0

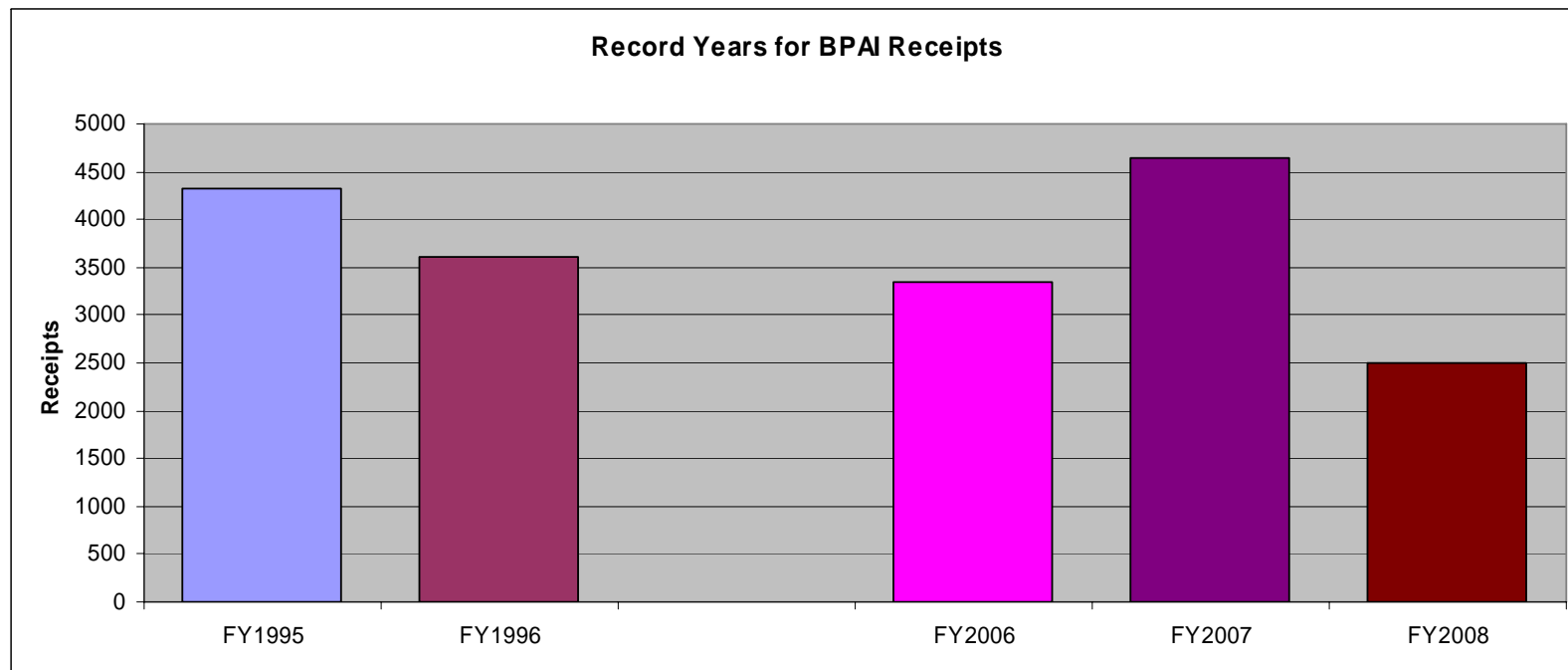
Disposition	% Decisions Fiscal Year to Date
AFFIRMED	56.2%
AFFIRMED-IN-PART	13.9%
REVERSED	23.9%
PANEL REMANDS	3.5%
ADMINISTRATIVE REMANDS	0.6%
DISMISSED	2.0%
TOTAL	100.0%



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Record Years for BPAI Receipts

	FY1995	FY1996	FY2006	FY2007	Mid- FY2008
Receipts	4,318	3,607	3,349	4,639	2,500

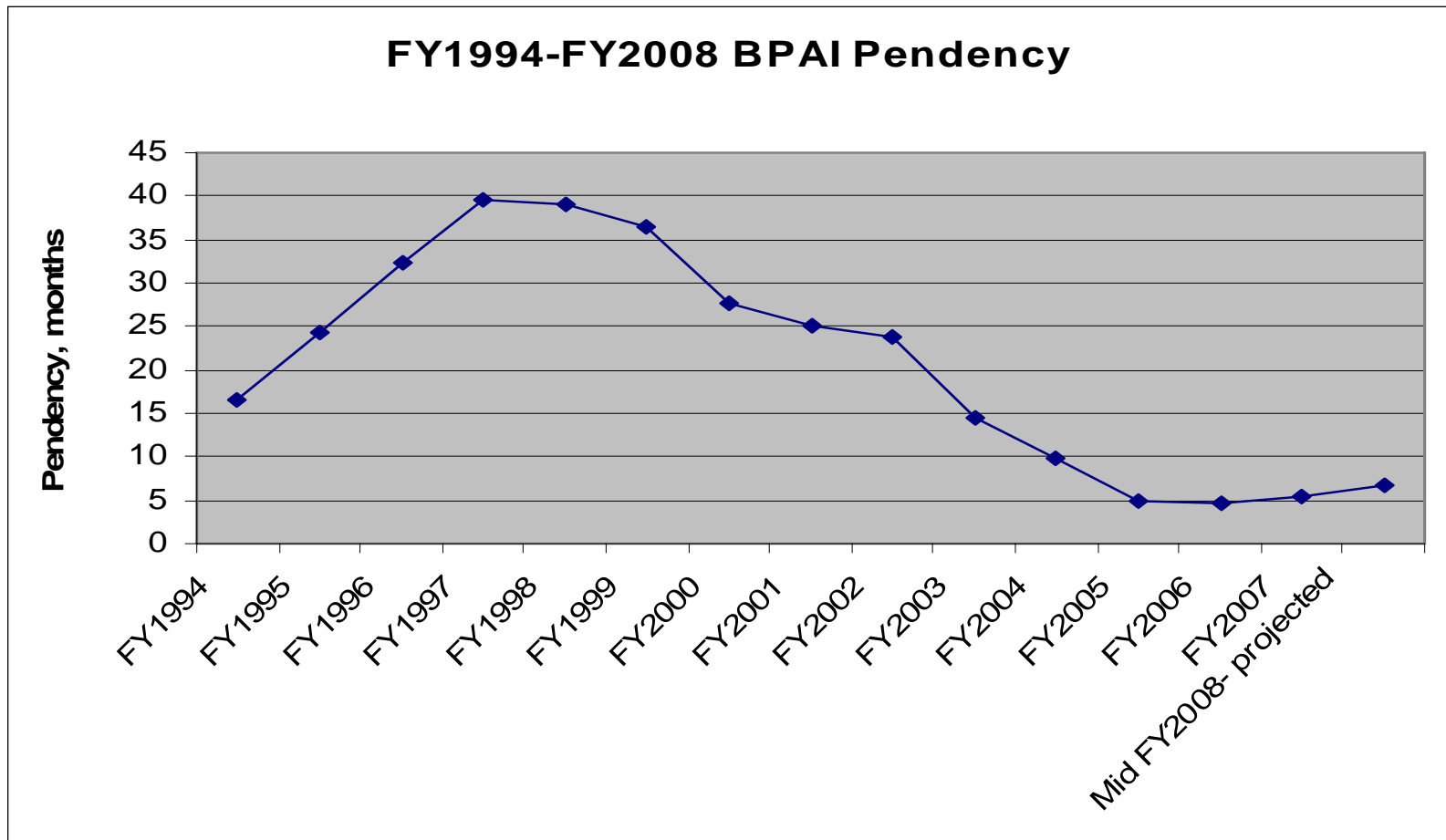


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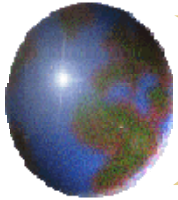


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FY1994-FY2007 BPAI Pendency

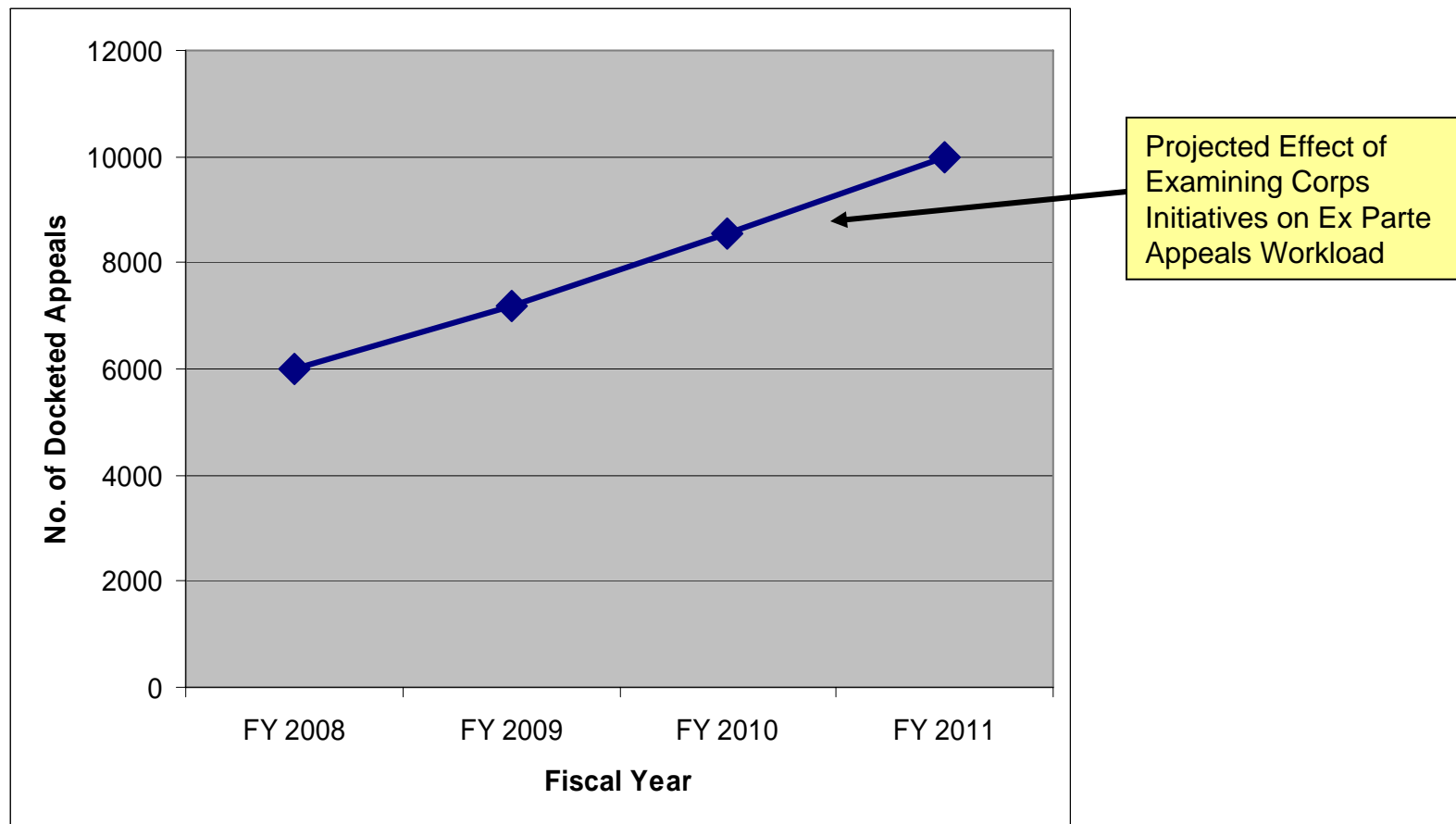


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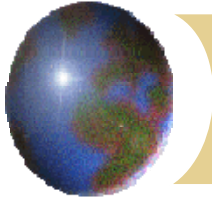


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Ex Parte Workload Increases



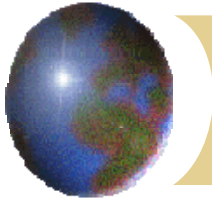
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Enhance Flexibility

Proposed Ex Parte Appeal Rules

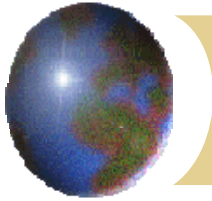
- Reduce the time between filing of Notice of Appeal to Entry of Docketing Notice at the Board
- Improve Appeal Process
- Improve Briefing



Enhance Flexibility

Proposed Ex Parte Appeal Rules

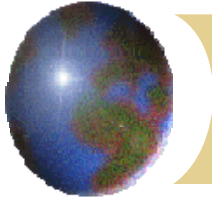
- + Reduce the time between filing of Notice of Appeal to Entry of Docketing Notice at the Board
 - + No New Ground of Rejection in the Examiner's Answer
 - + No Supplemental Examiner's Answer
 - + Reduce the likelihood of a Return



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Enhance Flexibility Proposed Ex Parte Appeal Rules

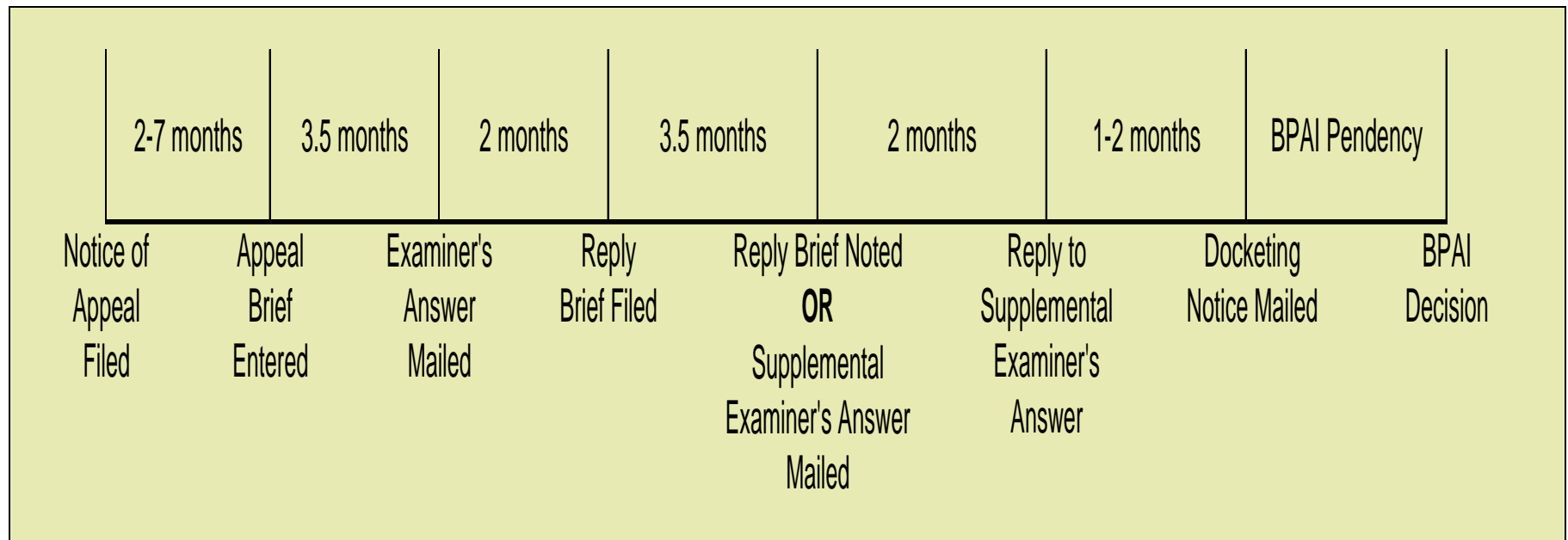
- ✚ Reduce Administrative Returns of Appeal Briefs
 - ✚ Determination of Non-Compliance - holding a brief defective is procedural not substantive - Examiners will check for presence of elements only, not substance of elements
 - ✚ For many matters, if element is not present, presumption that it does not exist, i.e., Real Party in Interest, Related Appeals, Argument, Evidence Appendix
 - ✚ For other matters, the element must be present, but the Examiner does not hold the Brief defective even if the Examiner disagrees with the statement, i.e., Jurisdictional Statement, Table of Contents, Table of Authorities, Statement of Facts, Claims and Drawing Support Appendix, Means Analysis Appendix (when applicable)



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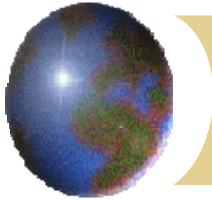
Patent Appeal Timeline

(Present Appeal Rules)



Total Minimum Time to Docketing: **14 months**

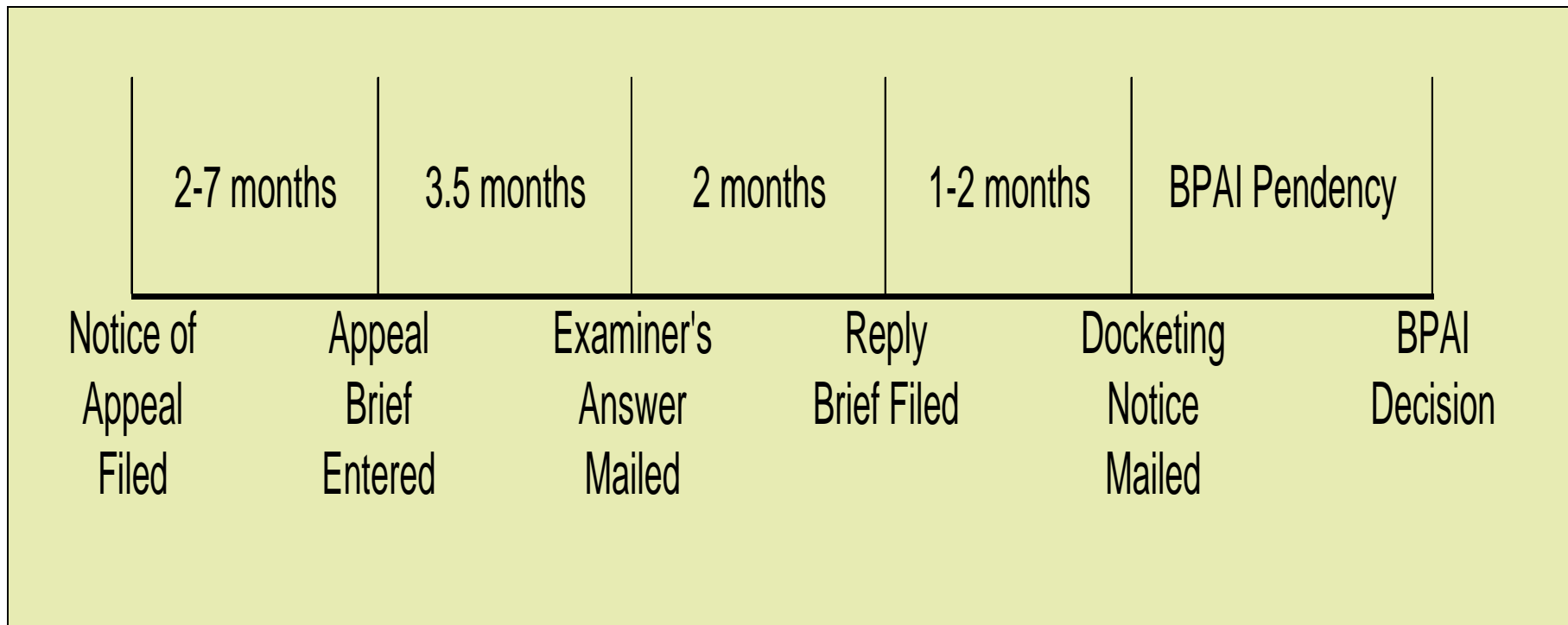
Total Maximum Time to Docketing: **20 months**



Georgetown University Law Center Conference: The Changing Patent Landscape

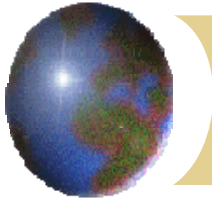
Patent Appeal Timeline

(New Appeal Rules)



Total Minimum Time to Docketing: **8.5 months**

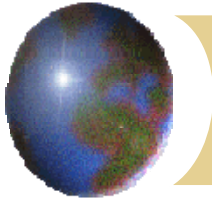
Total Maximum Time to Docketing: **14.5 months**



Georgetown University Law Center Conference: The Changing Patent Landscape

Enhance Flexibility Proposed Ex Parte Appeal Rules

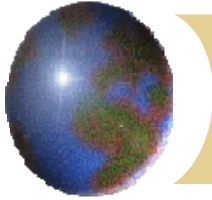
- ✚ Improve Process
 - ✚ Focus on dispute
 - ✚ Appellant is to establish that examiner erred
 - ✚ Appellant is to identify new arguments in the appeal brief
 - ✚ Appellant is to reference page number of the document of record for facts
 - ✚ Aid and improve Patent Corps' Appeal Conference Program



Georgetown University Law Center Conference: The Changing Patent Landscape

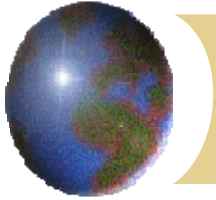
Enhance Flexibility Proposed Ex Parte Appeal Rules

- + Improve Briefing – Appeal Brief
 - + Statement of facts
 - + Argument
 - + Focus on why the examiner erred
 - + Address all points made by examiner
 - + Format of Argument – identify the point and indicate where the Appellant previously responded to the point
 - + Brief format requirement
 - + Page limitation
 - + Double spacing and font size
 - + Appendix
 - + Pending claims and status
 - + Claim support - map claims argued separately to specification
 - + Evidence section – affidavits and declarations



Establishing Best Practices

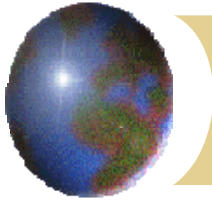
- Publication of Board Decisions
 - Precedential
 - Informative
 - Routine
 - All Published on Board Website



Georgetown University Law Center Conference:
The Changing Patent Landscape

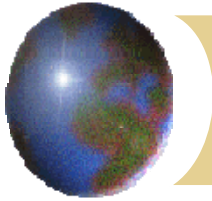
Establishing Best Practices

- # Precedential Decisions
 - # Binding on Board
 - # Procedure for becoming precedential set forth in SOP 2



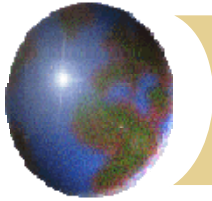
Recent Precedential Decisions

- ✚ *Ex parte Kubin*, 83 USPQ2d 1410 (BPAI 2007)
(expanded panel) (obvious to try).
- ✚ *Ex parte Smith*, 83 USPQ2d 1509 (BPAI 2007)
(expanded panel) (predictable use of prior art
elements according to their established functions).
- ✚ *Ex parte Catan*, 83 USPQ2d 1569 (BPAI 2007)
(expanded panel) (precise teaching of teaching,
suggestion or motivation not required).



Recent Precedential Decisions

- ✚ *Ex Parte Nehls*, Appeal No. 2007-1823, 2008 WL 258370 (BPAI January 28, 2008) (expanded panel) (utility must be “substantial” and “specific”; nonfunctional descriptive material).
- ✚ *Ex parte Letts*, Appeal No. 2007-1392, 2008 WL 275515 (BPAI January 31, 2008) (expanded panel) (BPAI will not accede to a conditional withdrawal of a claim on appeal).

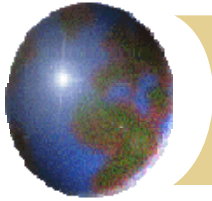


Georgetown University Law Center Conference:
The Changing Patent Landscape

Establishing Best Practices

✚ *Ex parte Kubin*, 83 USPQ2d at 1410.

“The problem facing those in the art was to isolate NAIL cDNA, and there were a limited number of methodologies available to do so. The skilled artisan would have had reason to try these methodologies with the reasonable expectation that at least one would be successful. Thus, isolating NAIL cDNA was the product not of innovation but of ordinary skill and common sense, leading us to conclude NAIL cDNA is not patentable as it would have been obvious [to try] to isolate it.” *Id.* at 1414 (quotations omitted).

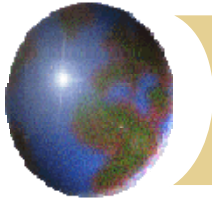


Georgetown University Law Center Conference:
The Changing Patent Landscape

Establishing Best Practices

- ✦ *Ex parte Smith*, 83 USPQ2d at 1509.

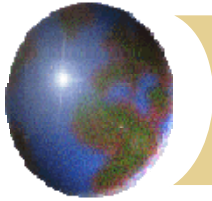
“Appellant’s claims [directed to a pocket insert for a bound book] were combinations which only unite old elements with no change in their respective functions and which yield predictable results. Thus, the claimed subject matter likely would have been obvious under *KSR*.” *Id.* at 1518.



Establishing Best Practices

✚ *Ex parte Catan*, 83 USPQ2d 1569.

"[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness. . . . However, the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ." *Id.* at 1573 (citations and quotations omitted).



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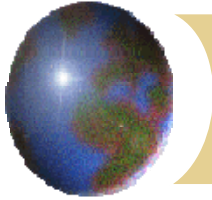
Establishing Best Practices

“Nakano discloses all of the elements of [the consumer electronics device recited in] claim 5 except [that] Nakano’s authentication is [provided by a PIN code and] not . . . by a bioauthentication device

Harada shows that the use of a bioauthentication device (fingerprint scanner) on a consumer electronics device . . . was known in the prior art. . . .

What is clear from Harada is that the use of a PIN code is not as reliable an identifier as bioauthentication information”
Id. at 1571.

“Where, as here an application claims a structure already known in the prior art that is altered by the mere substitution of one element for another known in the field, the combination must do more than yield a predictable result” *Id.* at 1575 (citations and quotations omitted).



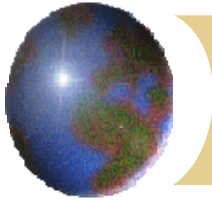
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The Changing Patent Landscape

Establishing Best Practices

✚ *Ex parte Nehls*, 2008 WL 258370.

Utility Under §§ 101 and 112, ¶ 1

“The uses asserted in the specification for the disclosed nucleic acids . . . are not substantial or specific They are not substantial because [they] are no more than research intermediaries. . . . Nor are they specific utilities, because they could be asserted for any partial cDNA transcribed from any gene Appellants have only disclosed general uses for the disclosed [nucleic acids]” *Id.* at *5.



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The Changing Patent Landscape

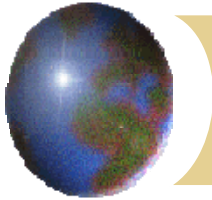
Establishing Best Practices

Obviousness Under § 103

“The computer system defined by claim 13 differs from the [prior art] only in the content of the data storage means.” *Id.* at 6.

“The [claimed subject matter] do[es] not affect how the method of the prior art is performed

Thus, the descriptive material in this case is properly considered to be nonfunctional [and is given no weight in determining patentability].” *Id.* at *8.



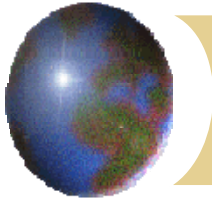
Georgetown University Law Center Conference:
The Changing Patent Landscape

Establishing Best Practices

✚ Ex parte Letts, 2008 WL 275515.

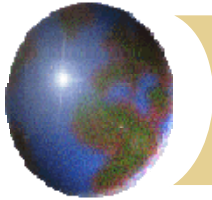
“In the Appeal Brief . . . Appellant offer[ed] to cancel claim 7 . . . upon favorable consideration of claims 1 and 15.” *Id.* at 3.

“[T]he Board . . . does not enter into contingent arrangements in which the withdrawal or dismissal of a claim is conditioned upon commitments to or restrictions on future Board action. . . . Thus, an appellant in an ex parte appeal may not seek to have a claim withdrawn or dismissed from an appeal based on a condition that the Board take or refrain from taking action on one or more other claims. . . . If an [a]ppellant wants an appeal withdrawn or dismissed as to a particular claim, the proper course of action is to file an amendment canceling the claim.” *Id.* at 5-6.



Establishing Best Practices

- ✚ Informative Decisions
 - ✚ Not Binding on Board or Examiners
 - ✚ Illustrative of Board Norms – Addressing:
 - ✚ Best Practices
 - ✚ Reoccurring Problems
 - ✚ Developing Areas of Law
 - ✚ Citable by commercial reporting service or URL from BPAI website

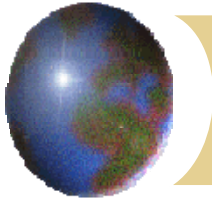


Georgetown University Law Center Conference: The Changing Patent Landscape

Recently Posted Informative Decisions

Obviousness

- ✦ *Ex parte McBrearty*, No. 2007-1340 (27 July 2007) (application of § 103).
- ✦ *Ex parte Wright*, No. 2006-0003 (06 April 2006) (consideration of secondary indicia of non-obviousness).
- ✦ *Ex parte Jud*, No. 2006-1061 (30 January 2007) (determination of ordinary skill in the art).
- ✦ *Ex parte Dart*, Appeal No. 2007-1325, 2007 WL 2399840 (BPAI Aug. 22, 2007) (person skilled in the art uses known elements for their intended purpose).
- ✦ *Ex parte Righi*, Appeal No. 2007-0590, Applic. No. 09/872,416 (BPAI July 25, 2007) (combination of known elements combined according to known methods yielding predictable results is likely obvious).
- ✦ *Ex parte Tullis*, No. 2006-0210 (17 May 2006) (obviousness-type double patenting).

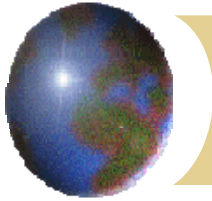


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Recently Posted Informative Decisions

35 U.S.C. § 102

- ✚ *Ex parte May*, No. 2006-1776 (30 April 2007)
(prior art date of published application is earliest effective U.S. filing date).
- ✚ *Ex parte Batteux*, No. 2007-0622 (27 March 2007)
(inherent feature of reference need not be recognized by one of ordinary skill in the art).
- ✚ *Ex parte Ashkenazi*, 80 USPQ2d 1753 (BPAI 2005)
(disclosure requirements the same for § 102(b) and § 102(e) references).

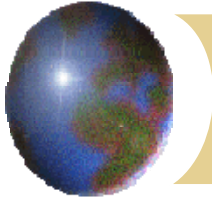


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Recently Posted Informative Decisions

Reissue

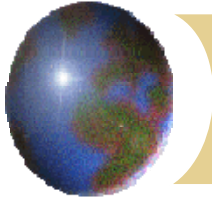
- ✚ *Ex parte Kraus*, No. 2005-0841 (21 September 2005)
(reissue recapture rule).
- ✚ *Ex parte Liebermann*, No. 2007-0012 (17 May 2007)
(reissue recapture rule).
- ✚ *Ex parte Wellerdieck*, No. 2007-1119 (04 May 2007)
(term of patent cannot be expanded by reissue).
- ✚ *Ex parte Bradshaw*, No. 2006-2744 (19 July 2007)
(reissue recapture rule).
- ✚ *Ex parte Adams*, No. 2007-0441 (14 March 2007)
(error made by examiner's amendment – claim
indefinite – not correctable by broadening reissue).



Recently Posted Informative Decisions

Written Description

- ✚ *Ex parte Gleave*, 84 USPQ2d 1681 (BPAI 2006)
(claim defining composition in functional terms is defective under written description requirement of § 112, ¶ 1).
- ✚ *Ex parte Srinivasan*, No. 2007-0512 (01 May 2007)
(written description requirement under § 112, ¶ 1).

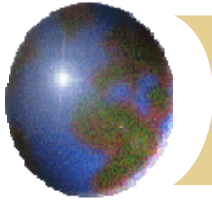


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Recently Posted Informative Decisions

Nonfunctional Descriptive Material

- ✚ *Ex parte Mathias*, 84 USPQ2d 1276 (BPAI 2005)
(*aff'd*, 191 Fed. Appx. 959 (Fed. Cir. 2006)
(Rule 36)) (nonfunctional descriptive material).
- ✚ *Ex parte Curry*, 84 USPQ2d 1272 (BPAI 2005)
(non-functional descriptive material).

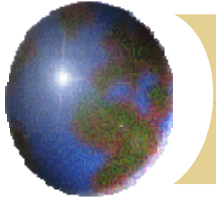


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Recently Posted Informative Decisions

Statutory Subject Matter

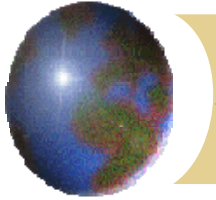
- ✚ *Ex parte Bilski*, Appeal No. 2002-2257, 2006 WL 4080055 (BPAI Sep. 26, 2006) (non-statutory subject matter) (appeal pending at Federal Circuit, Appeal No. 2007-1130, en banc oral argument May 8, 2008).
- ✚ *Ex parte Shealy*, Appeal No. 2006-1601, 2007 WL 1196758 (BPAI Apr. 23, 2007) (non-statutory subject matter).



Establishing Best Practices

+ Routine Decisions

- + All Other Board Decisions (Great Majority)
- + Citable for Whatever Persuasive Value They May Have
- + Should be Cited Sparingly



**Georgetown University Law Center Conference:
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Questions

April 1, 2008

The Supreme Court Returns to the Patent Law

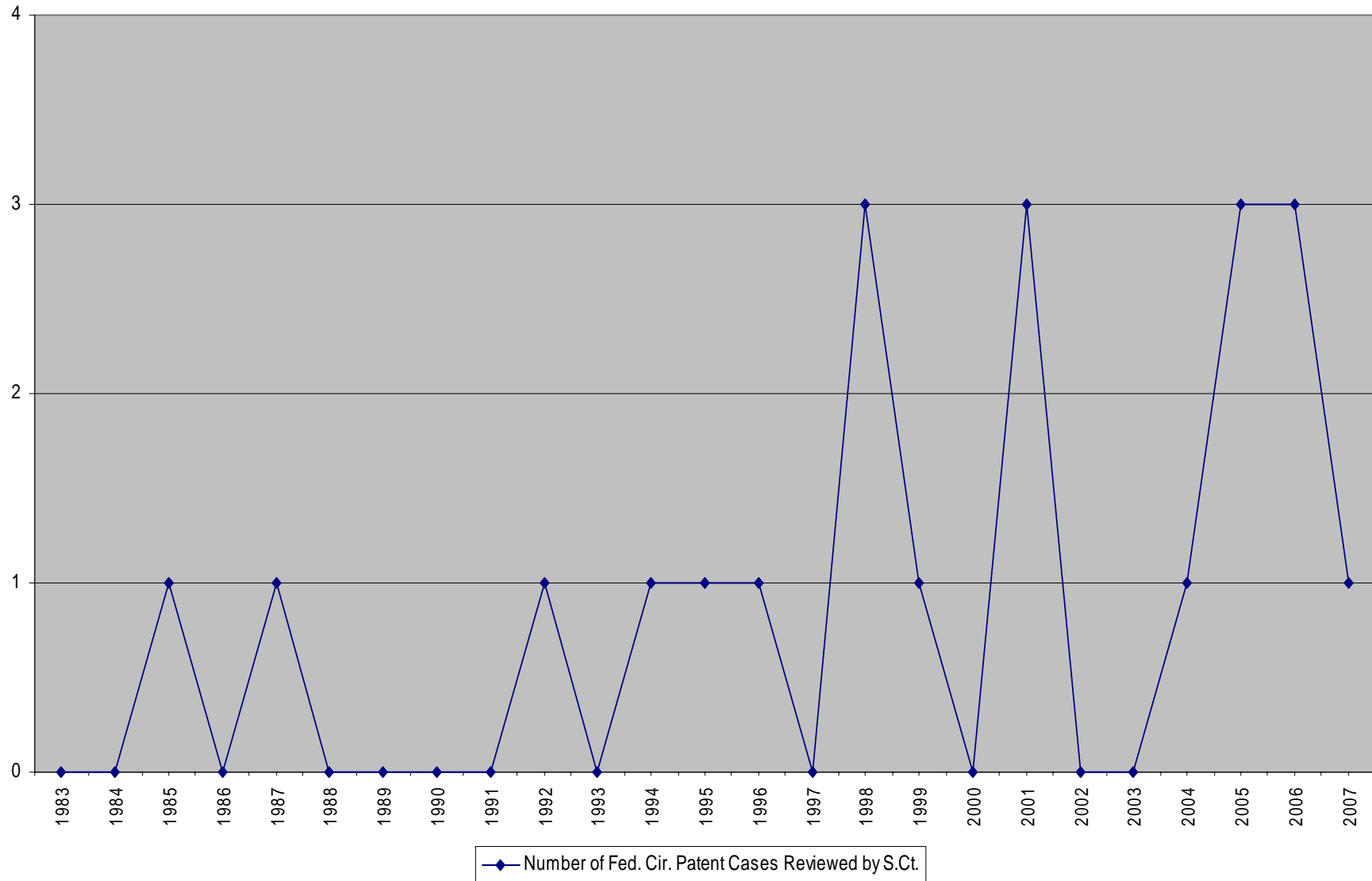
Hon. Kimberly Moore
Carter G. Phillips
Richard G. Taranto
Seth P. Waxman

The Changing Patent Landscape ♦ April 1, 2008

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Number of Fed. Cir. Patent Cases Reviewed by S. Ct.



Legislative Reform Panel

Vincent E. Garlock

Emery Simon

John R. Thomas

James Toupin

Henry N. Wixon

The Changing Patent Landscape ♦ April 1, 2008

Georgetown CLE: *Your Authoritative Legal Resource from the Nation's Capital*



Patent Reform in the 110th Congress: Prospects for the Future

Jay Thomas

The Changing Patent Landscape ♦ April 1, 2008

Georgetown CLE: *Your Authoritative Legal Resource from the Nation's Capital*



Dramatic Legislative Reforms Under Discussion

- Patent Reform Act has passed the House
 - Still awaiting Senate approval

- Why now?
 - FTC & Academic Studies
 - Long Wave View
 - Section 101 Reform
 - Texas Tort Reform

The Changing Patent Landscape ♦ April 1, 2008

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Policy Goals

- Improve patent quality
- Adoption of best practices from peer patent systems
- Limit costs of patent litigation
- Discourage trolling

Political Issues

- Role of the individual, small enterprise, and university within the U.S. patent system
- Different industries experience the patent system in different ways
 - Compare pharmaceutical houses with software and semiconductor firms

Chief Doctrinal Proposals

- First-to-File Priority System
- Introduction of Oppositions
- Universal 18-Month Publication of Pending Applications
- Diminish Best Mode Requirement
- Mandatory Search Reports

Chief Doctrinal Proposals

- Apportionment of Damages
- Tax Strategy Patents
- Residency of Federal Circuit Judges
- Limitations Upon Venue

Implications of Reform

- Expose divisions among industries and, especially, within the patent bar
- Patent system of interest to many actors
- Relationship to PTO & Supreme Court
- Will the Patent Reform Act become law?

The Big Vision—What Will the Patent System Look Like in Ten Years with all These Movements Afoot?

Robert A. Armitage
Donald R. Dunner
Charles Eloschway
Victoria A. Espinel
Allon Stabinsky

The Changing Patent Landscape ♦ April 1, 2008

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