



Centre de Patents de la
Universitat de Barcelona

Recent Changes and Trends in U.S. Patent Law and Practice

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- Why the Changes?
 - THE USPTO STRIKES BACK!!
- The Changes
 - Continuing Prosecution
 - Claim Examination
 - Information Disclosure Statements
 - Accelerated Examination
- Strategies for the New Environment



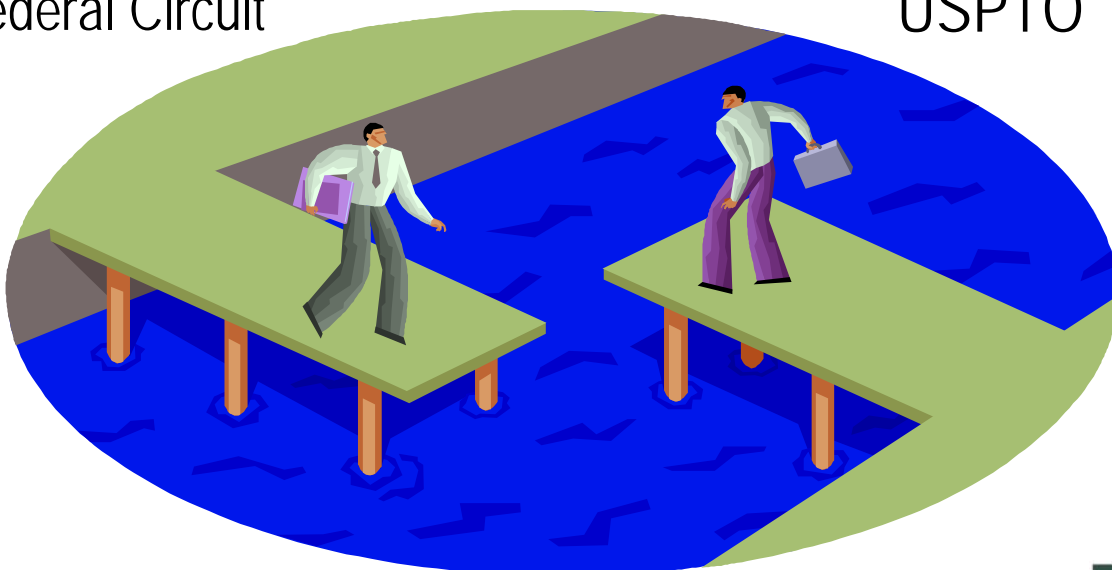
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A Disconnect?

Federal Circuit

USPTO

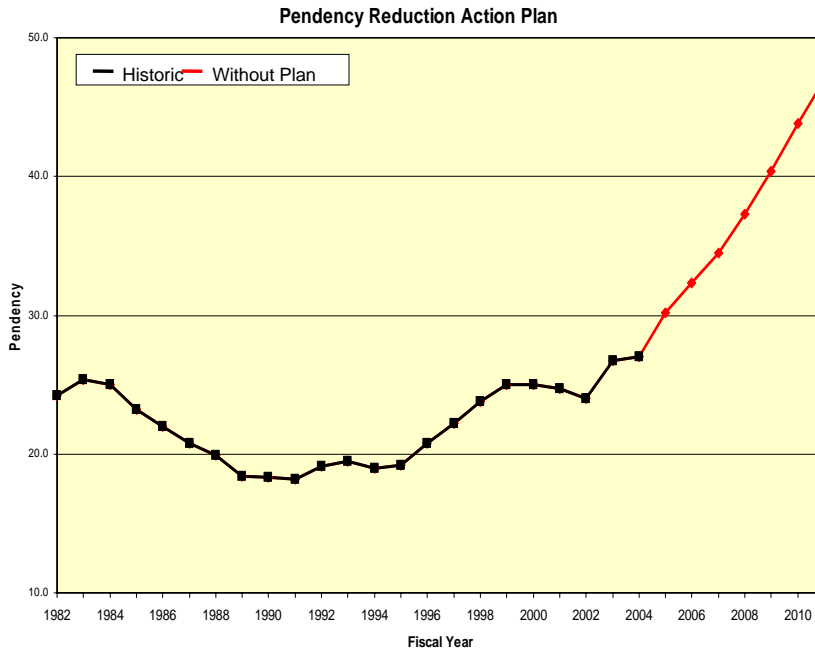


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Why the changes?

Pendency of applications is growing

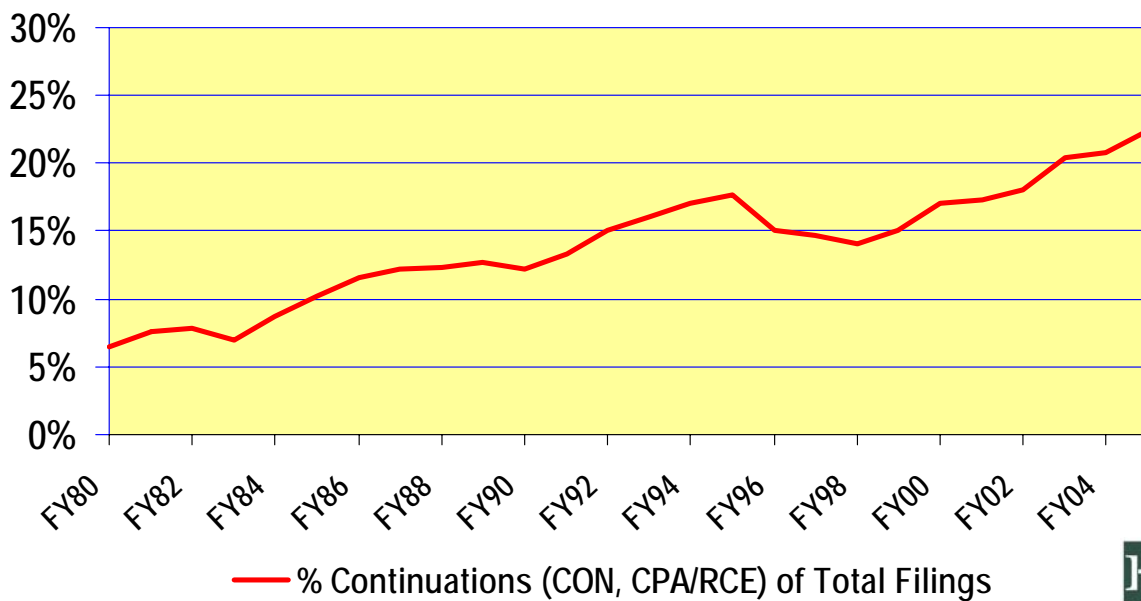


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Why the changes?

Another reason? Continuation Filing Percentage



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Proposed Changes to Continuing Prosecution

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Changes to Continuing Prosecution

- 71 Fed. Reg. 48 (03 January 2006)
- Publication of final rules?
 - Implementation 30 days later
- See www.uspto.gov for further information

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Summary of Proposed Changes to Continuation Practice

- Limit continuing prosecution opportunities – only one permitted, with one very narrow exception
- Limit divisional application practice – generally only one parent application, and voluntary divisionals not permitted
- Presumption of patentably indistinct claims
- For CIPs – applicant must identify claims supported in the parent application

Changes would be retroactive in effect: i.e., would apply to any application filed on or after effective date of final rule

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Benefit of a Prior-Filed Nonprovisional or International Application

Proposed Rule Change:

A nonprovisional application claiming the benefit of one or more prior-filed, copending nonprovisional or PCT(US) applications must satisfy at least one of the following conditions (i-iv).

How will the USPTO accomplish the change?

The Office will refuse to enter, or will delete if present, any specific reference to a prior-filed application that is not permitted by this section. The entry of or failure to delete a specific reference for a prior-filed application not permitted by this section does not constitute a waiver of these provisions.

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Permitted Claims for Benefit

Condition (i)

- i. The nonprovisional application is either a **continuation or CIP application** that claims the benefit of **only a single** prior-filed application under §§ 120, 121, or 365(c),
the benefit of such prior-filed application **not** being claimed in any other nonprovisional application other than a divisional application
- and -
no RCE has been filed in the prior-filed application.

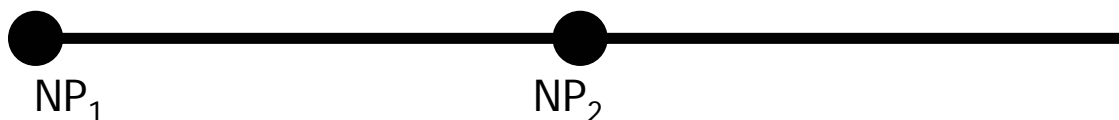
Take Home: **ONLY ONE continuation or RCE is permitted!!!**

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Permitted Claims for Benefit

Condition (i)



- No RCE
- No benefit claim to NP₁, other than NP₂ and divisional
- Cont. or CIP
- Only a single parent

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Permitted Claims for Benefit

Condition (ii)

- ii. The nonprovisional application is a **divisional application** that claims the benefit under §§ 120, 121, or 365(c) of **only a single** prior-filed application, which was subject to a restriction or unity of invention requirement, and the divisional application contains **only** claims directed to an invention or inventions that were identified in such requirement but were not elected for examination in the prior-filed application.

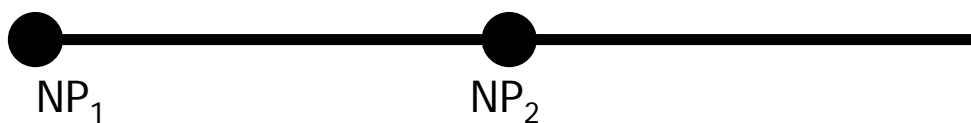
Take Home: ONLY file divisionals during pendency of the case with the restriction requirement!

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Permitted Claims for Benefit

Condition (ii)



- Restriction / Unity
- Could have RCE
- Divisional
- Only a single parent
- Only claims to an invention identified, but not elected in NP₁

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Permitted Claims for Benefit

Condition (iii)

- iii. The nonprovisional application is either a **continuation or CIP** that claims the benefit under §§ 120, 121, 365(c) of **only a single divisional application** and the single prior-filed application whose benefit is claimed in such divisional application,
and **no** RCE has been filed in such prior-filed divisional application.

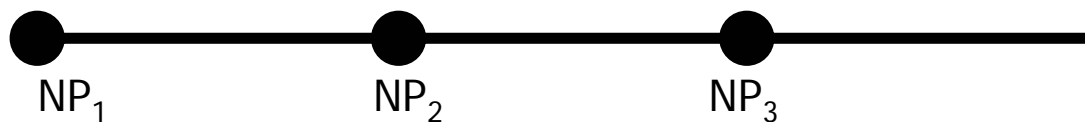
Take Home: ONE continuation is permitted in a divisional application.

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Permitted Claims for Benefit

Condition (iii)



- Rest./unity
- Could have RCE
- Divisional - meets condition (ii)
- No RCE
- Cont. or CIP

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Permitted Claims for Benefit

Condition (iv)

- iv. The nonprovisional application is a continuing application that is filed to obtain consideration of an amendment, argument or evidence that **could not have been submitted** during the prosecution of the prior-filed application.
 - Petition and fee (§ 1.17(f) – \$400)
 - Satisfactory showing – mere previous denial of entry of amendment, argument, or evidence will NOT by itself be a sufficient reason to warrant the grant of the petition
 - Petition MUST be filed within 4 months of filing date (§ 111(a)) or within 4 months from the date on which the national stage commenced under §371(b) or (f)

Take Home: A very narrow exception.

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Request for Continued Examinations (RCEs)

An applicant:

- may not file more than a single RCE in any application; and
- may not file any RCE in any continuing application other than a divisional application,

unless the RCE also includes a petition, fee, and a showing that the amendment, argument or evidence **could not** have been submitted prior to the close of prosecution in the application.

Take Home: ONE RCE at most, with narrow exception.

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Effective Date Provisions

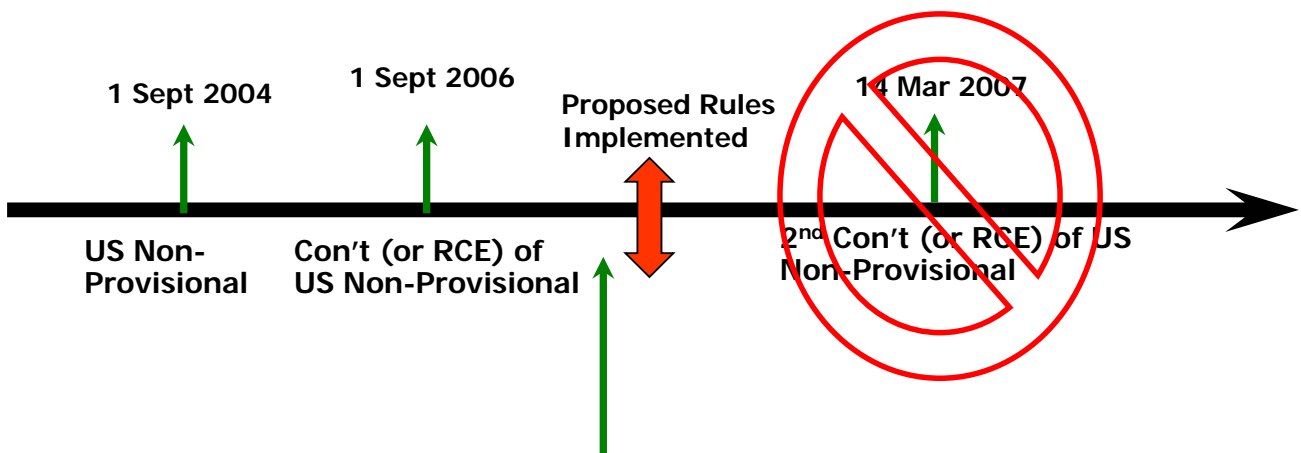
Proposed changes will apply to any application filed on or after the effective date of the final rule. An applicant may file only one continuation or CIP application (and not "one more" continuation or CIP application) after the effective date of the final rule.

Retroactive in effect!



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Retroactive in Effect!!!



Must File additional Continuations, RCEs, and Divisionals before rules are implemented!



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Retroactive in Effect!!!

I'll just file a large number of continuations before the rules go into effect!

NOT SO FAST!!!

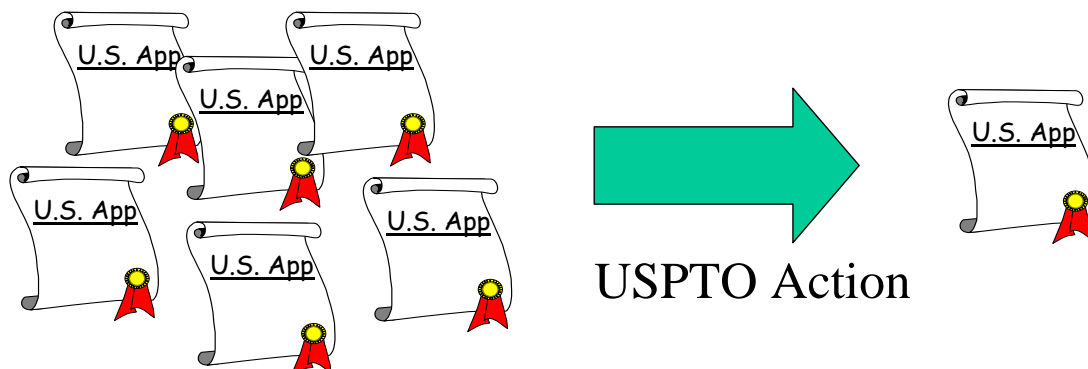
- (2) If a nonprovisional application (i) has the same filing date, (ii) names at least one inventor in common, (iii) is owned by or subject to obligation of assignment to the same person, and (iv) contains substantial overlapping disclosure, as another pending or patented nonprovisional application, a **rebuttable presumption** shall exist that the nonprovisional applications contain at least one claim that is **not patentably distinct** from the claims in the other application.

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Retroactive in Effect!!!

In the absence of good and sufficient reason for there being two or more pending nonprovisional applications, naming at least one inventor in common and owned by the same person, or subject to an obligation of assignment to the same person, which contain patentably indistinct claims, the Office may require elimination of the patentably indistinct claims from all but one of the applications.



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Proposed Changes to Examination of Claims

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Changes to Examination of Claims

- 71 Fed. Reg. 61 (03 January 2006)
- Publication of final rules?
 - Implementation 30 days later
- See www.uspto.gov for further information

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Summary of Proposed Changes to Examination of Claims

- Initial examination will focus on only **10 claims**
 - UNLESS applicant supplies an Examination Support Document (ESD)
 - Applies to multiple applications containing patentably indistinct claims
- Examination of other claims held in abeyance until application in condition for allowance
- Will apply to applications filed on or after effective date of final rules, and any application in which a first Office Action on the merits was mailed after the effective date

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Proposed Examination Process

1. **USPTO will initially examine only representative claims:**
 - ALL independent claims
 - Only those dependent claims expressly designated
2. **If representative claims > 10, USPTO will require ESD for all representative claims.**
3. **If no ESD received, USPTO will send notice. Applicant may respond by:**
 - Filing ESD
 - Canceling requisite number of claims
 - Submitting "suggested requirement for restriction" and election
4. **Amendments made during prosecution may require new ESD or updated designation of claims.**

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Examination of Claims

- **Counting up the claims**
 - Multiple dependent claims count multiple times!
 - Claim referring to another claim, but not incorporating all the limitations of the referred to claim, will be treated as an independent claim
 - Claim referring to a claim of a different statutory class of invention (e.g., product by process claim) will be treated as an independent claim
 - USPTO considering how to count claims written in alternative form

- **Claims not designated are in “abeyance”**
 - Unless applicant designates a dependent claim for initial examination, the examination of that dependent claim may be held in abeyance until the application is otherwise in condition for allowance.

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Examination of Claims

- An applicant must submit an examination support document (§ 1.261) that covers each independent claim and each dependent claim designated for initial examination if either:
 - The application contains or is amended to contain more than 10 independent claims; or
 - The number of independent claims plus the number of dependent claims designated for initial examination is greater than 10.

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Reduction of Period of Adjustment of Patent Term

- Failure to timely file an ESD when necessary shall result in a reduction in the period of patent term adjustment equal to the days between the later of the filing date of an amendment that necessitated an ESD or 4 months from the filing date/national stage commencement AND the date an ESD or amendment obviating the need for an ESD is filed.

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Examination Support Document (ESD)

Do you really want to file an ESD?



The ESD must include:

- (1) statement that a preexamination search was conducted;
- (2) an IDS;
- (3) identification of all limitations of all representative claims that are disclosed by the references;
- (4) detailed explanation of why claims are patentable;
- (5) concise statement of utility; and
- (6) showing of any written description support for each limitation of each representative claim in the application and any U.S. benefit application.

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Examination of Claims



I'll just file numerous applications!

NOT SO FAST!!!

Where there are multiple nonprovisional applications containing patentably indistinct claims, the requirement to limit initial examination to 10 independent or designated dependent claims will apply to the totality of claims in all such applications.

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Proposed Effective Date Provisions

If adopted, the proposed changes would be applicable to any application filed on or after the effective date of the final rule, as well as any application in which a first Office action on the merits was not mailed before the effective date of the final rule.

Retroactive in effect!



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Proposed Changes to Information Disclosure Statements

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Changes to Information Disclosure Statements

- 71 Fed. Reg. 38808 (July 10, 2006)
- Publication of final rules?
 - Implementation 30 days later

- See www.uspto.gov for further information

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Summary of Proposed Changes to IDS Submissions

- Limit of **20 documents** for submission before a first Office Action.
- Documents submitted in reply to a requirement for information or resulting from a foreign search or examination report would **not** count towards the 20 document limit.
- Requirements for additional disclosure information for **each** document:
 - exceeding the 20 document limit
 - Submitted after a first Office Action
 - over 25 pages or in a foreign language
- Requirements escalate as prosecution advances

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Alleged Current Review Responsibility

“Although § 1.56 clearly imposes a duty to disclose material information, that rule neither authorizes nor requires anyone to file unreviewed or irrelevant documents with the Office.”

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Questionable or Marginally Relevant Documents

"... [A]pplicants and practitioners mistakenly believe that people associated with a patent application must submit questionably or marginally relevant documents in order to ensure compliance with the § 1.56 duty of disclosure."

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What about all those inequitable conduct cases??

Alleged Safe Harbor – Proposed § 1.56(f)

(f) The additional disclosure requirements for documents in § 1.98(a)(3) would be deemed satisfied where a § 1.56(c) individual has made reasonable inquiry of the relationship of the documents cited in an information disclosure statement to the claimed invention, including the supporting specification, and the individual has acted in good faith to comply with the disclosure requirements by having a reasonable basis for the statements made in such disclosure.

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Alleged Safe Harbor – Proposed § 1.56(f)



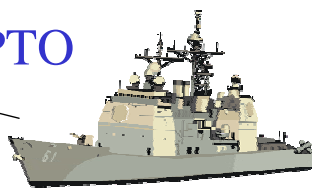
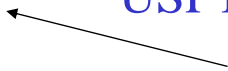
Courts



“While the proposed amendment to § 1.56 may not act as a complete defense in all situations, particularly as the court is not bound by any one duty of disclosure standard established by the Office,

the Office is hopeful that a court in deciding a duty of disclosure issue will take the proposed safe harbor into account.”

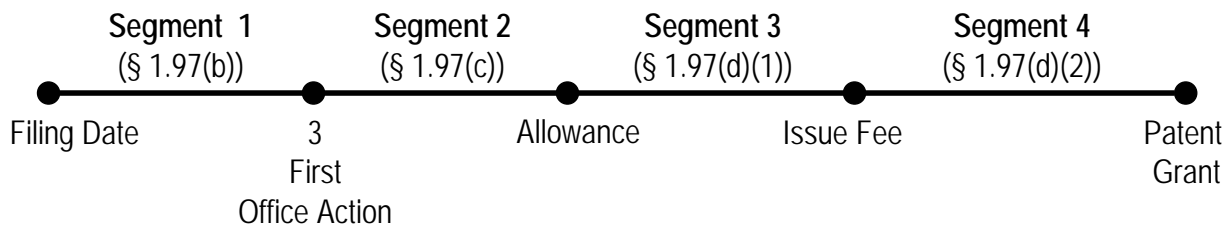
USPTO



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Proposed Prosecution Segments (§ 1.97)



Segment 1 also extends to 3 months from filing date of application or request for reexamination, or entry into U.S. national stage

Segment 2 ends with earlier of notice of allowability/allowance

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Escalating Disclosure Requirements (§ 1.98)

1. Explanation of cited document
2. Non-cumulative Description
3. Patentability Justification

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IDS Requirements – Segment 1

- § 1.98(a)(3)(i) requires an “explanation” for:
 - Foreign language documents, plus translation where readily available
 - Documents over 25 pages
 - All documents (if more than 20 documents are submitted, calculated cumulatively)
- Except for documents meeting one of exceptions of (a)(3)(viii)(A) and (C)
 - (A) Foreign search or examination report where a copy of report is submitted with IDS
 - (B) Documents submitted in reply to Rule 1.105 requirement for information

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What is an “Explanation”?

- Under § 1.98(a)(3)(iv), an “explanation” must include:
 - Identification of specific features causing the document to be cited, and representative portion(s) where features found
 - Correlation to corresponding specific claim language or to specific portion of the supporting specification
 - (e.g., the rotary pump in Fig. 3, element 32 of the ‘123 patent, correlates to the rotary pump in claim 1)
- “Meaningful Compliance” under § 1.98(a)(vii)
 - “Explanations must not be pro forma types, but must include a level of specificity commensurate with specifics of features that caused documents to be cited.”

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IDS Requirements – Segment 2

- § 1.98(a)(3)(ii) requires:
 - Explanation in compliance with (a)(3)(iv), and
 - Non-cumulative description in compliance with (a)(3)(v)
- Except for documents meeting one of exceptions of (a)(3)(viii)(B) and (C)
 - (B) Documents cited in a foreign search or examination report less than 3 months ago, along with copy of such report
 - (C) Documents submitted in reply to Rule 1.105 requirement for information
- Fee requirement deleted

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What is a “Non-Cumulative Description”?

- Under § 1.98(a)(3)(v), a “non-cumulative description” requires:
 - Description of how each document is not merely cumulative of any other IDS cited document, document cited by the Examiner, or document cited under §§ 1.99 or 1.291
- “Meaningful Compliance” under § 1.98(a)(vii)
 - “Non-cumulative descriptions must be significantly different so as to point out why the cited document is not merely cumulative.”
- A non-cumulative description is one that describes a disclosure in the cited document that is not presented in any other document of record.

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IDS Requirements – Segment 3

- § 1.98(a)(3)(iii)(A) requires:
 - Timeliness certification under § 1.97(e)(1) or (e)(2), and
 - Document first cited in foreign search report within 3 months, or no one with duty of disclosure knew about document for more than 3 months
 - Patentability justification of § 1.98(a)(3)(vi)(A) or (a)(3)(vi)(B)
- Fee requirement deleted

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What is a Patentability Justification (For Segment 3)?

- A “patentability justification” for Segment 3 requires:
 - Explanation pursuant to § 1.98(a)(3)(iv),
 - Non-cumulative description pursuant to § 1.98(a)(3)(v), and
 - Reasons why the independent claims are patentable over the information in the IDS being submitted, considered together, and in view of any information already of record

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IDS Requirements – Segment 4

- § 1.98(a)(3)(iii)(B) requires:
 - Certification under § 1.97(e)(1) or (e)(2)
 - Petition to withdraw application from issue (fee)
 - Patentability justification of § 1.98(a)(3)(vi)(B)
- Note: IDS submitted in this segment requires an admission that at least one claim is unpatentable over the information submitted, considered alone or in combination with information already of record, and justification of why amendment causes claim to be patentable.

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What is a Patentability Justification (For Segment 4)?

- A “patentability justification” for Segment 4 requires:
 - Explanation pursuant to § 1.98(a)(3)(iv),
 - Non-cumulative description pursuant to § 1.98(a)(3)(v), and
 - Reasons why an amendment causes claims, admitted to be unpatentable over the information in the submitted IDS, either alone or in combination with any information already of record, to now be patentable over such information when considered together, and in view of any information already of record.

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Updating Requirement – § 1.98(a)(3)(ix)

- Where an amendment is made affecting the scope of a claim, other than an examiner’s amendment, any previous explanation must be reviewed and updated when necessary. If update is not warranted, a statement must be supplied to the effect that updating of the previous IDS is unnecessary.

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- Any IDS filed with an RCE, or after RCE is filed but before a first Office Action is mailed, would need to comply with the requirements of §§ 1.97(c) or (d) [Segments 2, 3 or 4] whichever is applicable. A proper RCE cannot be filed in Segment 1.
- For example, an RCE filed after the Notice of Allowance, but before the issue fee is paid (Segment 3), would require a § 1.97(e) certification and a patentability justification.

Proposed Changes to Accelerated Examination

Changes to Accelerated Examination

- 71 Fed. Reg. 36323 (June 26, 2006)
- Already in Force
- Effective: August 25, 2006

- See www.uspto.gov for further information

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Summary of Changes to Accelerated Examination

- **Goal: final decision by USPTO within 12 months**
- **Applies to all petitions to make special, except**
 - Petitions on the basis of health, age and the PHH pilot program
- **Requires:**
 - Fee (except if directed to environmental quality, energy, or countering terrorism)
 - Electronically filing the petition and a complete application
 - 3 or fewer independent claims; 20 or fewer total claims
 - Pre-Examination Search
 - Examination Support Document
 - Agreement not to separately argue the patentability of any dependent claim during any appeal

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Strategic Review of Current Patent Portfolio Prior to Rule Implementation

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Current Portfolio Review Checklist

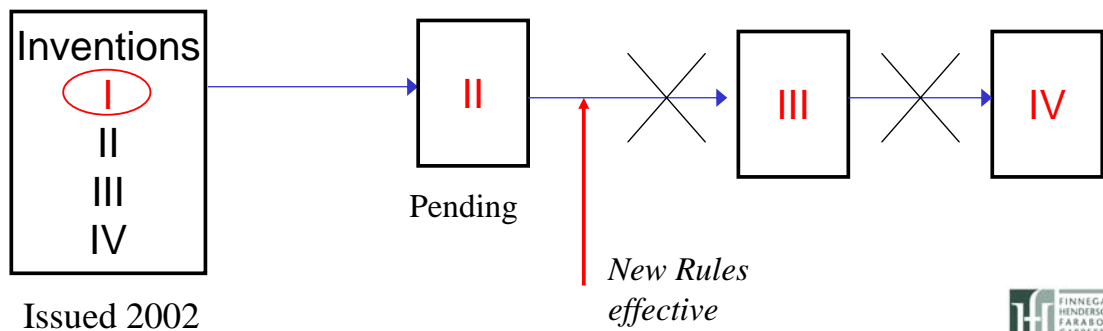
1. Identify issued patents with restriction requirements – child patents pending
2. Identify pending cases with restriction requirements
3. Identify pending cases in which at least one continuation or RCE has been filed already
4. Identify pending cases with difficult prosecution history
5. Identify pending cases on appeal
6. Review pending cases for unclaimed subject matter – consider filing continuations now
7. Verify completeness of IDS's
8. Review unexamined claims for future designation strategy
9. Identify related cases – by inventor, subject matter, filing date, priority claims

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Pending Divisional Case

- Original Case Issued
 - Contains a restriction requirement – 4 groups
- New Rules:
 - Cannot string-out divisionals any more
 - Identify important groups remaining from original claims to file now

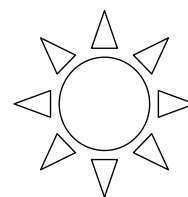


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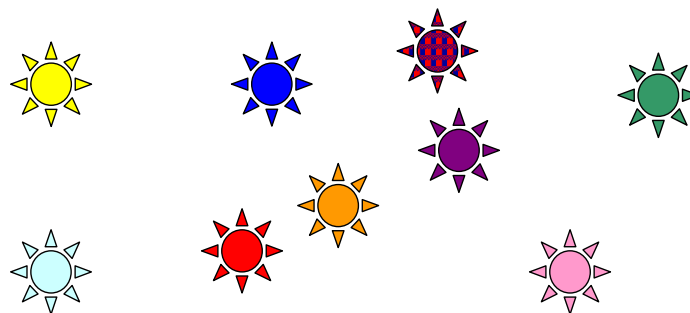


Unclaimed Subject Matter

- Look for:
 - Narrowed genus claims
 - Unclaimed species
 - Restriction groups
 - Related inventions – e.g. uses



Genus



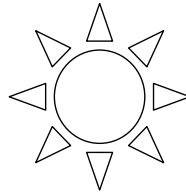
Species

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Cases with Lengthy or Difficult Prosecution

- Currently pending case
- Genus claims rejected over prior art – novelty and obviousness



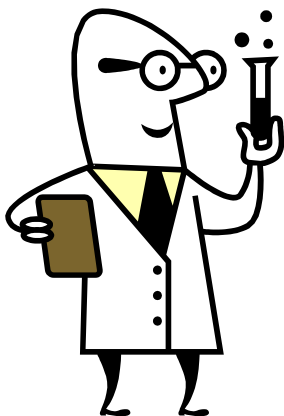
- One RCE previously filed
- *What to do now? You could:*
 - Prep case for appeal
 - Identify “fall-back” claims to argue separately to Examiner or on appeal
 - File continuation as a back-up before rules go into effect in case appeal fails
 - But, beware of presumption of indistinct subject matter

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IDS Review

- Cross-check related US cases for unsubmitted materials
- Cross-check US and foreign cases for unsubmitted materials



*Show reference lists to inventors
- Is anything missing?*

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Review of Pending Claims

- Un-examined cases:
- Treat them like new patent filings under the rules
 - How to designate claims?
 - 10 claims: all independents and selected dependents
 - Amend claims to allow for best set to designate?
 - Will the case be restricted?
 - Are all IDS documents filed?

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Review of Pending Claims

- Why amend the claims?
 - Independent claim representing each subject matter group
 - Dependent claims to follow
 - Draw a restriction requirement to split each set of independent and dependent claims up into separate cases of 10 claims each
- Decide which 10 claims to designate
- Designate some narrower, fall-back claims in case broader claims are not allowed

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Restriction Requirements

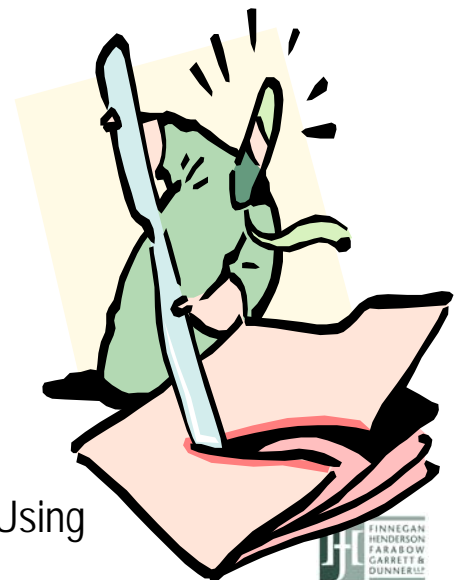
- Consider amending claims to draw a restriction – thus separating different sets of 10 claims into different cases
- Why?
 - New rules on divisional filings
 - More manageable if only one RCE/continuation is allowed
 - Ultimately may obtain more claims
- Restriction may be made if:
 - The inventions are **independent or distinct** as claimed; and
 - There must be a serious burden on the examiner to examine them all together

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Examples of Restrictable Subject Matter

- Independent Inventions are:
 - Not disclosed as capable of use together
 - Not disclosed as connected in design, operation or effect
- Distinct Inventions include:
 - Subcombinations useable together
 - Combination/Subcombination
 - Process and Apparatus for its Practice
 - Product and Process of Making
 - Apparatus and Product Made
 - Product and Process of Using
 - Intermediate/Final Product
 - Product, Process of Making and Process of Using



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Preparing and Filing Patent Applications Under the New Rules

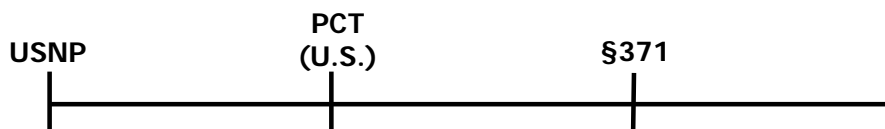


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PCT Filing Strategies

- A PCT application automatically designates the U.S.
- Under proposed rules, a PCT case claiming the benefit of a U.S. nonprovisional and designating the U.S. is a “continuing” application



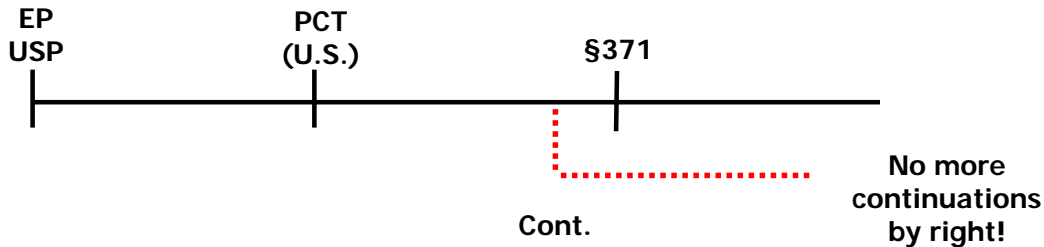
- Can undesignate U.S. by filing withdrawal of designation and a Power of Attorney

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PCT Filing Strategies

- If PCT (US), do not file continuation / CIP / RCE until § 371 prosecution is closed



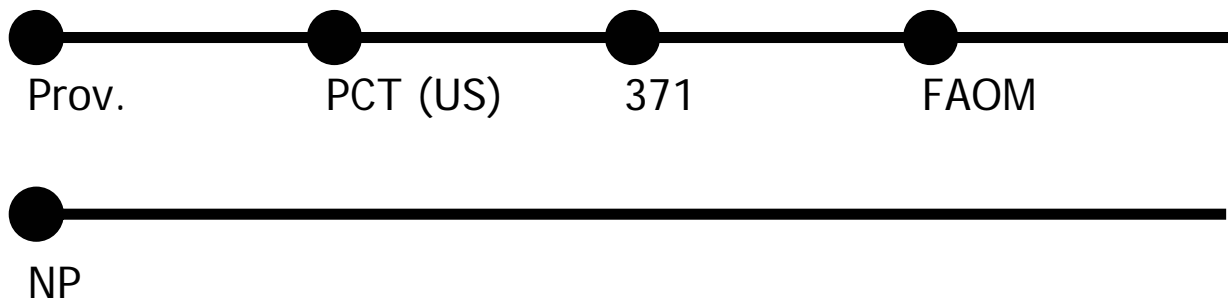
Take advantage of national stage prosecution!

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Filing Approaches

- Consider a dual filing approach to achieve parallel prosecution where examination will be sequential



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Claiming Multiple Aspects

- Prepare claim sets to support restriction requirement
- May either:
 - File one application with all claims
 - If include all claims in one application, consider submitting a “suggested restriction requirement” and an election to obviate need for ESD
 - File separate application for each claim set
 - “rebuttable presumption” that claims not patentably distinct

How do I prepare claims covering the different aspects of the invention???



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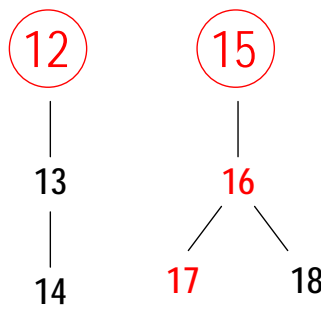
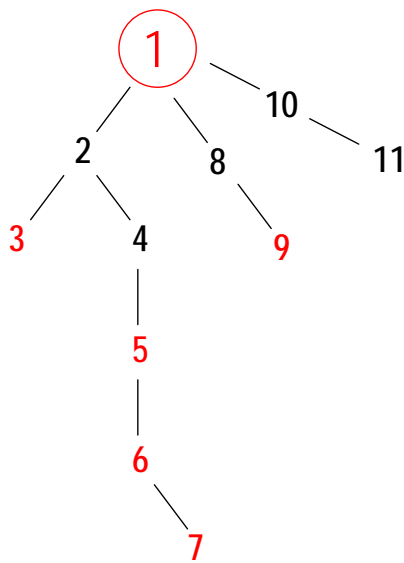
Revise Claims for Efficient Designation

- Revise claims for U.S. practice prior to examination
- Designate only those dependent claims specifically directed to features that may want to incorporate into independent claims
- Consider independent claim for each significant aspect of invention
 - Extra \$\$\$ but may avoid estoppel issues
- Narrower, more focused claims
 - Consider prior art (note new IDS rules!) and tailor claims accordingly



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Draft Claims Carefully!



Designated claims
in red

Examined claims:

Independent – 1, 12, 15

Dependent – 3, 5-7, 9, 16, 17 (but also 2, 4, and 8!)

13 Claims total = ESD!!



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Avoid ESD

- Statements made in ESD may (and will) be used against you!
 - Admitting to which limitations the prior art discloses
 - Explaining in detail how claims patentable based on limitations not disclosed
 - Correlating claim limitations to portions of the specification
- Will also cost \$\$\$ to prepare

WERE YOU
CORRECT??

Estoppels??
Estoppels??

NARROWER CLAIM
CONSTRUCTION??



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If Need to File ESD...

- Consider waiting to designate more than 10 claims (and thus submitting ESD) after start of prosecution
 - May have better understanding of prior art and how Examiner's interpretation of claims
 - Can then determine whether examination of additional claims even necessary

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Defer Examination

- Benefit of seeing where technology is headed, then craft claims
- File a provisional application
- Defer for up to 3 years under Rule 103(d)
 - may affect PTA
 - check USPTO for pendency to first action before filing a petition
- File original case as PCT designating U.S. and enter national stage at 30 months

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Prosecution Strategies Under the New Rules

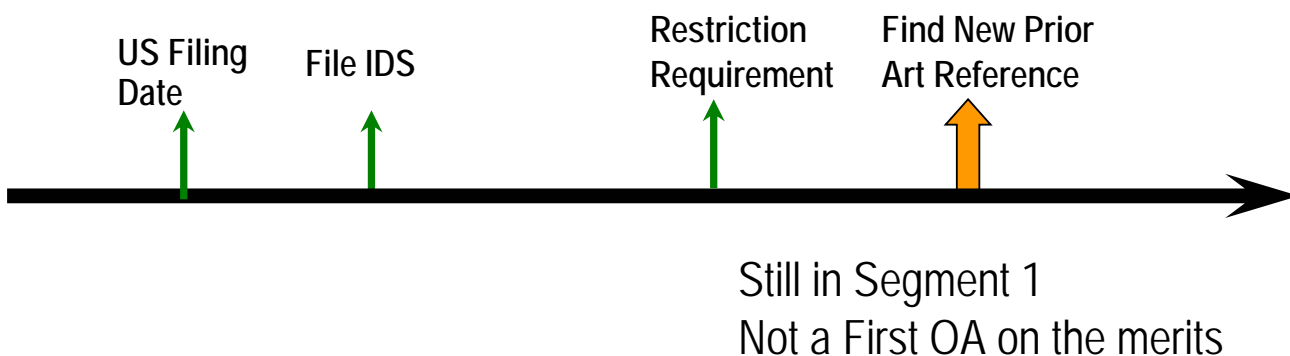


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IDS Strategies

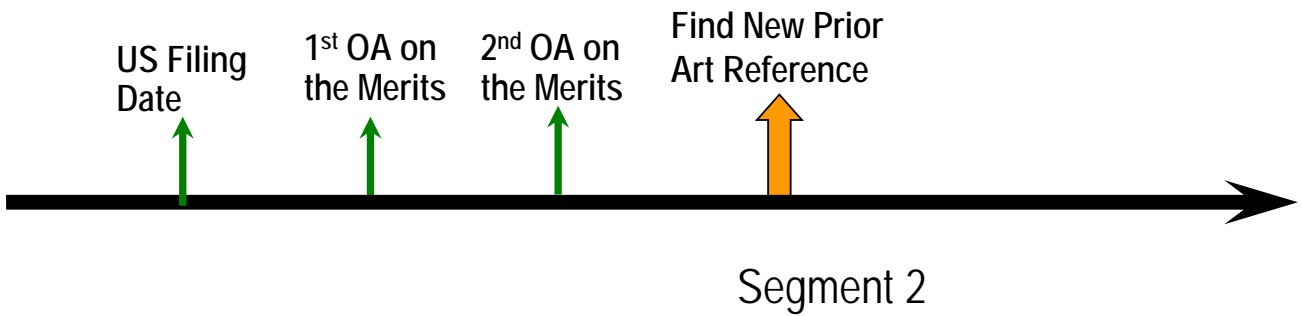
- Must File IDS early in prosecution!



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- Must File IDS early in prosecution!

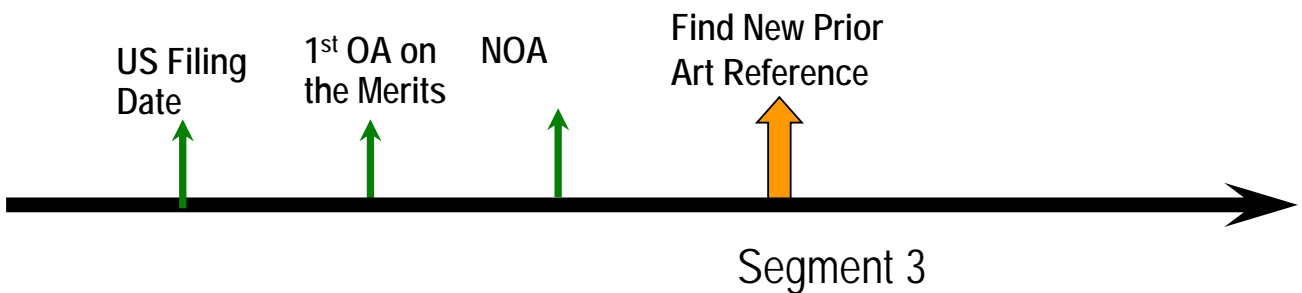


Explanation + Non-cumulative Description

Except for documents meeting one of exceptions



- Must File IDS early in prosecution!



If can't certify reference first cited in foreign search report within 3 months or no one with duty of disclosure knew about for more than 3 months, you can't enter references.

RCE doesn't help!!!

Memo to file?

File continuation?

Reexam? (inequitable conduct?)

Interview summary?



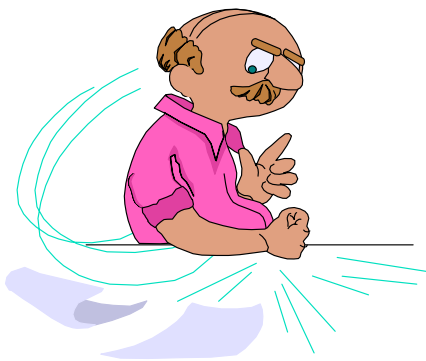
How Patent Prosecution May Change

- More aggressive prosecution
 - Amendment or declaration may not be entered after 2nd/Final Official action.
 - Narrow the gap between examiner and applicant more quickly
 - Even more thorough, comprehensive, and aggressive prosecution
 - Early review of PTO actions/decisions for errors
 - Present additional patentability arguments (e.g., argue separate patentability of dependent claims)
 - Examiner interview
 - Pre-appeal brief request for review
 - Appeal
 - Petition for entry of After Final Amendment
 - Little ability to keep application pending and revise claims (or claimed unclaimed subject matter) as the technology matures

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New Era of Prosecution - First Office Action



Non-Final Office Action

- 1) §102, claims are inherently anticipated by Ohno.
- 2) §103, claims are obvious in view of Ohno combined with Ohshita.



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Options – Before Proposed Rules

- 102 Rejection
 - Argue Ohno does not necessarily and inevitably teach the claimed invention.

- 103 Rejection
 - Argue no *prima facie* case of obviousness.
 - No motivation to combine Ohno and Ohshita

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Final Office Action



2nd Final
Office Action

- 1) §102, rejection withdrawn.
- 2) §103, applicants arguments were considered and not found persuasive.

Options:

Interview

Prepare amendment

Prepare declaration

Use RCE to get amendment
or declaration entered after
final.



Options – After Proposed Rules

- 102 Rejection
 - Argue Ohno does not necessarily and inevitably teach the claimed invention.

- 103 Rejection
 - Argue no *prima facie* case of obviousness??
 - No motivation to combine Ohno and Ohshita
 - If arguments not persuasive:
 - Use only RCE to enter Declaration or Amendment after Final
 - OR be prepared to appeal to the Board of Appeals

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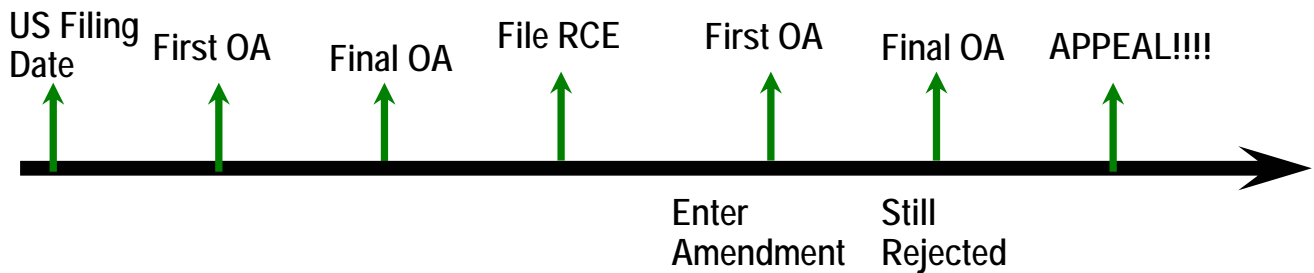
Aggressive Prosecution Strategies

- Interview
- Formulate strategy at first Office Action
 - Is testing/declaration needed? If so submit now!
 - Can we win this case on appeal (and are we prepared to appeal)? If so, argue merits.
 - Do we need to amend claims? If so, submit amendments now!
- Interview case after first Office Action!!!!
 - Discuss with Examiner what will be necessary to put the case in condition for allowance.

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What About an Appeal?



RCE/Continuation has been used during prosecution.

Now you must appeal to the Board.

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What If We Lose The Appeal?

Under the current rules

- If you lose the appeal, you have 30 days to file a continuation application to continue prosecution

Under the proposed rules

- If you lose the appeal and you already filed a RCE or continuation:
 - GAME, SET, AND MATCH!!

(although may appeal to Federal Circuit)

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What if we lose the appeal?

- **Appeal Strategies**

- Save continuation – you may need it if you lose on appeal.
- Appeal to the Federal Circuit? \$\$\$\$
- Pursue narrow claims first (cover product and important embodiments) and pursue broader claims in continuation (if you lose on appeal you still have first patent)!

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Post-Issuance Strategies

- **Reissue**

- Broader claims within 2 years
- New rules apply

- **Reexamination**

- To submit prior art that Examiner would not consider under new rules

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Copying Claims

- Section 135(b) gives one year from patent issuance or application publication to copy claims for purposes of interference
- Do not delay once aware of claims to copy
 - If wait the year, may not be able to assert that amendment could not have been submitted during prosecution of the prior-filed application
- File continuations before effective date in applications containing copied claims that have been cancelled

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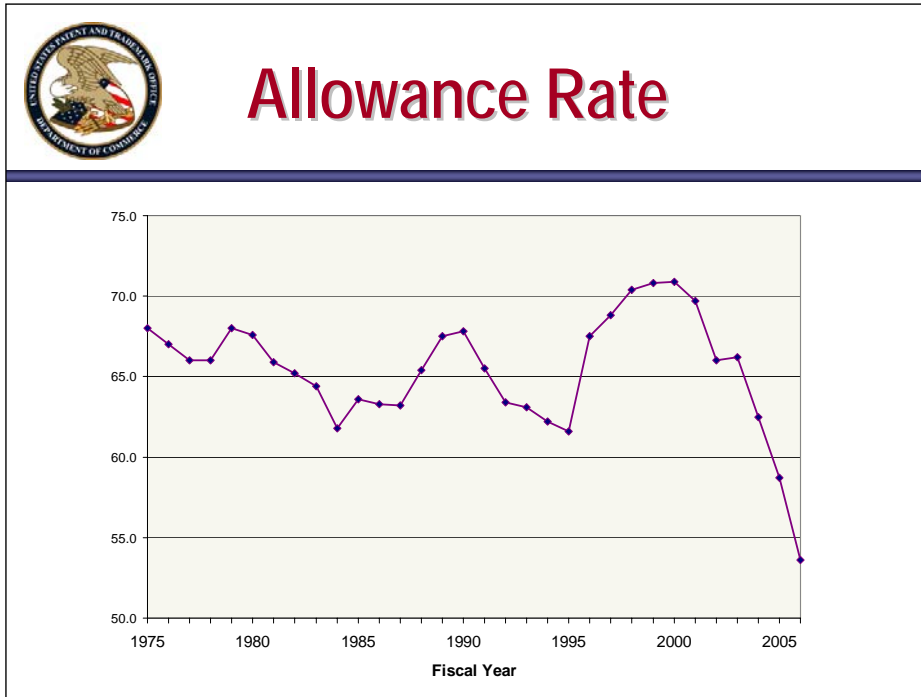


Recent Trends Worth Noting

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PTO Allowance Rate



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Inequitable Conduct

- Current trend is to invalidate patents based upon inequitable conduct, particularly in the biotechnology sector
 - *Cargill, Inc. v. Canbra Foods, Ltd.*, Nos. 2006-1265 and -1302, Slip Op. at 5-6 (Fed. Cir. February 14, 2007)
 - *Dippin' Dots, Inc. v. Mosey*, Nos. 2005-1330 and -1582, Slip Op. at 14-15, 18 (Fed. Cir. February 7, 2007)
 - *Aventis Pharma S.A. v. Amphastar Pharmaceuticals, Inc.*, Nos. EDCV 03-887 and EDCV 04-333 (C.D. Cal. February 9, 2007)
 - *McKesson Information Solutions, Inc. v. Bridge Medical, Inc.*, 2006 WL 1652518 (E.D. Cal. June 2006).

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Court Cases Worth Discussing

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The Supreme Court's Recent Interest in Patent Law

- 40 years since this many patent cases heard by the Supreme Court.
- In 2005-2006 term:
 - *eBay Inc. v. MercExchange*
 - *Illinois Tool Works Inc. v. Independent Ink Inc.*
 - *Laboratory Corp. v. Metabolite Laboratories Inc.*
- More cases this term
 - *KSR International v. Teleflex*
 - *MedImmune v. Genentech*
 - *Microsoft v. AT&T* – Cert. Granted in late October

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eBay v. MercExchange

- Most significant patent case of 2005-2006 term.
- Background:
 - MercExchange sued eBay for patent infringement, stemming from eBay's use of "Buy It Now" feature.
 - MercExchange is a relatively small company that had not commercialized the patent.
 - eBay had tried unsuccessfully to obtain a license from MercExchange.

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Background: eBay v. MercExchange

- District Court (E.D.Va.)
 - \$30 Million Damages
 - Denied Injunction
- Court of Appeals for the Federal Circuit
 - Reversed Denial of Injunction

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Ruling: eBay v. MercExchange

- Unanimous Decision: Federal Circuit reversed
 - Patent holder must now show they are entitled to the injunction under “well established principles of equity,” which is a four-prong test.
- Previous Federal Circuit rule:
 - “a permanent injunction will issue once infringement and validity have been adjudged” except under “exceptional circumstances.”

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Concurring Opinions

- Justice Kennedy
 - “When the patented invention is but a small component of the product the companies seek to produce and the threat of an injunction is employed simply for undue leverage in negotiations, legal damages may well be sufficient to compensate for the infringement and an injunction may not serve the public interest.”
 - Implies that injunctions might not be granted to patent trolls or business method patent holders
- Justice Roberts
 - Implies that decision will have little effect on patent holders that are using the patented technology

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Other Implications of eBay

- Must be ready to argue the four factors
- Might result in increased use of Section 337 actions at the ITC
- Might make settlements less likely

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Post-eBay Developments

- *z4 Technologies, Inc. v. Microsoft, Inc. (E. D. Tex.)*
 - E. D. Tex.: Microsoft infringed z4's software activation patent, but was not enjoined.
- *Voda v. Cordis Corp. (W.D. Okla.)*
 - W.D. Oklahoma: Infringement found, but no injunction granted

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Also in 2005-2006 Term:

Illinois Tool Works Inc. v. Independent Ink, Inc.

- Involved tying arrangement between patented printheads and unpatented ink.
- Supreme Court: Market power in patented product is not presumed, and Plaintiff must prove that the defendant has market power in the patented product.

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Also in 2005-2006 Term:

Laboratory Corp. v. Metabolite Laboratories Inc.

- Court had the chance to address the validity of business method patents, but instead ruled that certiorari was improvidently granted.
- Justice Breyer Dissent:
 - “Too much patent protection can impede rather than ‘promote the progress of science and useful arts,’ the constitutional objective of patent ... protection.”

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Three Important Upcoming Cases

- *KSR International Co. v. Teleflex, Inc.*
 - Will examine the Federal Circuit's obviousness standard
- *MedImmune v. Genentech*
 - Whether a licensee can challenge a patent's validity without first violating the terms of the license
- *Microsoft v. AT&T*
 - Whether software copied and distributed overseas infringes a U.S. patent when the copies are made from a U.S. master.

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KSR International v. Teleflex

- Federal Circuit's current "*motivation-suggestion-teaching*" (MST) test for obviousness under examination
- Argued November 28, 2006
- Could dramatically effect Patent Law by making inventions harder to patent and validity challenges easier

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KSR International v. Teleflex

- Invention at issue in KSR:
 - An adjustable gas pedal that uses electronic sensors to control an engine
- Prior Art
 - Adjustable gas pedals
 - Gas pedals that use electronic sensors to control an engine
 - However, none of the references explicitly suggest combining pedal types

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KSR International v. Teleflex

- Trial Court
 - Granted summary judgment – Patent invalid: obvious under 35 U.S.C. § 103
- Federal Circuit
 - Reversed – No evidence of *motivation, suggestion, or teaching* to combine the two different types of pedals

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KSR International v. Teleflex

- 39 Amicus Briefs Filed

- 23 in support of retaining the current Federal Circuit obviousness test:
 - Bar Assocs. and Patent Attorneys
 - 3M, GE, P&G, J&J, Ford, IPO, Bus & Law Prof., plus others

- 16 in support of abolishing the current Federal Circuit obviousness test:
 - Solicitor General
 - U.S. Patent Office
 - GM, Intel, Cisco, Law Professors, plus others

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KSR International v. Teleflex

- Supporters of Federal Circuit MST Test:
 - Guards against hindsight
 - Fosters predictability and uniformity in law
 - Eliminates subjective determinations
 - Helps qualitatively evaluate “differences” between prior art and claimed invention
 - Almost all inventions are combinations of known elements
 - Flexible: Explicit or implicit motivation suffices

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KSR International v. Teleflex

- Critics of Federal Circuit MST Test:
 - Can be very hard for patent examiners (and others) to find motivation, suggestion, or teaching for an obvious combination
 - Most published articles do not focus on things that are obvious
 - Contradicts previous Supreme Court precedents requiring the combination to create an “unexpected synergy.”

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KSR International v. Teleflex

- Oral Arguments:
 - Several Justices expressed skepticism over the meaning of “motivation” and how to show it.
 - Questioned whether MST should be one factor considered, but not the only test for obviousness.

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Preemptive reaction to *KSR*?

Recent Federal Circuit Cases:

- *Dystar v. C.H. Patrick, Co.* (Oct. 3, 2006)
 - Economic benefits implicitly motivated one of skill in the art to combine references.
- *Alza Corp. v. Mylan Labs., Inc.* (Sept. 6, 2006)
 - MST is not a “rigid test that requires an actual teaching to combine before concluding that one of ordinary skill in the art would know to combine references.”

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MedImmune v. Genentech

- Whether a licensee can challenge a patent's validity without first violating the terms of the license
- Argued October 4, 2006
- “Actual controversy” requirement of the Declaratory Judgment Act
 - Do you need “reasonable apprehension”?

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MedImmune v. Genentech

- Genentech licensed the patent to MedImmune.
- MedImmune believes the patent may be unenforceable, but maintains license to avoid a possible infringement action.
- Lower Court and Fed. Cir:
 - A licensee must violate the terms of the licensed patent before it can challenge the patent's validity
 - Dismissed for lack of subject-matter jurisdiction

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Possible Outcomes of MedImmune

- If MedImmune (licensee) wins
 - May become easier to sue for validity
 - The right to challenge a licensed patent may destabilize thousands of existing agreements
- If Genentech (licensor) wins
 - More licensees may try to rely on eBay ruling to avoid an injunction while they challenge a patent

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Microsoft v. AT&T

- October 27, 2006: Supreme Ct Grants Cert.
- Involves AT&T's U.S. patent on a "digital speech coder," infringed when speech software included with Windows is installed on a computer.
- Microsoft appeals ruling of infringement awarding damages for copies of Windows made by foreign manufacturers and sold outside the United States. The copies of Windows were based on a "golden master" created in the United States.
 - U.S. Solicitor General and USPTO both support Microsoft

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Microsoft v. AT&T

- 35 U.S.C. § 271(f)
 - "Whoever without authority supplies ... from the United States all or a substantial portion of the components of a patented invention ... to actively induce the combination of such components outside the United States ... "
- Two Questions Presented:
 - (1) Whether software code is a "component" under § 271(f)
 - (2) If so, whether copies made outside of U.S. based on a master created in U.S. are "supplied" from the U.S. under § 271(f)

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- If Microsoft wins:
 - Foreign-replicated copies of software received from U.S. will not constitute components supplied from the U.S.
 - May decrease incentive to base R&D overseas
 - Overseas sales represent a large portion of software sales
 - For example, this case could be worth \$1 Billion
 - U.S. patent holders should seek foreign patent protection
- If AT&T wins:
 - U.S. patent holders can collect damages on foreign sales of software that is replicated abroad, as intended, from a master version exported from the United States.

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The End

Thank you for your attention.

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