



# Patent Nation Seminar

## ***Changes Are Afoot: The Prosecution and Litigation Landscape Post KSR and the New Continuation Rules***

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# *KSR v. Teleflex* - Overview



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- *KSR* Overview
- Post-*KSR* Drafting & Prosecution Strategies
- Post-*KSR* Litigation Strategies
- The Stats



# ***KSR Overview***

# *KSR v. Teleflex* — The Supreme Court Decision



- The Supreme Court REVERSED the Federal Circuit [127 S.Ct. 1727 (4/30/07)]:
  - Held: Teleflex’s claim invalid as obvious
  - There was “little difference between the teachings of the prior art and the adjustable electronic pedal disclosed in claim 4 of Teleflex’s patent.”
  - “The Federal Circuit addressed the obviousness question in a **narrow**, **rigid manner** that is inconsistent with § 103 and this Court’s precedents.”
  - *Graham v. John Deere* factors still apply

# *KSR v. Teleflex* - The Supreme Court Decision - ct'd



- TSM (Teaching, Suggestion, Motivation) – applicable as one test under a more flexible review
- Other Considerations
  - “Combination” v. Non-combination patent?
  - Design Need/Market Pressure
  - Known Problem – Predictable Solution?
  - Look at Person of Ordinary Creativity
  - Use Ordinary Common Sense

# Post-*KSR* Drafting & Prosecution Strategies

# *KSR v. Teleflex* — Prosecution Issues Overview

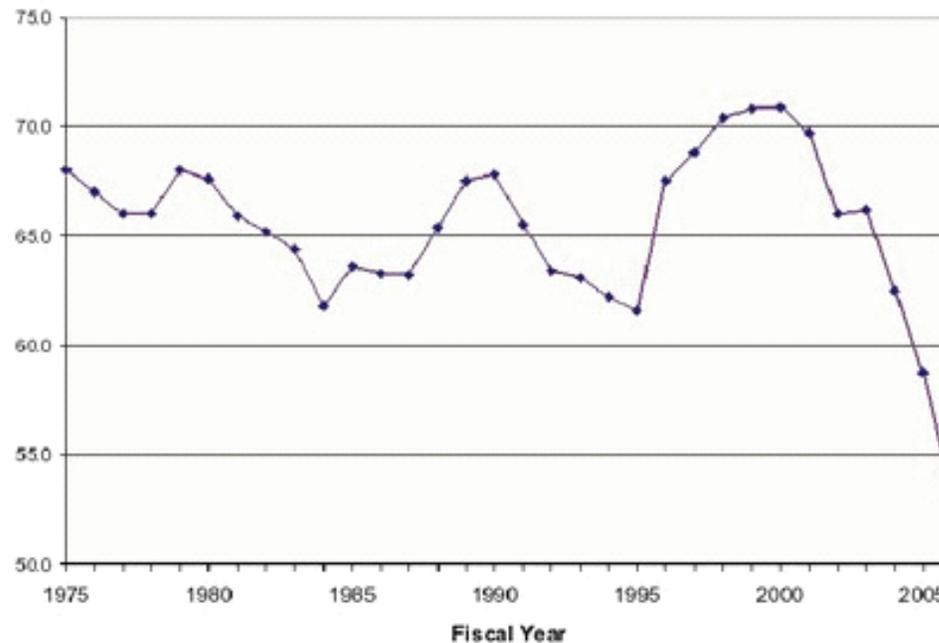


- Pre-*KSR* PTO Conduct
- PTO Memo on *KSR*
- Lower PTO Burden to Establish Obviousness
- Post-*KSR* Drafting Strategies
- Post-*KSR* Prosecution Strategies
- Impact of New Rules & *KSR*

# *KSR v. Teleflex* — Pre-*KSR* PTO Conduct



## Allowance Rate



# Pre-KSR PTO Conduct



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- PTO typically asserts prima facie obviousness for the following inventions:
  - Stereoisomers, especially enantiomers
  - Homologs
  - Combinations of known compounds used for intended purpose
  - Selection inventions (new compound from old genus) Salts, Formulations and Dosages

# PTO Internal Memo on *KSR*



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- *Graham* factors reaffirmed
- TSM “not totally rejected,” but not to be rigidly applied before finding obviousness
- Analysis supporting 103(a) rejection should be explicit
  - “103(a) rejection based on a combination of prior art elements must still identify reason Phosita would combine them in manner claimed”

# *KSR* may lower PTO burden in establishing obviousness



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- Rigorous reasoning for combining of references under TSM now unnecessary
- *KSR* reasons to combine prior art elements include
  - Market demand
  - Design need
  - “Any need or problem known in the field of endeavor at the time of invention and addressed by the patent”

# Recent BPAI Cases: Influence of *KSR*



- *Ex parte Kubin et al.*     5/31/2007
  - Held: cDNA sequence of known protein (p38/NAIL) is obvious
  - Decision based on
    - Prior art isolation of protein
    - Prior art prophetic examples of how to determine amino acid and nucleic acid sequences following conventional techniques
  - Dismissed Applicant's TSM argument, citing *KSR*
  - A single reference cited by Applicant for teaching away was characterized as conflicting data that could be ignored

# Recent BPAI Cases: Influence of *KSR*



- *Ex parte Catan* 7/3/2007
  - Held: Consumer electronics device using bioauthentication (e.g. fingerprints) to authorize orders on credit over a communication network is obvious
  - Decision based on
    - Prior art teaching of same device using a PIN and remote processor
    - Prior art teaching of bioauthentication and its application to various electronics devices
  - Key factor in decision was claim construction: “device comprising processor” did not require local processor as Applicant argued. Board relied on specification teaching of remote or local processor

# KSR may lower PTO burden in establishing obviousness



- Obvious to try may be obvious when
  - “There is a design need or market pressure to solve a problem and there are a finite number of identified, predictable solutions”
- Could this apply to unpredictable art areas to “over-ride” surprising and unexpected results?
  - Federal Circuit’s decision in *LeapFrog* suggests that this may be a possibility

# *LeapFrog v. Fisher-Price*



- No mention of TSM
  - “the common sense of those skilled in the art demonstrates why some combinations would have been obvious where others would not.”
  - Court said it had no basis to disagree with trial court that strong evidence on secondary considerations was inadequate to overcome obviousness

# *Pfizer v. Apotex* — Raising the Bar on Rebuttal



- *Apotex*, although decided prior to *KSR*, appears to follow *KSR* standards [480 F.3d 1348 (Fed. Cir. 3/22/07)]:
  - Reason to combine references need not be found in prior art
  - Finds reasons in problem to be solved: instability of maleate salt
  - Tracks the “obvious to try” standard discussed in *KSR*: finite number of predictable solutions to the problem means solution is obvious

# *Pfizer v. Apotex* — Raising the Bar on Rebuttal



- Obvious to try reasoning:
  - “Not a case with numerous parameters”
    - Focused on predictability of salt formation rather than unpredictability of salt properties
    - Emphasized lack of therapeutic effect of different salt types
  - Not a promising approach case
  - OK to consider “routine testing”
- Unexpected results didn’t overcome prima facie obviousness
  - Rather than considering combination of properties as whole, examined each individually, finding each unremarkable
  - Characterized the non-therapeutic properties Pfizer relied on as “secondary considerations

# *Pfizer v. Apotex* — Raising the Bar on Rebuttal



- Summary
  - “Obvious to try” applicable to unpredictable arts
  - “Obvious to try” may make rebuttal with unexpected results harder
  - Non-therapeutic properties of compound now a “secondary consideration”

# *Pharmastem Therapeutics v. Viacell*, (Fed. Cir. 2007)



- Held: Compositions and methods comprising neonatal/fetal hematopoietic stem cells for immune reconstitution in humans is obvious
- Decision based on
  - Admissions in specification as to what prior art taught that conflicted with patentee’s expert testimony regarding what was known in art
  - The court noted that “scientific confirmation of what was already believed to be true may be a valuable contribution, but it does not give rise to a patentable invention.”
  - Based on the patentee’s admissions, the court ruled that there was a reasonable expectation of success that hematopoietic reconstitution was viable in humans based on mice

# Post-*KSR* Drafting Strategy



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- ***KSR***: “One of the ways in which a patent’s subject matter can be proved obvious is by noting that there existed at the time of invention a known problem for which there was an obvious solution encompassed by the patent’s claims.”

# Post-KSR Drafting Strategy



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- Problem-Solution style drafting may be problematic
  - Avoid describing problem to be solved or admissions as to the teachings of the art in Background of patent
  - At odds with best practice for prosecution in Europe?
  - Emphasize advantages of invention in Detailed Description, but be careful not to create disclaimer (*Nystrom v. Trex*)

# Post-*KSR* Drafting Strategy



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- Establish unpredictability of results
  - Provide not only as much data for the invention as possible, but comparative examples
  - Include or highlight synergistic results
  - Emphasize functions of invention not found in prior art and consider including such functional language in some claims

# Post-*KSR* Prosecution Strategy



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- Arguing prima-facie obviousness
  - Ensure that the distinguishing feature you are arguing is unambiguously in the claims
  - Do not argue motivation to combine lacking in references
  - Argue teaching of references whenever possible
  - Provide evidence that combination of references conflicting or inoperative for intended purpose
  - Show teaching away whenever possible
  - Show unpredictability of art (careful, may impact scope of enablement!)

# Post-KSR Prosecution Strategy



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- Rebutting prima facie obviousness
  - Provide evidence of unexpected results in patent or by declaration
    - Easier to do with unexpected properties than with unexpectedly more or less of a known property
  - Provide evidence of secondary considerations (long-felt need, commercial success, failure of others), but must tie directly to claimed invention, especially commercial success
  - Show non-recognition in art of result-effective variable

# Impact of New Continuation Rules and *KSR*



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- Common to obtain quick allowance on narrower set of claims and argue for broader claims in later continuing application
- *KSR* alone might make this an even more attractive strategy
- New continuation rules may severely restrict this practice and thus further limit opportunity for broad claims

# Drafting and Prosecution Summary in View of KSR



- Don't make statements about prior art in application
- Don't argue lack of motivation to combine
- Do ensure that distinguishing features being argued are in fact claimed
- Do argue alleged teachings of prior art
- Do provide as much evidence of unexpected results and comparative data as possible
- Do carefully support the unpredictability of results chem/biotech
- Do tie evidence of secondary considerations to claimed invention



# Post-*KSR* Litigation Strategies

# *KSR v. Teleflex* — Litigation Issues Overview



- *KSR* Highlights
- Drug Cases:
  - Pre-*KSR* Observations
  - Post-*KSR* Observations
- Non-Drug Cases:
  - Post-*KSR* Observations
- Post-*KSR* Litigation Strategies for Plaintiff and Defendant

# *KSR v. Teleflex*

## Impactful Statements For Litigation



- **Flexibility**: The obviousness inquiry is an “expansive and flexible approach.”
- **No Rigid Application of TSM test**: A “helpful insight,” but “when a court transforms the general principle into a **rigid** rule that limits the obviousness inquiry, as the Court of Appeals did here, it errs.”
- **Reason to Combine**: “It can still be important to identify a reason” to combine prior art elements.
- **Ordinary Creativity**: “A person of ordinary skill is also a person of ordinary creativity, not an automaton.”
- **Obvious Solution**: A patent can be proved obvious if there existed a known problem for which there was an obvious solution

# *KSR v. Teleflex*

## Impactful Statements For Litigation



- **Common Sense**: “Rigid preventative rules that deny recourse to common sense...” are inconsistent with case law
- **Predictability**: The patent must be more than “the predictable use of prior art elements according to their established functions.”
- **Design Need/Market Pressure**: Products driven by design needs or market pressures — when there are finite number of identified predictable solutions — are likely the result from ordinary skill, not innovation
- **Explicit, Articulated Reasoning**: Obviousness rejections “cannot be sustained by mere conclusory statements . . . there must be some articulated reasoning.”

# Pre-*KSR* Observations: Drug-related Cases



- **Drug cases with a finding of obviousness:**
  - **Substitution Cases:** Drugs with the substitution of an element known to work the same or better
    - *Pfizer v. Apotex*, 480 F.3d 1348 (Fed. Cir. 2007)
  - **Dosage Cases:** Patents that involve a slight modification to dosage
    - *Merck v. Teva Pharms.*, 395 F.3d 1364 (Fed. Cir. 2005)
- **Drug cases with no finding of obviousness:**
  - **Missing Element Cases:** Prior art does not encompass all claim limitations
    - *Syntex v. Apotex*, 407 F.3d 1371 (Fed. Cir. 2005)
  - **Enantiomer Cases:** Patents that claim enantiomers of prior art substances
    - *Sanofi-Synthelabo v. Apotex*, 470 F.3d 1368 (Fed. Cir. 2006)

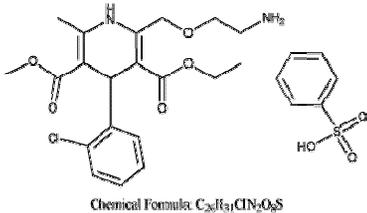
# Pre-KSR Observations Substitution Cases -Obvious



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- *Pfizer v. Apotex (Norvasc)* Federal Circuit 3/22/07
- Held: Pfizer's patent obvious in light of its parent patent and other prior art.
- Reversed district court

Once-Daily 5-mg and 10-mg tablets  
**NORVASC**<sup>®</sup>  
(amlodipine besylate)



- Prior art: amlodipine maleate
- Patent-in-suit (4,879,303): amlodipine besylate
- “A skilled artisan would have been motivated to combine prior art to produce amlodipine besylate.”
- Pfizer argued that the unexpected differences between besylate and the prior art (solubility, stability, etc.) should overcome obviousness
- Court disagreed, treating such differences as secondary considerations

- *Was This A Good Decision?*

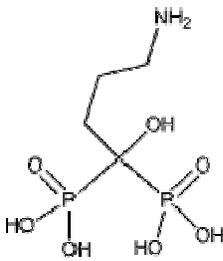
# Pre-KSR Observations Dosage Cases - Obvious



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- ***Merck v. Teva (Fosamax)*** Federal Circuit 2005
  - Held: Merck's patent for inhibitors of bone destruction (AMT) found obvious in light of prior art. (Reversed D. Del. trial court that had found not invalid, enforceable, and infringed)
    - Prior art (Lunar article): Taught a once-weekly dosage of AMT in amount of 80 or 40 mg.
    - Patent-in-suit (5,994,329): Method of inhibiting bone resorption that claimed a once-weekly dosage of AMT in amount of 70 or 35 mg
    - "There was no great leap required of those skilled in the art to go from 40 or 80 mg once a week . . . To a 35 or 70 mg pill once a week."
    - Fed. Cir. disagreed with trial court's analysis of commercial success

**FOSAMAX**  
(alendronate sodium) tablets



Chemical Formula:  $C_9H_{13}NO_7P_2$

# Pre-KSR Observations Missing Element Cases - Not Obvious



- *Syntex v. Apotex (Acular)* Federal Circuit 2005
  - Held: Remanded for further consideration of obviousness of Syntex's patent for anti-inflammation eyedrops. (Aff'd, rev'd and rem'd in part from N.D. Cal.)



- Prior art: Disclosed eyedrops including a general class of water-soluble surfactants
- Patent-in-suit (5,110,493): Claimed eyedrops including an oil-based surfactant
- The prior art contained no expectation that the oil-based surfactant could successfully stabilize the solution
- Remanded to district court based on several errors in factual analysis of prior art and secondary considerations

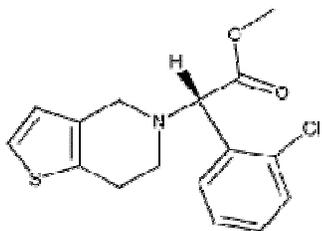
# Pre-KSR Observations

## Enantiomer cases - Not Obvious



- *Sanofi-Synthelabo v. Apotex (Plavix)* Federal Circuit 2006
- **Held:** Preliminary injunction against Apotex affirmed; Plavix patent not obvious in light of the prior art.
  - Prior art: discloses the free base of MATTPCA (genus)
  - Patent-in-suit (4,847,265): A platelet aggregation inhibiting agent used to reduce thrombotic events such as heart attacks and strokes: patent claims the bisulfate salt of the *d*-enantiomer of MATTPCA (species)
  - “Nothing existed in the prior art that would make pursuing the enantiomer of MATTPCA an obvious choice, particularly in light of the unpredictability of the pharmaceutical properties of the enantiomers and the potential for enantiomers to racemize in the body..”
  - Secondary factors also supported non-obviousness

**Plavix**  
(clopidogrel bisulfate) 75mg tablets



Chemical Formula: C<sub>16</sub>H<sub>16</sub>ClNO<sub>2</sub>S

# Post-KSR Observations Drug-related Cases



- **Drug cases with a finding of obviousness:**
  - **Combination cases:** Patent involves combining prior art with predictable results
    - *McNeil-PPC v. Perrigo*, 2007 U.S. Dist. LEXIS 40476 (S.D.N.Y. 6/5/07) (Pepcid Complete)
  - **Level of Ordinary Skill Cases:** Patent obvious under correct level of ordinary skill
    - *Daiichi Sankyo v. Apotex* (Fed. Cir.) (Ofloxacin)
- **Drug cases with no finding of obviousness:**
  - **Missing Element Cases:** Prior art does not encompass all claim limitations
    - *Abbott Labs. v. Sandoz*, 2007 U.S. Dist. LEXIS 38216 (N.D. Ill. 5/24/07) (Biaxim XL)
  - **Not Obvious to Try Cases:** Prior art discloses claimed elements, but beyond ordinary skill to combine them
    - *In re Omeprazole Patent Litig.*, 2007 U.S. Dist. LEXIS 39670 (S.D.N.Y. 5/31/07) (Prilosec)
  - **TSM Cases:** Cases where TSM test still applied
    - *Takeda v. Alphapharm* (Fed. Cir. 2007) (Actos)

# Post-*KSR* Observations Combination Cases - Obvious



- *McNeil-PPC v. Perrigo (Pepcid)* S.D.N.Y. 6/5/07
  - Held: Plaintiff's drug patents for Pepcid Complete found obvious.
    - Prior art: disclosed (a) the combination of famotidine and antacids, and (b) use of an impermeable coating for medications
    - Patent-in-suit (5,817,340): the combination of an antacid (*i.e.*, aluminum hydroxide or magnesium hydroxide) and impermeably-coated famotidine.
      - Citing *KSR*, the court stated that plaintiff's patent did "no more than combine the **predictable results** of [two groups of prior art references.]"
      - Court disagreed that the supposedly unexpected results and commercial success overcame obviousness.



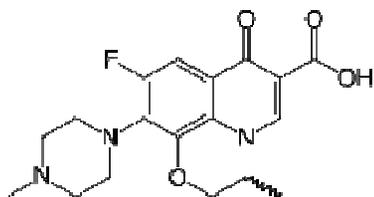
# Post-KSR Observations: Level of Ordinary Skill Cases – Obvious



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## ■ *Daiichi Sankyo v. Apotex* Federal Circuit 7/11/07

- Held patent obvious; reversed district court
- Patent: method for treating ear infections by topically applying ofloxacin
- District court used incorrect level of ordinary skill:



- District Court: general medical practitioner
- Federal Circuit: specialist in ear treatments (otologist)

- In view of the correct level of ordinary skill in the art, it would have been obvious to use ofloxacin in ear drops to treat ear infections, as explained by the prior art

# Post-KSR Observations: Missing Elements Cases - Not Obvious



- *Abbott Labs. v. Sandoz (Biaxin XL)* N.D. Ill. 5/24/07
  - Held: Sandoz' motion to stay enforcement of Court's prior preliminary injunction order denied; Abbott had demonstrated likelihood of success on merits of its infringement and validity claims, including claim that patent for extended release antibiotic was not obvious
    - Patents-in-suit (USPN 6,010,718; 6,551,616; 6,847,407): drug combining (a) an erythromycin derivative with (b) a polymer having certain PK limitations
    - The PK limitations claimed in Abbott's patent were not found in the prior art
    - “The need to demonstrate the presence of all claim limitations in the prior art was not obviated [by **KSR**].”



# Post-*KSR* Observations: “Not Obvious to Try” Cases - Not Obvious



- *In re Omeprazole (Prilosec)* S.D.N.Y. 5/31/07
  - Held: Plaintiffs’ claims for Prilosec not invalid as obvious
    - Patents-in-suit (USPN 4,786,505 and 4,853,230): Re: omeprazole compound that inhibits gastric acid secretion and can be used for treatment of gastric acid duodenal ulcers
    - Prior art: disclosed (individually) all claimed elements of Prilosec
    - However, it was beyond ordinary skill to combine the claimed elements at the time of invention
    - Relying on Plaintiffs’ expert, court noted: there were “thousands of permutations and paths facing a person of ordinary skill trying to formulate omeprazole.”
    - Distinguished from ***KSR***, where the ordinary skilled automotive engineer faced a “marketplace that created a strong incentive to convert mechanical pedals to electronic pedals.”



# Post-*KSR* Observations TSM Cases – Not obvious



- *Takeda v. Alphapharm* Federal Circuit 6/28/07
  - Takeda’s patent for pioglitazone (ACTOS – diabetes medication) was not invalid as obvious
  - Patent: TZD chemical with added “compound b,” which greatly improves nontoxicity of the drug
  - Court held that its TSM test for prima facie obviousness for chemical compounds is consistent with *KSR*
    - The prior art would not have motivated one of ordinary skill to select compound b as a lead compound
    - “There is no necessary inconsistency between the idea underlying the TSM test and the *Graham* analysis.” (*KSR*)



# *KSR v. Teleflex*

## Future Impact on Drug Cases



- **Types of drug cases potentially vulnerable after *KSR***
  - Substitution cases
  - Dosage cases
  - Enantiomer cases
  - Controlled-release cases
  - Combination cases

# Post-KSR Observations Non-Drug Cases



- **Cases with a finding of obviousness:**
  - **Combination cases:** Patents involving the combination of prior art elements with predictable results
    - *Friskit v. RealNetworks* (N.D. Cal.)
    - *Leapfrog Enterprises v. Fisher-Price* (Fed. Cir.)
  - **“Familiar Items” Cases:** Patents made obvious by items that may have obvious uses beyond their primary purpose
    - *In re Icon Health and Fitness* (Fed. Cir.)
  - **PTO Decisions**
    - *Ex Parte Kubin*; *Ex Parte Smith*; *Ex Parte Catan*

# Post-*KSR* Observations Combination Cases - Obvious



- *Friskit v. RealNetworks* N.D. Cal. 7/26/07
  - Court held Friskit's patents for streaming media playback system held invalid as obvious
  - Patents: related to a computer system that enables streaming media playback from websites.
    - Essentially, the patents claimed a system that integrated a media search engine with a media player, to create a seamless user experience
    - Quoting *KSR*, the court found Friskit's patents to be: "an arrangement of old elements each performing the same function it had been known to perform, and yielded no more than one would expect from such an arrangement."
    - Furthermore, the concept and benefits of integrating the old elements (media player and search engine) were known in the prior art

# Post-KSR Observations Combination Cases – Obvious



- *Leapfrog Enterprises v. Fisher-Price* Federal Circuit 5/9/07
    - Affirmed District Court's finding of obviousness
    - Patent: Learning device to help children read phonetically
      - Court did not mention of TSM
      - Court: "Particularized and specific motivations to combine need not be found in the prior art references themselves in the context of an improvement that arises from a desire to improve a known device."
-  Leapfrog's patent claimed a prior art mechanical device adapted to modern technology that is commonly understood in the art
- Court said it had no basis to disagree with trial court that strong evidence on secondary considerations was inadequate to overcome obviousness

# Post-KSR Observations

## “Familiar Items” Cases - Obvious



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- *In Re Icon Health and Fitness* Federal Circuit 8/1/07
  - Affirmed PTO decision holding Icon’s patent obvious
  - Patent: a treadmill with a folding base utilizing gas springs
  - Prior art: (1) an advertisement disclosing the treadmill components, and (2) a “Teague” patent disclosing the use of gas springs on a folding bed
    - Icon argued that Teague fell outside of “treadmill art” because it concerned a folding bed
    - PTO disagreed – nothing about Icon’s folding mechanism required a particular focus on treadmills
    - “Familiar items may have obvious uses beyond their primary purpose” (*KSR*)



# Post-KSR Observations

## PTO Decisions - Obvious



### ■ *Ex Parte Kubin*

- Patent claiming NAIL cDNA molecule was found obvious because it was “the product not of innovation but of ordinary skill and common sense”
- The cDNA structure would have been “obvious to try”
- Repudiates *In re Deuel* (Fed. Cir. 1995) (rejected “obvious to try” test)

### ■ *Ex Parte Smith*

- Patent claiming pocket-insert for bound book was found obvious because it would have been obvious to use prior art method of bonding a prior art pocket to achieve the claimed invention

### ■ *Ex Parte Catan*

- Patent claim was found obvious because it was a combination of familiar elements (a fingerprint scanner and credit-account system) used according to known methods

# *KSR v. Teleflex*

## Uncertain Implications



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- The full effect of *KSR* is unknown:
  - Limited number of post-*KSR* cases
  - PTO is still deciding its course of action

# Post-*KSR* Litigation Strategies — Plaintiff/Patent Owner



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1. Place more reliance on and substantiate secondary factors (commercial success, etc.)
2. Use experts to raise issues of fact (reason to combine, level of skill, etc.) that require a jury to decide. Many cases relied heavily on expert reports and testimony
3. Establish that a combination of references yields unpredictable results
4. Establish that the combination of prior art still does not demonstrate all claim limitations

# Post-*KSR* Litigation Strategies — Plaintiff/Patent Owner



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5. Focus on establishing a lower level of ordinary skill in the art, thereby creating a lower likelihood of a reason to combine elements
6. Find instances where prior art teaches away from combining the elements
7. Consider having the patent reexamined prior to litigation. If successful, it will be harder to invalidate in later litigation

# Post-*KSR* Litigation Strategies — Defendant/Accused Infringer



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1. Rely on experts to support theories!
2. Do not restrict the prior art search to references designed for solving the same problem as the patent allegedly solves
3. Find a strong design or market demand in place that provided a reason to combine elements
4. Check if there was a known problem in the field for which there was an obvious solution as encompassed by the claims – look for predictable results

# Post-*KSR* Litigation Strategies — Defendant/Accused Infringer



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5. See if the patent specification discloses a purpose that leads to a reason for combining elements
6. Focus obviousness arguments in all three *Graham* factors
7. Argue against a presumption of patentability because the patent was prosecuted under a rigid TSM test
8. Determine whether a known and obvious technique was used to improve a device, resulting in a predictable use



# USPTO Rule Changes

# PTO Rule Changes



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- Two Changes:
  - RIN: 0651-AB93: Changes to Practice for Continuing Applications, Requests for Continued Examination Practice, and Applications Containing Patentably Indistinct Claims
  - RIN: 0651-AB94: Changes to Practice for the Examination of Claims in Patent Applications
- Approved by OMB on July 9, 2007
- Final Rules to be published in late Summer
  - Thus, exact changes still unknown

# Continuation Application Changes



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- Dramatically limits number of continuation applications
  - Possibly limited to only one continuation application as a right with other applications allowed only upon showing of need
- Permits only involuntary divisionals
- Permits CIP only where applicant identifies all claims disclosed in parent application

# Changes to Examination of Claims



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- Requires applicants to designate 10 representative claims for examination
- PTO will only examine more than 10 claims if:
  - Perform search
  - Submit patentability statement
    - Specifically identifies claim limitations in prior art
    - Explains how representative claims are patentable over prior art
- Other rumors: Up to 25 claims, 5 independent claims

# What Can Be Done Now?



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- File continuation applications before rules go into effect
- File multiple applications instead of one application to increase number of allowable continuation applications
- File applications before rules are implemented in hope that rules will not apply retroactively



# Patent Reform Act of 2007

# Patent Reform Act of 2007



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- Introduced in both Senate and House of Representatives on April 18, 2007
- Directed towards increasing patent quality and limiting litigation abuses

# Provisions of Patent Reform Act



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- Change to First-to-File System
  - Eliminate Interference Proceedings
- Make it easier to file a patent application without inventor's cooperation
- Limitation of damages to only economic value of the improvement as compared to the prior art

# Provisions of Patent Reform Act



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- Specific limitations on when damages may be trebled for willfulness
- Post-grant opposition proceedings
- Reduction in the litigation estoppel effect of reexaminations
- Limitations on patent venue
- Authority to the PTO director to create further regulations

# Provisions of Patent Reform Act



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- Modification of 35 U.S.C. § 102
- Proposed Change:
  - 102(a) Novelty: Prior Art – a patent for a claimed invention may not be obtained if
    - (1) the claimed invention was patented, described in a printed publication, or in public use or on sale -
      - (A) more than one year before the effective filing date of the claimed invention; or
      - (B) one year or less before the effective filing date of the claimed invention, other than through disclosures made by the inventor or a joint inventor or by others who obtained the subject matter disclosed from the inventor or joint inventor

# Provisions of Patent Reform Act



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- Effect of § 102 change
  - Information can still be published about one's own work during the one year grace period without barring patent
  - Information published about the work of others during the grace period will now bar patent

# Provisions of Patent Reform Act



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- Additional information required during patenting process
  - Requires search report and patentability analysis for all filed applications
    - Except for applications filed by “micro-entities”
  - Failure to submit report or analysis would result in abandonment

# Provisions of Patent Reform Act



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- Definition of Micro-entities
  - Fewer than 500 employees (including parents, subsidiaries, and divisions)
  - Not named on 5 or more previously filed patent applications
  - Average gross income less than 2.5 times the average gross income as reported by the Department of Labor
  - Does not assign rights to the patent application to a non-micro-entity

# Provisions of Patent Reform Act



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- Effect of search report and patentability analysis requirement
  - Greatly increase costs of filing a patent application
    - Generally doubles fees (as seen from “accelerated examination” cases)

# Patent Reform Act



Patent Nation Seminar

- Likelihood of passage of Patent Reform Act
  - ?????

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