

Vers une réforme du système américain de brevets ?

Philippe Signore

pour

INPI

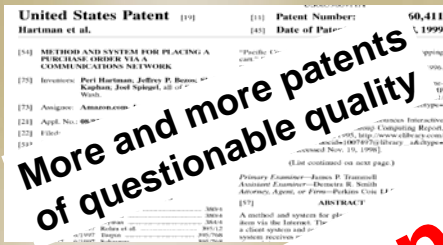
**Observatoire de la
Propriété
Intellectuelle**



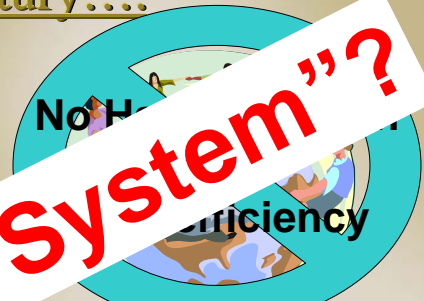
November 23, 2006

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The U.S. Patent System at the End of the 20th Century....



**More and more patents
of questionable quality**



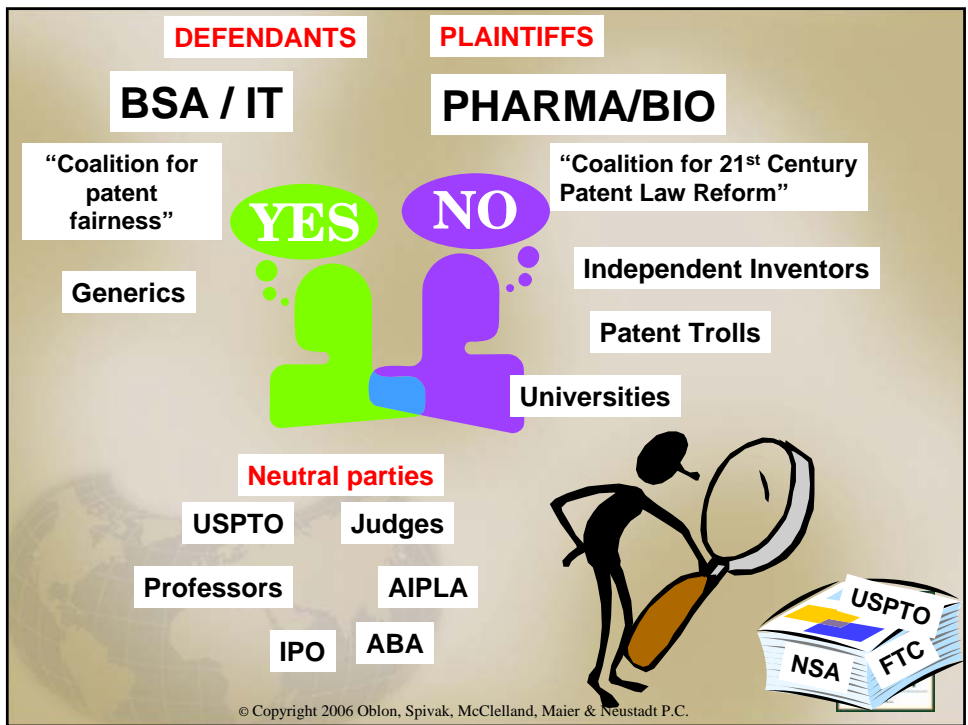
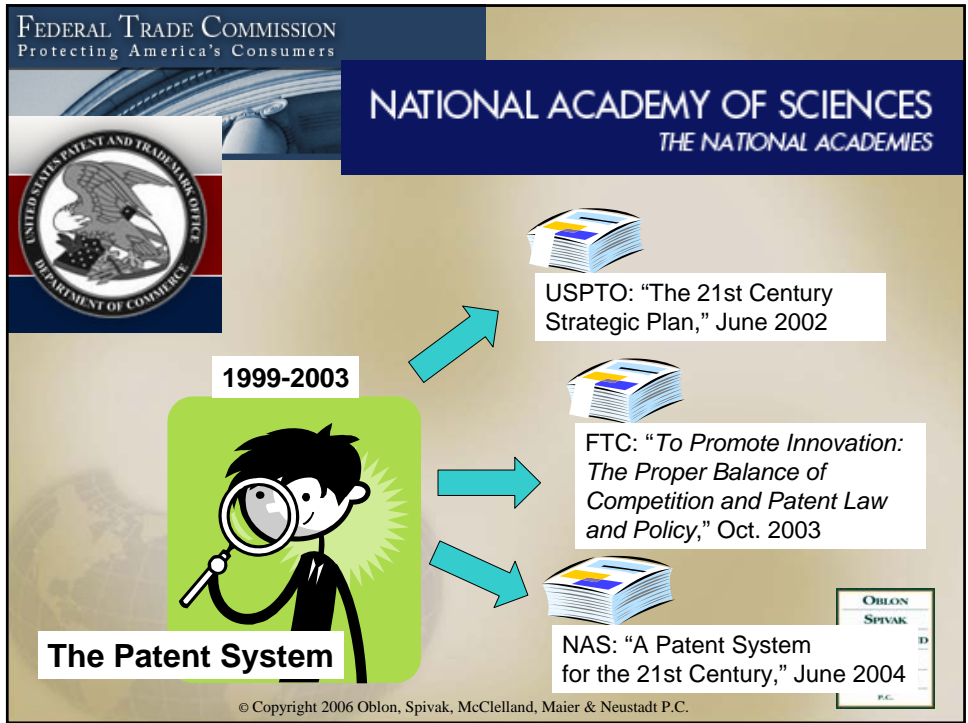
A "Broken System"?

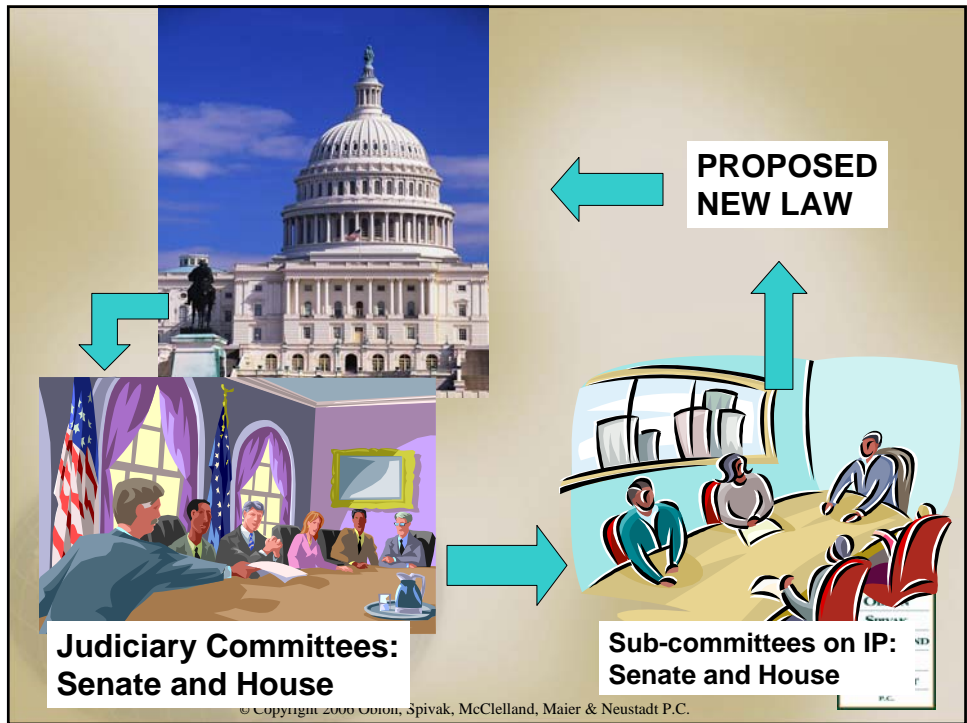
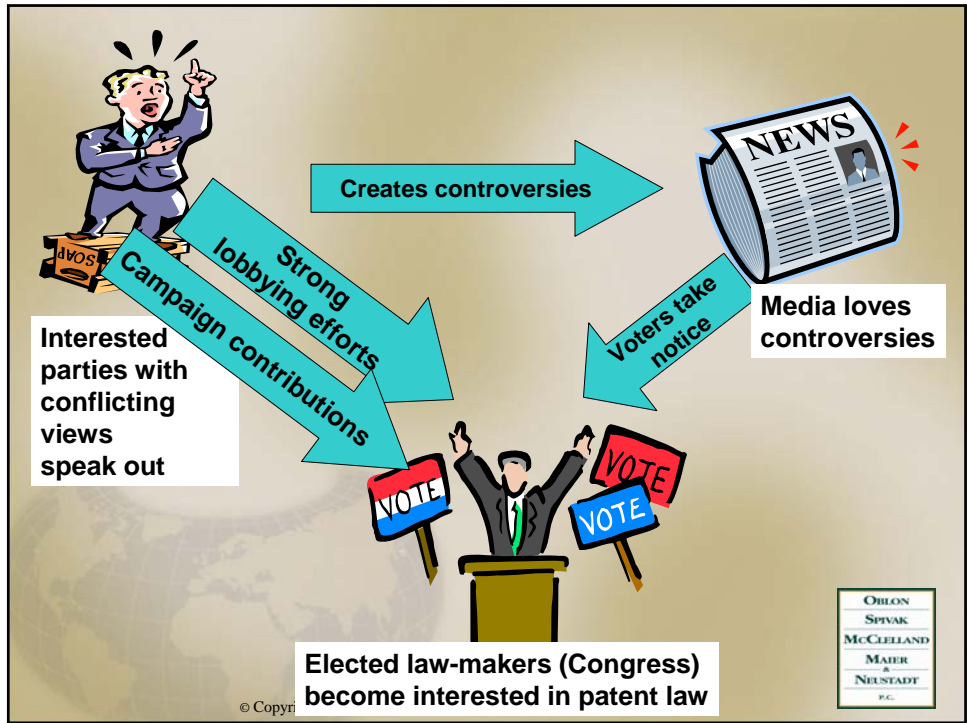


**Patent Litigation Is Too
Expensive and Unpredictable**



Patent Trolls





Senate: IP Subcommittee



☆ Senator **Orrin Hatch**
(R – Utah)



☆ Senator **Patrick Leahy** (D
– Vermont)

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House of Reps : IP Subcommittee

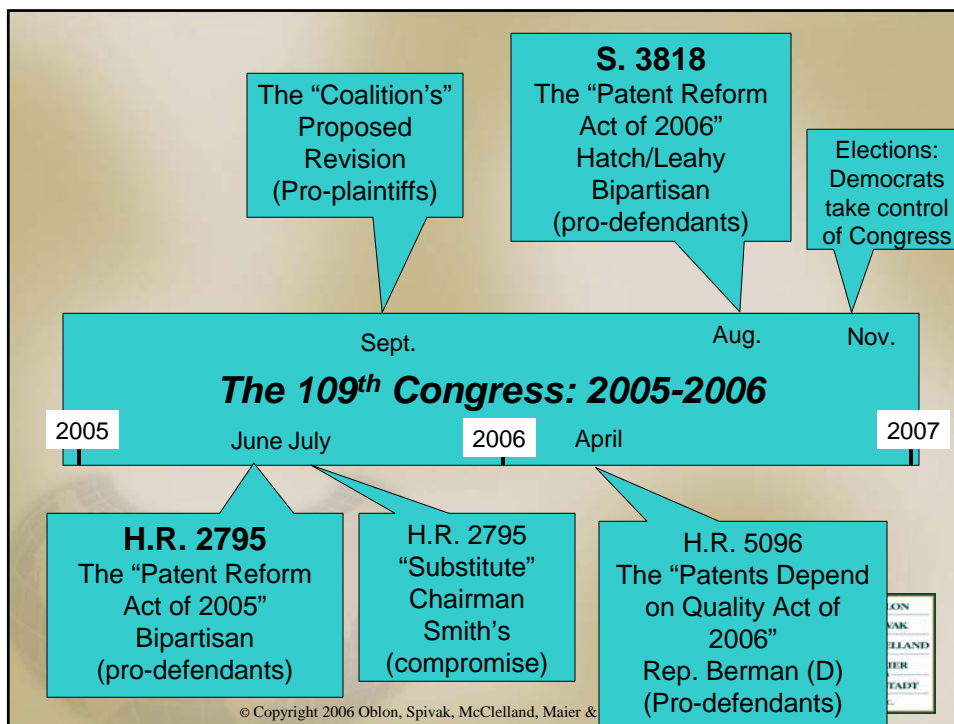


☆ Rep. **Lamar Smith** (R -
21th Dist. Texas: San
Antonio to Austin)



☆ Rep. **Howard Berman** (D
- 28th Dist. Cal.: Los
Angeles)

McCle



Issues	H.R.2795 (as introduced by Chairman Smith, 6/8/2005)	"Coalition Print" (9/1/2005)	S.3818 (as introduced by Hatch/Leahy, 8/3/2006)
First-Inventor-to-File	Changes the U.S. to a first-inventor-to-file system (Sec. 3).	Similar to H.R.2795. Amends §102(b) so that the inventor who publishes the invention first and files within a year will be entitled to the patent (Sec. 3).	Similar to H.R.2795 as introduced 6/8/2005 (Sec. 3, page 2). Renames "Board of Patent Appeals and Interferences" as "Patent Trial and Appeal Board."
Definition of Prior Art	Modifies definition of prior art to accommodate first-inventor-to-file system; adopts a "reasonable accessibility" standard (Sec. 3).	Similar to introduced bill (Sec. 3).	Similar to H.R.2795 as introduced 6/8/2005; language establishing a "reasonable and effective accessibility requirement" removed (Sec. 3).
Assignee	Permits applications to be filed in the name of the filing company or organization (Sec. 4).		
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First-Inventor-to File:
Inventors only (no derivations)

No more interferences

Global harmony

Definition of Prior Art:
One-year grace period for disclosures "by the inventor or derived from the inventor"

Prior Art = publicly accessible

Issues	H.R.2795 (as introduced by Chairman Smith, 6/8/2005)	"Coalition Print" (9/1/2005)	S.3818 (as introduced by Hatch/Leahy, 8/3/2006)
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Definition of Prior Art	Modifies definition of prior art to accommodate first-to-inventor-to-file system; adopts a "reasonable accessibility" standard (Sec. 3).	Sim	8/2005; language relative accessibility requirement removed (Sec. 3).
Assignee Filing	Permits applications to be filed in the name of the filer's company or other organization (Sec. 4).	Similar to	
Best Mode Requirement Repeal	Eliminates the requirement to disclose the best mode (Sec. 5).		
Apportionment of Damages for Infringement in the Case of a Combination	Directs court to consider relevant factors including the portion of the realizable profit that should be credited to the "inventive contribution" as distinguished from other factors (Sec. 6).	Codifies factor #13 of the <i>Georgia Pacific</i> case by directing court to look at the contribution from the "claimed" invention (instead of the "inventive contribution" in the introduced bill) as distinguished from other factors (Sec. 6).	Focuses apportionment determination on the "economic value" attributed to: (1) the "novel and non-obvious feature or features" of the invention; and (2) the "terms of non-exclusive marketplace licensing" (Sec. 5, page 19).

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**Best Mode Requirement:
Deleted = Global Harmony**

**Apportionment of damages for combination inventions:
Codifies a factor already being considered by court**

Issues	H.R.2795 (as introduced by Chairman Smith, 6/8/2005)	"Coalition Print" (9/1/2005)	S.3818 (as introduced by Hatch/Leahy, 8/3/2006)
Willful Infringement	Increases standards for establishing notice for treble damages; notice must: (1) create reasonable apprehension of suit; and (2) identify the patent claims and the product or process which is infringing. Increases treble damages where deliberate copying. Includes a determination regarding the period during which the period of the patent was infringed. Adopts an "informed good faith belief" standard (Sec. 6).	Same as introduced bill. Additionally, specifies that willfulness determinations must be made by the court and not a jury (Sec. 6).	Substantively the same as the Coalition Print except elaborates on "informed good faith belief" (Sec. 5, page 20).
Fee Shifting / "Loser Pays" Proposal	Not included.	Not included.	Based on the Equal Access to Justice Act, this provision requires the court to award attorney's fees to the party that prevails in the litigation, except that the position of the party that prevails shall be determined by the court.
Duty of Candor / Inequitable Conduct	Not included.	Not included.	Established good faith, or (b) relied on counsel, had no actual or constructive knowledge of misconduct, and exercised due care in selecting and supervising counsel. (Sec. 5, page 23).

**Willful Infringement:
No longer based on mere knowledge of the patent, but would require written notice from patentee, or copying by infringer
Determined by judge and not jury**

Issues	H.R.2795 (as introduced by Chairman Smith, 6/8/2005)	"Coalition Print" (9/1/2005)	S.3818 (as introduced by Hatch/Leahy, 8/3/2006)
Willful Infringement	Available where deliberate copying found; precludes a determination of willfulness during the period when the infringer had an "informed good faith belief" that the patent was invalid or unenforceable (Sec. 6).	Same as introduced bill. Additionally, specifies that willfulness made by the infringer (Sec. 6).	Substantively the same as the Coalition Print except elaborates on "informed good faith belief" (Sec. 5).
Fee Shifting / "Loser Pays" Proposal	Not included.	Not included.	Based on the Equal Access to Justice Act, this provision requires the court to award attorney's fees to the prevailing party <u>unless</u> the court finds that the position of the other party "was substantially justified" or other circumstances exist (Sec. 5, page 23).
Duty of Candor / Inequitable Conduct	Codifies a duty of candor for patent applicants and other parties in proceedings in PTO, refers inequitable conduct investigations to PTO Office of Enrollment and Discipline and provides authority for PTO to apply civil sanctions; provides a "but for" threshold before a court can rule that a patent is unenforceable; makes fraud by attorneys not attributable to the patent owner (Sec. 5).	Similar to H.R. 2795. Reduces the role of PTO Office of Enrollment and Discipline and provides a rebuttable presumption that knowledge of fraudulent conduct by an attorney or agent was known by the patent owner and undertaken with consent. (Sec. 5)	Provides that a court may find a patent unenforceable if, by clear and convincing evidence, the patent owner: (a) failed to disclose material information or submitted false information and (b) did so with the intent to mislead PTO. Unenforceability can be pled only after it is determined patent is not invalid in whole and is infringed. No unenforceability unless at least one claim invalid, and no unenforceability if the patentee: (a) had an informed good faith belief the information was not material or otherwise established good faith, or (b) relied on counsel, had no actual or constructive knowledge of misconduct, and exercised due care in selecting and supervising counsel. (Sec. 5, page 23).

Fee Shifting:
Loser pays unless
"substantially justified"

Inequitable Conduct:
Decided by USPTO?
More difficult to prove:
At least one claim invalid

Issues	H.R.2795 (as introduced by Chairman Smith, 6/8/2005)	"Coalition Print" (9/1/2005)	S.3818 (as introduced by Hatch/Leahy, 8/3/2006)
Prior User Rights	Expands the prior user rights defense by striking the limitation to methods of doing or conducting business and certain other limitations (Sec. 7).	Same as introduced bill. (Sec. 7).	Same as H.R.2795 (Sec. 5, page 25).
Repeal of Section 271(f)	Not included.	Repeals 271(f) for applications filed after effective date (Sec. 6).	Repeals 271(f) for patents granted after effective date (Sec. 5, page 27).
Post-Grant Opposition Review Process in the US	Establishes a Post-Grant Opposition System that must be made within 9 mos. and within 6 mos. after threat of proceeding not to exceed 1/2 the estimated average cost to the office.	Deletes the 6-mo. window after threat of suit; Adds a provision to allow the opposition proceeding to be initiated within 6 mos. after threat of suit.	Substantively similar to H.R. 2795 but also provides a limited "second window." Calls the proceeding a "Post-just be window" initial the significant validity from new the would on, an in the s sed or

Repeal of 35 USC 271(f):
271(f): export from U.S. a component of patented invention = infringement

The Microsoft proposal:
Software not a component
Damages limited to US only
Could be rendered moot by 2007 Sup. Ct decision

Prior User Rights:
Coupled to first-to-file proposals
Existed only for Business Method under limited conditions

Expanded to all technology

Easier to satisfy

Requires the PTO to set fees for initiating a "first window" post-grant proceeding not to exceed 1/2 the estimated average cost to the office. Fees for the "second window" proceeding should cover the full estimated average cost to the Office (Sec. 9, page 39).

Issues	H.R.2795 (as introduced by Chairman Smith, 6/8/2005)	"Coalition Print" (9/1/2005)	S.3818 (as introduced by Hatch/Leahy, 8/3/2006)
Prior User Rights	Expands the prior user rights defense by striking the limitation to methods of doing or conducting business and certain other limitations (Sec. 7).	Same as introduced bill. (Sec. 7).	Same as H.R.2795 (Sec. 5, page 25).
Repeal of Section 271(f)	Not included.	Repeals 271(f) for applications filed after effective date (Sec. 6).	Repeals 271(f) for patents granted after effective date (Sec. 5, page 27).
Post-Grant Opposition or Review Proceeding in the USPTO	Establishes a Post-Grant Opposition System; filing must be made within 9 mos. after grant or within 6-mos. after threat of suit, proceeding not to exceed 1 yr. with one six-month extension for good cause. PTO Director may initiate an opposition if he finds a substantial question of patentability exists for at least one claim; Opposer must show that the claim is invalid by a preponderance of the evidence	Deletes the 6-mo. window after threat of suit, Adds a provision to allow the Director to stay an opposition if an infringement action is filed with the Court within 3 months after the grant of the subject patent and a stay is requested by the patent owner. Additional technical corrections made (Sec. 7).	Substantively similar to H.R. 2795 but also provides a limited "second window." Calls the proceeding a "Post-Grant Review Proceeding." First window filing must be made within 12 months after grant. A "second window" is available if the petitioner "establishes a substantial reason to believe that the continued existence of the challenged claim causes or is likely to cause significant economic harm." (Sec. 6, pp. 27-28). A final decision of a district court upholding the validity of a patent claim would prevent the same party from requesting or the Office initiating a post grant review proceeding on the same patent claim on grounds the party raised or could have raised. (Sec. 6, p. 34) A final decision in a post grant review proceeding would prevent the petitioner from pursuing reexamination, an interference, post grant review, or a civil action on the same grounds. For a second window review, the prohibition would extend to grounds that were raised or could have been raised. (Sec. 6, pp. 34-35). Requires the PTO to set fees for initiating a "first window" post-grant proceeding not to exceed 1/2 the estimated average cost to the office. Fees for the "second window" proceeding should cover the full estimated average cost to the Office (Sec. 9, page 39).

Post-Grant Opposition:
First window: 9-12 months from issue?
Proceeding not to exceed 1 year
?Second window: 6 months from threat of law suit?

Issues	H.R.2795 (as introduced by Chairman Smith, 6/8/2005)	"Coalition Print" (9/1/2005)	S.3818 (as introduced by Hatch/Leahy, 8/3/2006)
Injunctions	Requires that the PTO consider the fairness of an injunction in light of all the facts and the relative interest of the parties. An injunction may be stayed pending upon an affirmative showing that the stay would not result in irreparable harm to the patent owner (Sec. 7).	Not included.	Not included.
Continuation Applications	Directs the PTO Director to issue regulations limiting continuation applications to address abuses (Sec. 8).	Not included.	Not included.
Publication of Application after 18 Months	Requires publication for all applications after 18 months (Sec. 9).	Not included.	Not included.
Submissions by 3 rd Parties	Allows third parties to submit prior art for any pending application within six months after publication. Requires a statement of relevancy and a fee as prescribed by the PTO Director (Sec. 10).	Same as introduced bill (Sec. 8).	Same as H.R.2795 (Sec. 7, page 36).
Venue / Transfer of Venue	Not included.	Requires transfer of venue to a more appropriate forum in certain patent cases (Sec. 9).	Limits venue in patent cases to the judicial district: (a) where either party resides; or (b) where the defendant has committed acts of infringement and has a regular and established place of business. A corporation is deemed to reside in the judicial district in which it has its principal place of business or the state in which it is incorporated (Sec. 8, page 38).
Interlocutory Appeals	Not included.	Not included.	Provides a right to an interlocutory appeal on claim construction determinations within 10 days after an order is entered. District court proceedings are stayed during the appeal (Sec. 8, page 39).

Injunctions:
Moot in view of the eBay Supreme Court decision

Publication of applications after 18 month:
No exceptions for U.S.-only applicants

Submissions by 3rd parties:
Within 6 months of publication
With explanation of relevance

NOW WHAT?

**Patent Reforms are likely
to pass in 2007**



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UNLIKELY REFORMS FOR 2007

**Apportionment of damages
for combinations**

Repeal of 35 USC 271(f)

Loser Pays



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The “50-50” REFORMS FOR 2007

**Inequitable conduct
limited**

Best Mode Eliminated

**First-to-File with one
year grace period &
prior user rights**



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NEUSTADT
P.C.

TOP 5 LIKELY REFORMS FOR 2007

1. **Opposition Procedure,
with at least one
window**
2. **Willful Infringement
Limited**
3. **Assignee Filing
Facilitated**
4. **All Apps. Published**
5. **Prior Art Submissions
by 3rd parties broadened**



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Incremental change?

Sweeping change?

U.S. Patent Law Is at a Crossroad

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THANK YOU FOR YOUR ATTENTION

November 23, 2006

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