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CONSORTIUM FOR  
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**Implications of Changes In Patent  
Laws and PTO Rules**

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# The Pendulum Swings Back

PTO allowing fewer patents (allowance rate down from over 70% to just over 50%)

Defendants faring better in Court

The Three Branches piling on

- PTO proposed regulations
- Patent Reform Act
- Key Court decisions

# Questions arising from changes

Will it go too far?

Who is pushing and why?

With what potential effects?

What should be done?

What implications for Litigation?

What impact on Applicants?

What impact on Licensors, Licensees?

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# Proposed Changes in Patent Prosecution under Stricken PTO rules

Continuations limited

Unless showing why could not have  
been previously presented

Estoppel pitfalls

Less risk to defendants

- Related applications combined
- Divisionals accelerated
- Designation of subsets of claims

# Proposed IDS Rule Changes

- Search requirement
- Explanation requirement
- Patentability justification
- Updated explanations if claims amended
- Threat of “Inequitable Conduct” club

# Examination Support Document (ESD) (proposed 37 CFR § 1.265)

- 1) A statement that a compliant search was conducted
- 2) Listing of closely-related references
- 3) For each reference, identify all disclosed limitations of each claim
- 4) Detailed explanation particularly pointing out how each of the independent claims is patentable
- 5) A showing where each limitation of each claim is supported in the specification. If priority is claimed from any prior case, the same showing is required.

# Pre-examination Search

- US patents and published applications
- Foreign patents and applications
- Non-patent literature
- Unless applicant justifies with reasonable certainty that no references more pertinent are likely to be found
- Search must be directed to the claimed invention and all limitations thereof

## *Tafas v. Dudas* (EDVa, 4/1/2008)

- The Court's decision in *Tafas* struck down the Rules because the Director's rulemaking authority "does not extend to substantive rules and because the Final Rules are substantive in nature...the Final Rules are void" under 5 USC Section 706(2). The court analyzed specific aspects of the Rules that made them substantive. Rules 75 and 265 were found to be substantive because requiring applicants to perform prior art searches and shifting the examination burden away from examiners onto applicants altered applicants rights under existing law. Similarly, Rules 78 and 114 are substantive because they impose limits on filing continuations and RCEs which were not in the law set forth in the patent statute and recognized in CCPA and CAFC case law.

# Patent Reform Act

## HR1908 as passed by the House

### September 7, 2007

- HR 1908 contains a Section 14, Regulatory Authority, which adds a new para. 6 to 35 USC Section 2 that makes clear that the Director's powers "include the authority to promulgate regulations to insure the quality and timeliness of applications and their examination, including specifying circumstances under which an application for patent may claim the benefit under Sections 120, 121 and 365(c) of filing of a prior filed application for patent."
- This provision would give the Director the authority the Court in *Tafas* found lacking with respect to Rules 78 and 114.

# Patent Reform Act (cont'd)

## S.1145 as filed and reported out of Judiciary January 24, 2008

- S.1145, Section 11, Applicant Quality Submissions adds a new Section 123 to 35 USC, which commences:
  - (a) In General - The Director shall by regulation, require that an applicant for a patent under this title submit to the Director:
    - (1) a search report and analysis relevant to patentability; and
    - (2) any other information relevant to patentability that the Director, in his discretion, determines necessary.
  - (b) Failure to comply - If an applicant fails to submit the search report, analysis, or information required under subsection (a) in the manner and within the time period prescribed by the Director, such application shall be regarded as abandoned.

HR 1908, Section 12, adds a new Section 123 to 35 USC similar in substance to that added in S.1145. It further requires that any searching be conducted by US citizens or businesses, and specifies further that the applicant's search may not substitute for a search by the Examiner.

New Section 123 would give the Director the authority the Court in *Tafas* found lacking with respect to Rules 75 and 265.

# Patent Reform Act (cont'd)

## Proposed Changes to 35 U.S.C. § 102(e)

Enlarges prior art

Joint Research Agreement Exception

Effect on Reexamination

Effect in Litigation

# Patent Reform Act (cont'd)

## Attacking a US Patent or Applications in the USPTO

Protest before Publication or Allowance

Citation of Prior Art

Reexamination

- (old) *Ex parte*
- (new) *Inter partes*

*Proposed Post grant opposition – 2 windows*

# Patent Reform Act (cont'd)

- Redefines prior art
  - all relative to filing date
- Expands “102(b)” prior art
- Reverses burden of patentability
  - (New 102) A patent ... may not be obtained if --
  - (Old 102) A person shall be entitled to a patent unless --
- Creates “secret” prior art for obviousness
  - Eliminates “swear back”
  - More stringent than foreign obviousness standard

# Patent Reform Act, cont'd

- Patent damages restricted
- Prior user defense expanded
- Reexamination expanded
- New post grant review
- Venue narrowed
- Interlocutory appeals of claims construction
- Authorizes Director to make rules regarding continuations and prior art submissions

# KSR turns back clock to 1980's

- Prosecutors: return to basics
- Litigators: skill in the art
- Reexamination more likely

*Israel Bio-Engineering  
Project v. Amgen, Inc. et al.*

- Held: Plaintiff co-owner of patent did not have standing to sue without joinder of co-owner of patent. 475 F.3d 1256 (Fed. Cir 2007)
- Supreme Court refused to hear further appeal
- Effect – patent virtually unenforceable

## *Sitrick v. Dreamworks LLC*

85 USPQ2d 1826 (Fed. Cir. 2008)

- Claims directed to user image integration into A/V presentation, encompassing both videogames and movies, invalid for lack of enablement as to movies.
- Lessons – beware how much you claim and make sure each aspect of what you claim is supported by enabling disclosure