

Value Added Patent Prosecution:

Smaller, Stronger, Faster, Cheaper

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Value Added Prosecution

- Title sounds pretentious, but this is really a talk about current challenges facing patent prosecution and thoughts on how to meet those challenges.
- Value = “Quality”/Cost. But, quality is hard to define.
- Value for me is effective confronting the challenges and finding ways to reduce costs
 - More familiarity with legal issues facing enforcement of patents
 - Taking advantage of programs at the PTO
 - Avoiding unproductive use of money and time

Overview

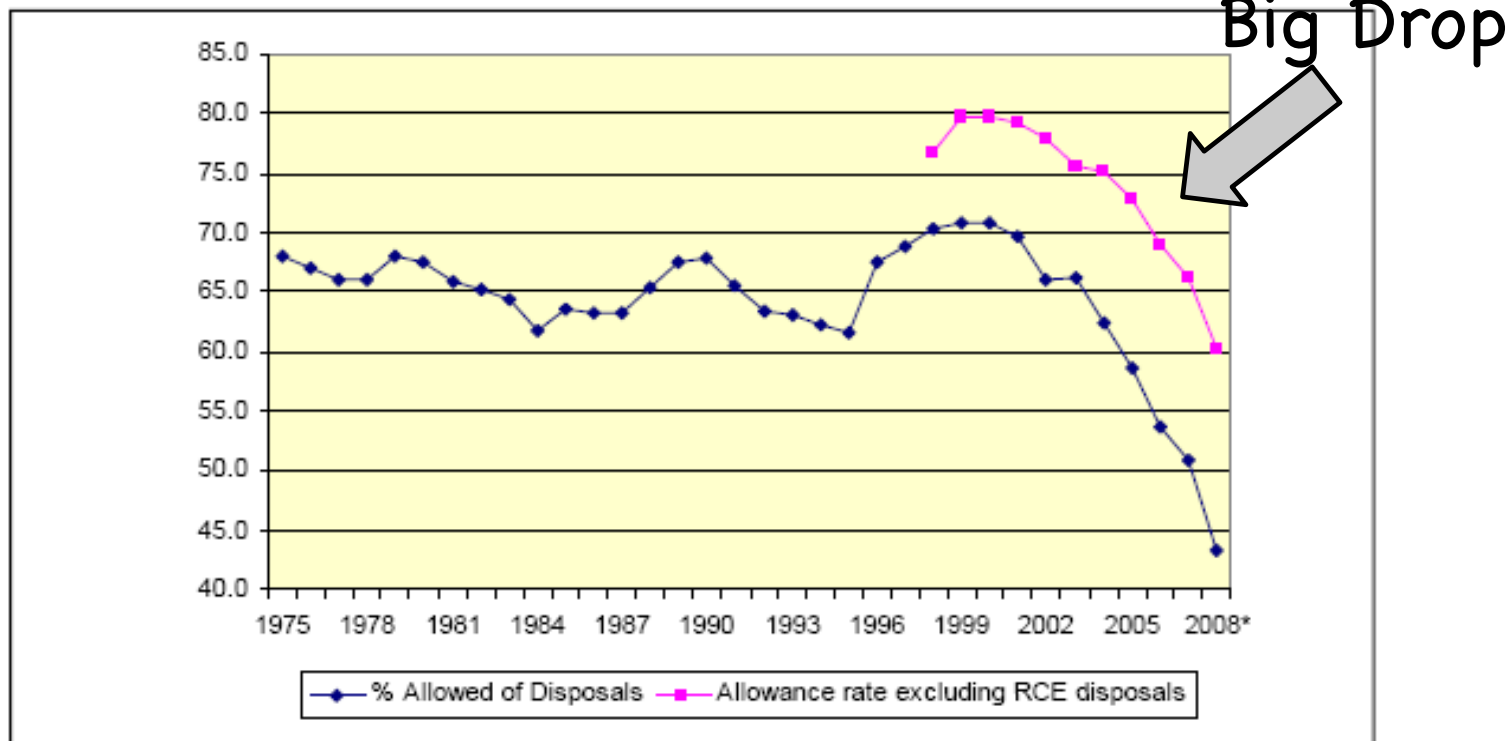
- State of the practice: the deck is increasingly being stacked
 - Challenge 1: PTO problems
 - Challenge 2: Recent case law
- Ways to add value based on current circumstances
 - No magic formulas
 - Ideas to think about

Challenge 1: The PTO

- Dramatic drop in allowance rates
- Longer time to FOAM, longer pendency, more continuations, more actions per disposal, and more appeals
 - Patenting costs go up
 - Delayed issuance
 - Bad for many patents (though not all)
 - Many patents have limited window of value
 - Most litigated patents are fairly recently issued
 - Markets change quickly, particularly in high-tech areas
 - Investors and managers get impatient



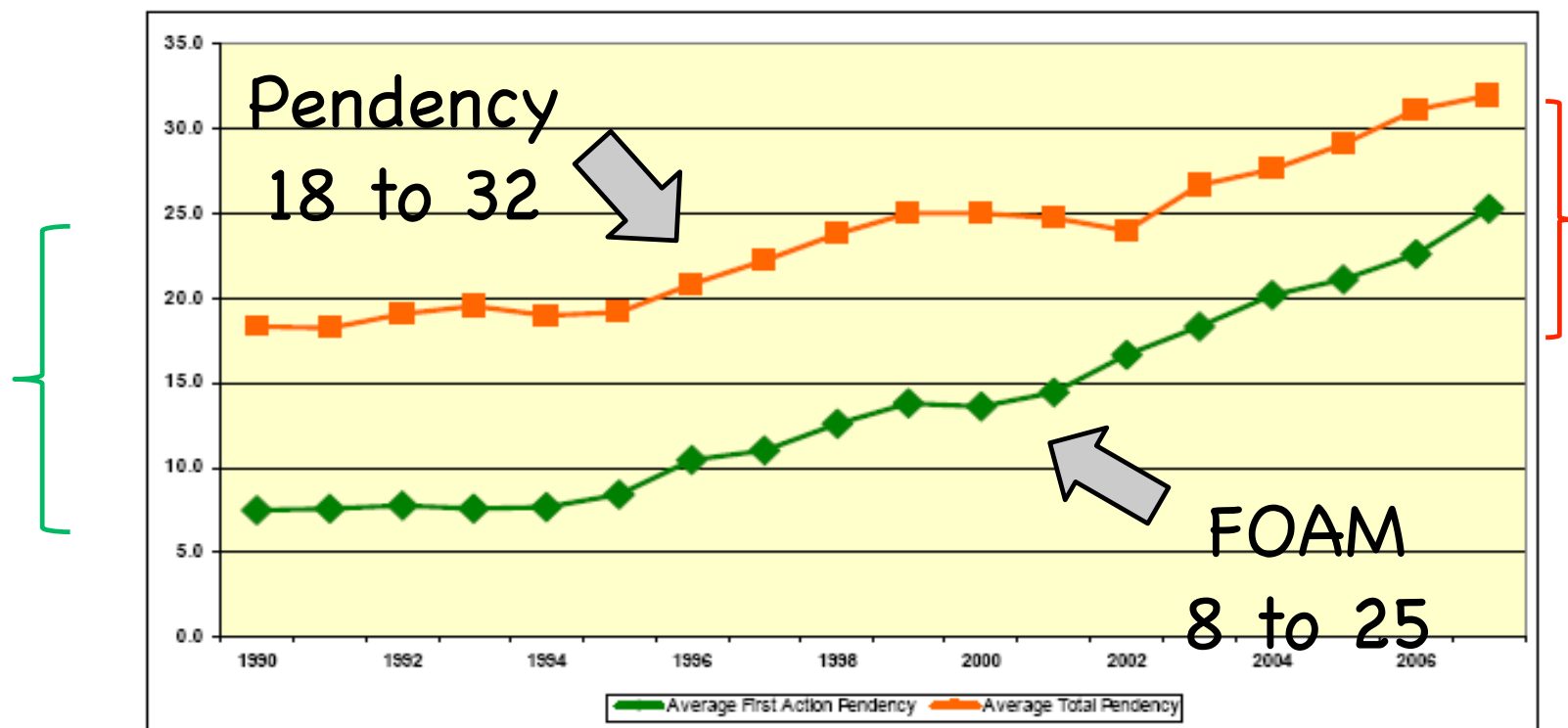
Allowance Rate over Time



Data is through the 3rd Quarter of 2008.

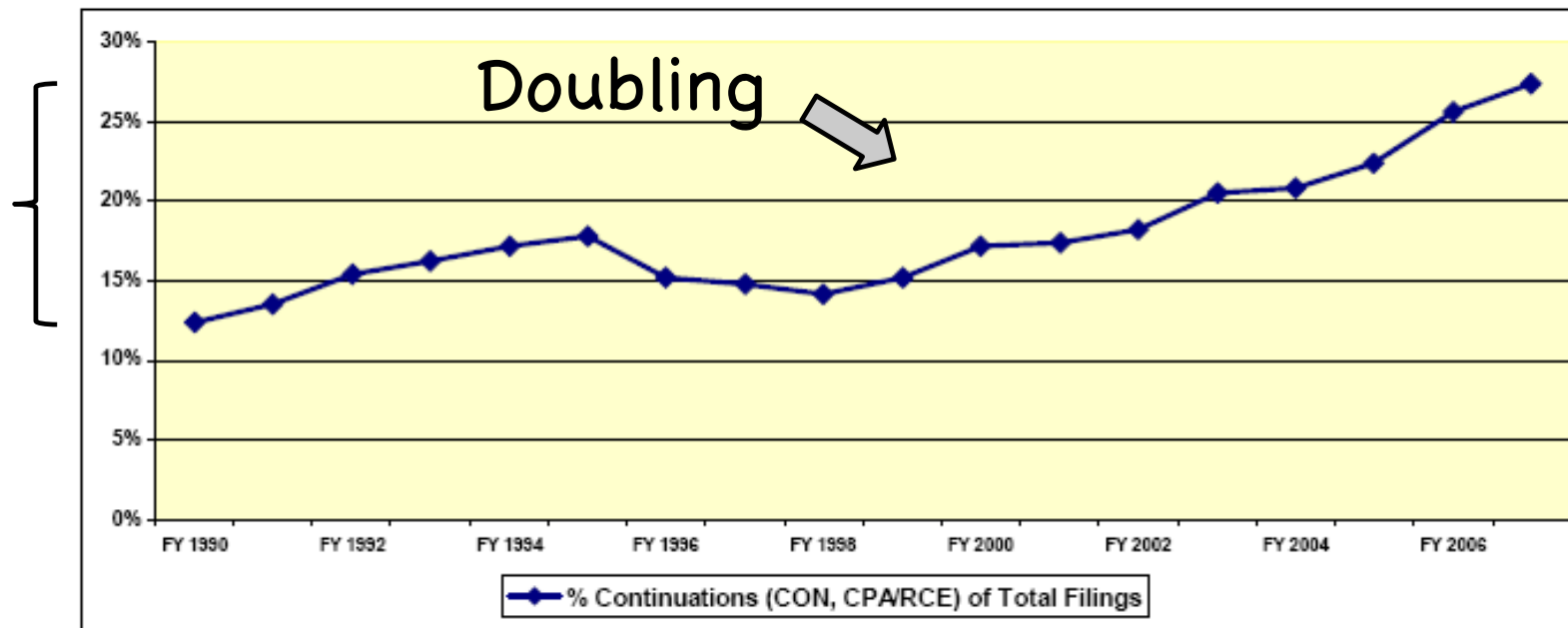


Pendency in Months





Continuation Filing Percentage



Actions Per Disposal

- Average number of office actions per disposal
 - 1998 - 2.28
 - 2003 - 2.26
 - 2008 - 2.91
- 29% increase in cost in 5yrs.

Reasons for backlog?

- More applications
- Fear among examining corp to allow cases
- Poorly reasoned rejections and searches
 - Inexperienced examiners, unrealistic production quotas, poor training, poor oversight
 - Really broad claims, failure to understand the invention
- More actions lead to
 - More money being spent on prosecution than necessary
 - More opportunity for estoppel and mistakes
 - Further delays in issuance

More Delays in Short Run

- Starting November 15, 2009, RCE's now on the "Special New" application docket with continuations and divisionals
 - Examiners no longer required to act on RCE within 2 months of entry
 - RCEs are expected be taken up more slowly than before, meaning further delays

Ray of Hope – PTO Reaching Out

- New "culture" at PTO: more cooperation and transparency
- Director Kappos and Commissioner Bob Stoll: examiners being trained and encouraged to help applicants find allowable subject matter
- Goal: quicker disposal and more compact prosecution; target is 14 months for first Office action on the merits
- New compact prosecution training with focus on claim interpretation, proper search, clear and complete first Office actions, early indication of allowable subject matter, telephone interview practice, proper final rejection practice (including treatment of applicant's arguments), and after-final practice.
- New count system rewards more first Office actions on the merit and no longer rewards for serial RCEs, especially after the first RCE

Challenge 2: The Courts and the BPAI

- *KSR* -- obviously a challenge
- Courts and the PTO are also targeting broad claims to otherwise unobvious inventions, particularly those that attempt to define structure by function or results, using three weapons:
 - Claim “construction” to narrow claims
 - Invalidate claims for lack of written description
 - Invalidate claims for lack of full scope enablement
- Expect defendants in infringement actions to be picking up the pace on pleading lack of written description and enablement of the full scope of the claimed invention, especially after *Ariad v Eli Lilly*.

Narrow Claim Constructions

- ***Markman v. Westview Instruments*** changed everything
- Meaning of every claim term of importance almost guaranteed to be disputed;
- Expect judges to construe any term of importance
 - Little chance of getting a literal meaning for a claim term dispositive of issue of infringement
 - Claim terms often not (in my opinion) given their "customary and ordinary meaning" to someone skilled in the art
 - Claims tend to be construed in a way that limits them to what the judges think was invented, with various, conflicting rationales to support that decision, most relying on the specification
 - Judges and opposing counsel will read specification carefully and use it to argue a narrow claim interpretation

The Specification is “Highly Relevant” To Claim Construction

- ***Phillips v AWH***

- "[T]he specification 'is always highly relevant to the claim construction analysis. Usually, it is dispositive; it is the single best guide to the meaning of a disputed term.'" *Phillips v. AWH*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc), quoting *Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1582 (Fed. Cir. 1996).
- "Ultimately, the interpretation to be given a term can only be determined and confirmed with a full understanding of what the inventors actually invented and intended to envelop with the claim. The construction that stays true to the claim language and most naturally aligns with the patent's description of the invention will be, in the end, the correct construction." *Renishaw PLC v. Marposs Societa' per Azioni*, 158 F.3d 1243, 1249 (Fed. Cir. 1998), quoted with approval in *Phillips v AWH*.

Must Ascertain What The Invention Is From The Entire Patent, Not Just The Claims

- ***United States v. Adams***, 383 U.S. 39, 49 (1966)
 - “[I]t is fundamental that claims are to be construed in the light of the specifications and both are to be read with a view to ascertaining the invention.”
- ***Markman v. Westview Instruments, Inc.***, 517 U.S. 370, 389 (1996)
 - "A claim term can be defined only in a way that comports with the instrument as a whole."

Claim Scope Cannot Extend Beyond The Disclosure

- J. Lourie (joined by Newman and Michel), in concurring opinion to order denying rehearing en banc of *Lizardtech, Inc. v. Earth Resource Mapping, Inc.* (Opinion of panel at 424 F.3d 1336 (Fed. Cir. 2005)) foreshadows the *Ariad* decision:
 - “In whatever form the claims are finally issued, they must be interpreted, in light of the written description, but not beyond it, because otherwise they would be interpreted to cover inventions or aspects of an invention that have not been disclosed.”
 - Claims are not limited to a preferred embodiment, but if no other disclosure, they can be so limited

When Bad Things Happen to Good (Broad) Claims

- Written description and “full scope enablement” are being used to invalidate claims that, though literally supported, are viewed as being too broad based on what the specification reasonably apprises the court the inventor had invented.
 - Written Description: it’s all about possession.
 - Would one skilled in the art, on reading the specification and armed with the current knowledge in the art, reasonably conclude that the inventor had possession of the claimed invention at the time the application was filed?
 - Enablement:
 - Does the description contain sufficient disclosure to teach a person of ordinary skill in the art how to make and use the claimed invention without undue experimentation?

Ariad Pharmaceuticals, et al. v. Eli Lilly

- En banc decision on March 22, 2010
- Written description is, indeed, a requirement separate and apart from enablement.
- “Yet whatever the specific articulation, the test results in an objective inquiry into the four corners of the specification from the perspective of a person of ordinary skill in the art. Based on that inquiry, the specification must describe an invention understandable to that skilled artisan and show that the inventor actually invented the invention claimed.” *Ariad Pharmaceuticals, et al. v. Eli Lilly*

Written Description: A Hobgoblin* of the Patent Mind?

- Enablement and Written Description Can Diverge ...
 - “... although written description and enablement often rise and fall together, requiring a written description of the invention plays a vital role in curtailing claims that do not require undue experimentation to make and use, and thus satisfy enablement, but that have not been invented, and thus cannot be described.” *Ariad Pharmaceuticals, et al. v. Eli Lilly*
- Is it possible to describe a way of making and using something, without effectively also having told you what it is? (Talk about legal gobbledygook.)
- Is written description requirement just another test enablement that does not require a showing of “undue experimentation”?

*Hobgoblin: (fairy tale) a mischievous imp or sprite

Written Description: Weeding Out Not Ready for Patenting Inventions

- Basic principals cannot be patented
 - “Basic scientific principles are not the subject matter of patents, while their application is the focus of this law of commercial incentive. The role of the patent system is to encourage and enable the practical applications of scientific advances, through investment and commerce.” *Ariad*
 - Sound familiar? See *Bilski*, *Gottschalk v. Benson*, and *Diamond v. Diehr* (claim cannot preempt all uses of a fundamental principle)
 - “Requiring a written description of the invention limits patent protection to those who actually perform the difficult work of ‘invention’ ...” *Ariad*
 - “The practical utility on which commercial value is based is the realm of the patent grant; and in securing this exclusionary right, the patentee is obliged to describe and to enable subject matter commensurate with the scope of the exclusionary right.” *Ariad*

Looking through Form to Substance

- Having literal, word-for-word (“*ipsis verbis*”) support not enough
 - “Although many original claims will satisfy the written description requirement, certain claims may not.” *Ariad*
 - The fact that a claim is as filed in the original application may not save it.
- Again, it’s about looking at the whole document and discerning what was “invented.”

Written Description Is Also An Issue for “Predictable Arts”

- Single embodiment of claim element does not necessarily describe element generically even in the “predictable arts”
 - See *Lizardtech, Inc. v. Earth Resource Mapping, Inc.*, 424 F.3d 1336 (Fed. Cir. 2005)
 - Disclosure of seamless DWT did not disclose non-seamless embodiment. Both were known, but specification mentioned only one. Was this a failure to recognize possibility of using the other kinds when application was drafted?
 - An example of the dangers of providing too much disclosure?
- Written description might be a way of attacking claims to an abstract concept that can be implemented in a large number of embodiments because it is not a test of enablement -- i.e. could someone do it -- but whether the inventor had actually thought of doing it.

Beware What You Ask For: Full Scope Enablement

- The full scope of the claim as interpreted must be "enabled." See *Liebel-Flarsheim Co. v. Medrad, Inc*, 481 F.3d 1371 (Fed. Cir. 2007)
 - Claims construed as patentee requested not to include "pressure jacket," but specification enabled only injector with pressure jacket
- Enabling one embodiment covered by the claim is insufficient for enabling all embodiments covered by the claim. See *Automotive Technologies International v. BMW, et al.* 501 F.3d 1274 (Fed. Cir. 2007)
 - Detailed description of a mechanical enablement of a sensor, but only general description of types of electronic sensors that could be used; claim covering both not enabled
 - Calls into question traditional assumption that one preferred embodiment in "predictable arts" will be enough to enable a claim to a broad concept

Meeting the Challenges

- Maybe it cannot be done, but here are some ideas:
 - Specification writing
 - anticipate and minimize interpretation, enablement and written description issues
 - Prosecution
 - reduce number of Office actions
 - avoid compromising statements and amendments
 - keep costs under control when going global

1. Invest in the Specification

- A well developed specification could be essential for a broad, valid claim
 - Certainly critical in the unpredictable arts -- typically need to disclose multiple species to support a genus claim
 - Also critical in the predictable arts for the same reason for claim construction and written description/enablement
 - Multiple embodiments not only support broader interpretation of terminology, but also may be necessary to demonstrate possession of a generic concept
 - Not an exercise in describing the client's product
- Spending more time on the specification can increase costs, but could avoid problems later, and there are other ways of reducing costs associated with a specification

Take Dead Aim

- Identify the important concepts on which to focus specification
 - Identify prior art; preferably conduct search
 - Separate implementation from essential concepts
 - Identify as many possible implementations as possible (See *Automotive Technologies*)
- Identify unacceptable limitations
- Identify types of infringers / licensors in order to draft claims infringed by single actor
- Decide on acceptable claim scope with client up front - best case and worst case
- Include non-inventors in discussions, e.g. marketing, other executives

Think About How Terms will Defined

- Select first the claim terms and write to the specification to support the definition you intend for them
- Consider giving support for narrow interpretation of certain terms that could be construed too broadly by the examiner
 - PTO's interpretation: "broadest reasonable interpretation, consistent with specification"
 - My experience: examiners ignore the specification and context
 - Examiners not particularly proficient in English tend to interpret words even more broadly

Adequate Support for Means Plus Function

- For means plus function claims in U.S. application, make sure that there is structure clearly linked to function
 - There must be a multistep process for performing the function if the means is programmed computer. See *Aristocrat Technologies, et al., v. International Game Technology* (Fed. Cir. 2008) and *In re Catlin* (BPAI 2009) (precedential)

Describe A Range of Embodiments

- A broad, generic concept in only an original claim might not be enough to meet the written description requirement if it is not enabled. See *Lizardtech*
- Developing a generic embodiment may reduce risk of no written description (especially where there is only a single embodiment) and support broad term construction; also a good exercise for helping to identify the inventive concept and to focus on any enablement issues
- May also want to illustrate an embodiment of intermediate scope
- Generic embodiment clearly corresponding to claims helpful in preparing summary for appeal briefs
- Still include multiple, different examples -- “species”
- Need detailed embodiments to support means plus function claims

Avoid Words of Emphasis

- Very important
- Only
- All
- Special
- Peculiar
- Unique
- Essential
- Necessary
- Key
- Vital
- Requires
- Important
- Must
- Chief
- Majority
- Critical
- Solely
- Is
- Main
- Significant
- Principal
- Important
- Fundamental
- Vital
- Surprising
- Unexpected
- All
- Only
- Each
- The invention is...

Avoid Emphasizing any Particular Feature

- Downfall of the patent in several written description, enablement and narrow construction cases often associated with --
 - Not disclosing an embodiment without the element, and
 - harping on the benefits or advantages of certain features, or “objectives” of the invention, or
 - disproportionate treatment of certain features as compared to others, or
 - disclosing multiple embodiments with the same feature

Avoid Making Case for Patentability in Application

- Draft to avoid known prior art, but resist temptation to make the case for patentability
 - Cannot predict prior art and rationales for obviousness
 - Trying to “sell” the invention can backfire. Types of statements can be useful for arguing a construction consistent with them, or a failure to enable or describe the invention:
 - criticizing of prior art
 - “stories” about the wonderful things the invention does
 - identifying problems solved by the “invention,” “objectives,” *etc.*
 - Detailed explanations or theories of how the invention works that go beyond what is necessary to meet enablement, written description and best mode requirements can make the invention sound predictable, and guide the examiner in how to put together a rejection

“Preferable” ... perhaps not

- Although a number of cases have found that claims are not limited to the preferred embodiment, claims have also been found to cover only “preferred” embodiments. See *Wang Laboratories, Inc. v. American Online, Inc.*, 197 F.3d 1377 (Fed. Cir. 1999); *Scimed Life Systems, Inc. v. Advanced Cardiovascular Systems, Inc.*, 242 F.3d 1337 (Fed. Cir. 2001); *Oak Technology, Inc. v. ITC*, 248 F.3d 1316 (Fed. Cir. 2001)
- “...merely calling an embodiment ‘preferred,’ when there are no others, does not entitle one to claims broader than the disclosure.” *Lizardtech*
- Cuts both ways: A claim construction that excludes a preferred embodiment is “rarely, if ever, correct.” *Vitronics Corp. v. Conceptoronic, Inc.*, 90 F.3d 1576, 1583 (Fed. Cir. 1996)
- Again, best of two or more embodiments, or a generic example and at least one enabling embodiment

Ways to Reduce Costs Related to Specification

- Avoid “fluff” -- things that are already known in the art
 - Focus on the meat of the invention
- Bigger is not always better
 - More time to write
 - Higher translation costs
 - Just more rope to hang one’s self
 - More difficult to review and manage by others, which increases costs and/or administrative burn
- Unnecessary verbiage and redundancy in specifications

2. Resist Creating New Names for Structure In the Claims

- Presumption that Section 112, paragraph 6, does not apply when “means for” not used ...
 - But, this can be overcome when “there is no structural context for determining the characteristic of the [claim element] other than to describe its function.
- A word such as “mechanism” is a “verbal construct” that is not a recognized name of a structure and is simply a substitute for the term “means for” *Welker Bearing Co. v. PHD, Inc.*, 550 F.3d 1090 (Fed. Cir. 2008).
- If the term is nothing more than a description of the function of the element, and not recognized by the relevant art as a name for a structure, it will be interpreted as a “means for” element. Term must have received recognition as a noun denoting structure.
- If specification does not provide support for “means for” interpretation, you have problems

Example

- *Ex parte Rodriguez* (BPAI 2009) (precedential)
 - 1. An apparatus comprising: a system configuration generator configured to generate a random system configuration file of a structurally variable and complex system; a system builder configured to build a system level netlist in response to said random system configuration file; and a simulation verification environment configured to verify said structurally variable and complex system in response to said system level netlist, wherein said simulation verification environment is configured to provide automatic random verification of said structurally variable and complex system in response to said random system configuration file.
 - Underlined terms interpreted under Section 112, paragraph, as means plus function terms.

Ex parte Rodriguez

- Specification did not provide multi-step processes for performing functions
 - Claims found to be indefinite under Section 112, second paragraph
- If claims not interpreted under Section 112, paragraph 6, then not enabled. Undue experimentation required because no working examples given for “black boxes”

3. Starting Small Might Be OK

- Excessively broad original claims will invite broad interpretation and lead to poor searches
 - They tend to make it difficult for the examiner to understand the invention
 - Sets the examiner's mind against allowance and working with you
 - Amendments and arguments that give rise to *Festo* bar
 - More responses and RCEs
- Force examiner to do a good search by including at least claims of intermediate and narrow scope
- Modest claims may actually be entirely consistent with client's objectives

Broaden Claims After First OA

- Opportunity to broaden claims after first action on merits
- Downsides to starting narrow:
 - Must have specification that supports broader claims; cannot rely on claims as filed for support
 - May require use of continuation or RCE to prosecute broader claims
 - Could provoke restriction / constructive election
 - Consider including broad claims in provisional application priority document (just don't call them claims)

4. Make The Examiner Your Friend

- Interview
 - Educate examiner on invention and prior art -- can save lots of time as compared to written comments
 - Narrow issues
 - Give context (tout advantages, point out problems with prior art) that you would not want to put into arguments or specification

PTO Encouraging Interview

- Examiners are being encouraged to use interviews
 - PTO giving additional time for examiner-initiated interviews
 - Examiners are being encouraged to hold interviews earlier in prosecution so that issues and potentially allowable subject matter can be identified early in the examination process
 - Examiners are also being encouraged to hold interviews later in prosecution so that unnecessary RCE filings may be reduced
 - PTO management is telling examiners that, although an examiner is not required to grant an after final interview, they should be interviewing, even after final.

Interview Early

- Provide agenda; try to have proposed amendments
- After 1st Office action
 - Statistics suggest that it may not lead to allowance, but still are reasons to do it:
 - Fill in details:
 - Educate the examiner about the invention in ways you could not do in the specification of the application – tell a good story about the invention
 - Make sure that you understand how they are interpreting claims terms and prior art
 - Identify and try to resolve interpretation issues you see to the examiner. Try to get the examiner on your side

Interviewing After Final

- After Final -- one is normally permitted
- Look for amendments that might result in allowance
- Resolve questions you have about interpretation being given to claims and references -- useful in deciding whether to appeal
- Statistics show that more likely to get allowance in an after final interview than in an interview after the 1st action
- But, amendments that require additional searching will not be entered

First Action Interview Program

- Interview before first action
 - 600% increase in first Office action allowance for application in initial pilot program
 - Eligible applications limited to certain art units, typically for older applications: (See http://www.uspto.gov/web/offices/pac/dapp/opla/preognotice/faipp_enhanced_eligibility.htm)
- Pre-interview communication will be sent, with search results and initial, condensed opinion. Several options for responding:
 - Schedule interview with proposed arguments and proposed amendments
 - Treat as 1st OA and reply under Rule 1.111(b) (can be done during interview using proposed amendments and arguments)
 - Do nothing, in which case a 1st OA on merits will be sent

5. When You Can't Get What You Want ...

- Rather than filing an RCE consider an appeal when there are clear “errors” in the rejection that cannot be resolved with the examiner
 - Claims need to be ready for appeal
- Consider using pre-appeal brief conference if "interpretation" not an issue
 - Omitted elements and other clear errors in reasoning or fact
 - Write pre-appeal brief request in a way that can be recycled in appeal brief

Write a Concise Appeal Brief

- BPAI is overwhelmed with appeals. Help them quickly identify errors committed by examiner
- Per Vice-Chief Judge Moore:
 - Identify facts in dispute in separate section
 - Identify pivotal claim language and explain resulting claim scope
 - Explain succinctly why examiner erred

6. Draft With An Eye to International Issues

- Be sensitive to important differences
 - Support requirements
 - Claiming practices
 - Subject matter eligibility
 - Inventive step
- This can reduce prosecution efforts, improve claim scope, avoid pitfalls, and reduce fees and expenses

Taking Advantage of Differences

- In Europe, for example, claim language will generally be interpreted literally
 - In Europe, means plus function claims interpreted to cover all means for carrying out function; always include such claims in the priority document
- Many jurisdictions permit multiply-dependent claims without penalty, which saves money, especially in Europe
- Large number of claims may not be desirable or necessary
 - Large number of claims strongly discouraged in Europe: 1 independent claim per category; large excessive claim fees
 - Substantial translation costs; higher prosecution costs
 - Reasons for number of claims in U.S. may not be present (e.g. claim differentiation to support broad interpretation)
- Make sure claims you want searched first are first

But, Literal Support May Be Required

- For Europe and elsewhere, claim terminology must be found in the priority document. Different terminology will often be viewed as adding subject matter.
- Furthermore, the particular, claimed combination or arrangement of elements must also be shown
- Ideally, it is helpful to include in the priority document claims that will be relied on outside the U.S.
 - Consider including non-U.S. claims in specification of provisional application
 - Provisional applications must meet these requirements if used for priority.
- Subject matter constraints (e.g. must show technical effect at point of novelty in Europe; restrictions on medical treatments; etc.) May be possible to recharacterize to avoid the problem

7. Choose the Highway

- First action allowance rates for the Patent Prosecution Highway (PPH) cases are approximately 22%, double the first action allowance rate for international filings that do not use the PPH system
- Overall allowance rates for PPH cases are approximately 90%, which is also about double the USPTO's overall allowance rate
- Average time to first action for a PPH case is about 2 to 3 months from the date of grant of the PPH request

Thank you!

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