U.S. Patent Update: Far-reaching Harmonization or Piecemeal Change?"

David Loretto, Ph.D.
US Patent Attorney
ABG Patentes, S.L.

© ABG Patentes, S.L., 2011
OVERVIEW

• Part I: Leahy-Smith America Invents Act ("AIA"), enacted September 16, 2011
  • legislation, regulation and adjudication
  • major provisions
  • effective dates and summary

• Part II: Case law update
  • patent eligibility of isolated DNA
  • inequitable conduct
  • inducement of patent infringement
  • false marking
Part I: Leahy-Smith America Invents Act (“AIA”)

• legislation, regulation and adjudication

• major provisions

• effective dates and summary
Signed into law, September 16, 2011

Legislation, regulation and adjudication

- **Legislation**: 35 U.S.C. – Congress
  (AIA enacted, Sept. 16, 2011, but not in full effect until March 16, 2013)

- **Regulation**: 37 C.F.R. – USPTO
  (AIA mandated changes already started, ongoing)

- **Adjudication**: District Courts, USPTO, ITC → Federal Circuit
  → Supreme Court
  (some AIA-based decisions already issued, ongoing)
“The Congress shall have power... To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” Art. I, Cl. 8 sec. 8 (Sept. 17, 1787)
Legislation, regulation and adjudication

• Constitution applies to all three branches

• *Eldred v. Ashcroft*, 537 U.S. 186 (2003) (upholding Copyright Term Extension Act of 1998 without deciding whether it secured “unlimited” exclusive rights to authors)

• *Association of Molecular Pathology v. USPTO* (S.D.N.Y., April 5, 2010) (reversed on appeal) (invalidating patent claims issued for isolated human DNA, without reaching constitutional arguments)

• Future challenge to removal of inventors’ constitutional rights under AIA’s “first-to-file” provisions?
Legislation, regulation and adjudication


- Bayh Dole Act of 1980 (patenting of federally funded inventions); Hatch Waxman Act of 1984 (market entry of generic pharmaceuticals); GATT/TRIPS implementation of 1994 (20 year from filing term); American Inventors Protection Act of 1999 (publication of patent applications)

Legislation, *regulation* and adjudication

- USPTO can make regulations only as authorized by legislation. *Tafas v. Dudas*, 541 F. Supp. 2d 805 (E.D. Va. 2008) (barring implementation of rules that would have limited applicants to two continuations)

- Changes of USPTO rules (37 C.F.R.) must be made following set procedures, including public notice and comment

- USPTO is given some deference in interpreting ambiguous legislation, and its own regulations, and has explicit authority to adjudicate certain patent-related disputes (BPAI).
94 district courts across US have exclusive jurisdiction over patent disputes

Federal Circuit, created in 1982 to unify interpretation of patent law, hears appeals from patent cases in US district courts and decisions of USPTO Board of Patent Appeals (and Interferences) and International Trade Commission (ITC)
Legislation, regulation and \textit{adjudication}

- US Supreme Court accepts only a few percent of petitions, making most Federal Circuit decisions effectively final
• Starting Sept. 16, 2011, date of enactment of AIA (listing changes to 35 U.S.C.), until March 16, 2013, when AIA comes into full force, USPTO will need to enact new regulations (changes to 37 C.F.R.) to comply with AIA

• Courts will need to interpret AIA and assess USPTO implementing regulations

• It may take a (very) long time to learn the full effects of the AIA...

• AIA has also left large areas of patent law unchanged
AIA – Selected Provisions

• Adoption of first inventor to file (redefines prior art)

• Third party pre-issuance submissions

• Post-grant and inter partes review; supplemental examination

• Fees, fee setting and USPTO funding

• Litigation reforms – revises defense for prior US commercial use and advice of counsel, revises false marking, joinder provisions
Effective Dates

- Already in effect
  - 15% USPTO fee increase
  - “Micro entity” 75% fee reduction (includes universities)
  - Prioritized examination
  - Limits on patentability of tax strategies and human organisms
  - Litigation – false marking, best mode, prior use defense, joinder and venue
- September 16, 2012
  - Third party submission of prior art
  - Post-grant and *inter partes* review
  - Supplemental examination
  - Litigation – advice of counsel re willfulness
Effective Dates

• March 16, 2013
  • First inventor to file (sweeping redefinition of prior art)
  • Derivation proceedings
First Inventor to file (effective March 16, 2013)

- Current complicated definition of prior art in 35 U.S.C. § 102
  - (a) known or used in US, or patented or published anywhere, by others, before invention by applicant
  - (b) patented or described anywhere, or in public use or on sale in US, by anyone, including applicant, more than one year before US filing date
  - (c) abandoned by applicant
  - (d) non-US patent or similar right obtained to invention by applicant more than one year before US filing date
  - (e) described in an application published in the US based on an application filed in the US by others before invention by applicant
  - (f) not invented by applicant
  - (g) (1) earlier invention date by another in WTO country, as established in USPTO interference; (2) earlier invention date in US
First Inventor to File (effective March 16, 2013)

• 35 U.S.C. § 102 to be replaced (AIA Sec. 3):

“(a) NOVELTY; PRIOR ART.—A person shall be entitled to a patent unless—
(1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention; or

(2) the claimed invention was described in a patent issued...or in an application for patent published or deemed published [PCT], in which the patent or application...names another inventor and was effectively filed before the effective filing of the claimed invention.”
First Inventor to File (effective March 16, 2013)

- Under new 102(a)(1), novel unless “the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public” ANYWHERE (no mention of US activity)

- Under new 102(a)(2), novel unless claimed invention described in an earlier “effectively filed” application that has issued as a US patent or been published as US application

- “Effectively filed” defined (by revising § 100, definitions) to mean the filing date ANYWHERE of the earliest application for which priority can be claimed (no longer just US filing date, as in current section 102(e), so ends Hilmer doctrine)
New 102(b):
“(1) DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION— A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art...under subsection (a)(1) if—
(A) the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor a joint inventor; or
(B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor a joint inventor or another who obtained the subject matter disclosed directly or indirectly form the inventor or joint inventor.”
First Inventor to File (effective March 16, 2013)

• New 102(b) “(2) DISCLOSURES APPEARING IN APPLICATIONS AND PATENTS.—A disclosure shall not be prior art… under subsection (a)(2) if—
  (A) the subject matter disclosed was obtained directly or indirectly from the inventor or a joint inventor;
  (B) the subject matter disclosed had, before such subject matter was effectively filed under subsection (a)(2), been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or
  (C) the subject matter disclosed and the claimed invention, not later than the effective filing date of the claimed invention, were owned by the same person or subject to an obligation of assignment to the same person.”
First Inventor to File (effective March 16, 2013)

- New 102(a), approaches absolute novelty, creates incentive to file soon (like before EPO)

- New 102(a)(2) makes no distinction between US and non-US filing dates of earlier filed published US applications and patents

- New 102(b)(1) creates 1 year grace period for disclosures by applicant or obtained from applicant

- New 102(b)(2) exempts from prior art earlier filed published US applications and patents based on disclosures by applicant, or commonly owned
AIA sec. 3 allows for derivation proceedings, to be conducted by USPTO, to settle dispute over whether claimed invention derived

- Derivation proceedings can be initiated within one year of publication of derived claim
- Allows for district court derivation action (10 year statute of limitations)
First Inventor to File (effective March 16, 2013)

- AIA simplifies and expands definitions of US prior art for applications filed on or after March 16, 2003 effective date
- Removes distinctions between US and non-US activities and filings
- Inventor can disclose up to a year before US filing
- Proof of invention date still matters, derivation proceedings
- May see rush of filings pre-March 16, 2003, to benefit from old rules
Post-grant and inter partes review; supplemental exam (effective Sept. 16, 2012)

• Post-grant review: new 321-29 (sec. 6 AIA)
  - Anyone other than patentee
  - Within 9 months of issue (same as EPO opposition period)
  - Likely invalidity of at least 1 claim; new question of law
  - Challenge not based solely on patents and publications
  - Patentee may respond and amend claims
  - Challenger cannot reargue in another proceeding, district court

• Inter Partes Review: new 311-19 (sec. 6 AIA)
  - After post-grant review ended or window closed
  - Reasonable likelihood challenger will prevail on 1 or more claims
  - Patents and printed publications only
Supplemental examination: new 257 (sec. 12, AIA)
- patentees can submit new information
- protects against inequitable conduct allegation based on the information
  - cannot cure already existing allegations
  - cannot cure fraud allegations

Ex parte re-examination (SNQ) – unchanged
Third party pre-issuance submissions (effective September 16, 2012)

- New 122(e) (section 8 AIA): “IN GENERAL—Any third party may submit for consideration and inclusion in the record of a patent application, any patent, published patent application, or other printed publication of potential relevance to the examination of the application, if such submission is made in writing before the earlier of—
  (A) the date a notice of allowance…is given or mailed in the application for patent; or
  (B) the later of—
  (i) 6 months after the date on which the application for patent is first published…by the Office, or
  (ii) the date of the first rejection under…of any claim by the examiner
Third party pre-issuance submissions (effective September 16, 2012)

- New 122(e) (section 8): “(2) OTHER REQUIREMENTS.— Any submission under paragraph (1) shall—
  (A) set forth a concise description of the asserted relevance of each submitted document;
  (B) be accompanied by such fee as the Director may prescribe; and
  (C) include a statement by the person making such submission affirming that the submission was made in compliance with this section.”

- New section 122(e) gives anyone an early and limited window, up to six months from publication, to submit relevant information
Fees, fee setting and USPTO funding (effective now)

- Immediate interim 15% fee increase
- 75% discount for micro-entities (AIA sec. 10, universities eligible)
- New prioritized examination - $4,800
- USPTO gets limited authority to set fees; fee diversion made less likely, but not impossible
- In long term, may stabilize USPTO funding, have positive effect on USPTO operation, examination quality
Litigation reform (mostly effective now)

• New 273 (sec. 5 AIA) DEFENSE BASED ON PRIOR COMMERCIAL USE

“(1) such person, acting in good faith, commercially used the subject matter \textit{in the United States}, either in connection with an internal commercial use or an actual arm’s length sale or other arm’s length commercial transfer of a useful end result of such commercial use; and

(2) such commercial use occurred at least 1 year before the earlier of either—

(A) the effective filing date of the claimed invention; or (B) the date on which the claimed invention was disclosed to the public in a manner that qualified for the exception from prior art under section 102(b).”
Litigation reform (mostly effective now)

• New 282 (sec. 15 AIA)—failure to disclose best mode no longer a defense

• New 298 (sec. 17 AIA)—failure to obtain advice of counsel cannot be used to prove willful infringement (Sept 16, 2012)

• New 287 and 292 (sec. 16 AIA)—false marking (see Part II below)

• New 299 (sec. 19 AIA)—limitations on joining unrelated parties (aimed at curbing multi-party “shake down”)
Part II: Case law update


- Inequitable conduct – Therasense Inc. v. Becton, Dickson & Co., (Fed. Cir. 2011) (en banc)


- False marking – before the AIA closed the lid
Patent eligibility of isolated DNA – Assoc. Molecular Pathology (Fed. Cir. 2011)
Patent eligibility of isolated DNA – Assoc. Molecular Pathology (Fed. Cir. 2011)

- 1990: “BRCA1” mutation identified by UCB scientists as associated with increased likelihood of breast cancer
- 1994: BRCA1 sequenced by Myriad-led consortium; BRCA1 patent applications filed by Myriad
- 1995: BRCA2 mutation identified by ICR scientists, working in collaboration with Myriad, as associated with increased likelihood of ovarian cancer; BRCA2 patent applications filed by Myriad
- Tests for BRCA1 and BRCA2 mutations developed by Myriad
Patent eligibility of isolated DNA – Assoc. Molecular Pathology (Fed. Cir. 2011)

- Myriad commercializes BRCA1 and BRCA2 tests ($3000) and rigorously enforces patents

- May 2009: Group of scientists, patients and professional organizations files declaratory judgment action in SD NY

- AMP alleges 15 claims, including claims to isolated DNA and other method claims, in seven BRCA-related patents owned by Myriad are invalid as directed “non-eligible” subject matter
• **US 5,747,282**: Claim 1. An isolated DNA coding for a BRCA1 polypeptide, said polypeptide having the amino acid sequence set forth in SEQ ID NO:2.

• **US 5,707,999**: Claim 1. A method for detecting a germline alteration in a BRCA1 gene, said alteration selected from the group consisting of the alterations set forth in Tables…which comprises *analyzing* a sequence of BRCA1 c-DNA made from RNA from said human sample with the proviso that said germline alteration is not a deletion of 4 nucleotides corresponding to base numbers 4184-4187 of SEQ ID NO: 1.
Patent eligibility of isolated DNA – Assoc. Molecular Pathology (Fed. Cir. 2011)

- After ruling upholding declaratory judgment jurisdiction, Judge Sweet invalidates certain Myriad claims as being directed to ineligible subject matter. 702 F. Supp.2d 181 (S.D.N.Y. 2010)

- “Patents…directed to 'isolated DNA' containing sequences found in nature are unsustainable as a matter of law and are deemed unpatentable under…§ 101."

- Method claims directed to “comparing” and “analyzing” sequences also found invalid as directed to mental steps.

- Needless to say, case is appealed to Federal Circuit.
Federal Circuit receives around 30 amicus briefs, including US Government (Dept. of Justice, not USPTO) brief supporting AMP in arguing that “genomic DNA that has merely been isolated from the human body, without further alteration or manipulation, is not patent-eligible”

June 2011 Federal Circuit: “isolated DNA” claims are patent eligible, “isolated” not same a “pure” DNA, which would be ineligible; method claims for merely “comparing” and “analyzing” sequences are ineligible
Patent eligibility of isolated DNA – Assoc. Molecular Pathology (Fed. Cir. 2011)

- September 2011: Federal Circuit denies requests for en banc hearing (have 90 days to petition Supreme Court)

- *Prometheus v. Mayo*, Federal Circuit affirming patent eligibility of claims for testing a patient—because included “transformative” steps of “determining”—and adjusting medication accordingly (“personalized medicine”), will be heard by the Supreme Court this term;

- Section 101 language unchanged by AIA “any new and useful process, machine, manufacture, or composition of matter”—so left to courts to establish limits of patent eligible subject matter (scientific principles, mental steps, naturally occurring substances, etc.); sec 27, study of genetic testing?
Inequitable Conduct – *Therasense Inc. v. Becton, Dickson & Co.* (Fed. Cir. 2011)
Inequitable Conduct – *Therasense Inc. v. Becton, Dickson & Co.* (Fed. Cir. 2011)

- US 5,820,551, related to disposable glucose blood test strips for diabetes management, issued to Abbott in 1998, after fourteen years of prosecution.

- In 1997, to overcome a USPTO rejection over US 4,545,382, another Abbott patent, Abbott argued that “[O]ne skilled in the art would *not* read…4,545,382 to teach that the *use of a protective membrane with a whole blood sample is optionally or merely preferred.*”

- In 1995, arguing an EPO family member of 4,545,382, Abbott had stated that “*The protective membrane is optional, however, it is preferred when used on live blood.*”
Inequitable Conduct – *Therasense Inc. v. Becton, Dickson & Co.* (Fed. Cir. 2011)

- In 2004, BD sued Abbott in ND Cal. seeking a declaratory judgment of non-infringement of another Abbott patent.

- Abbott countersued, alleging infringement by BD of three patents, including 5,820,551.

- In 2008, district court ruled 5,820,551 unenforceable for inequitable conduct for failure to disclose EPO arguments made in 4,545,382 family member to the USPTO, when arguing for patentability of 5,820,551 over 4,545,382.
Inequitable Conduct – *Therasense Inc. v. Becton, Dickson & Co.* (Fed. Cir. 2011)

- 2011, Federal Circuit decides to hear appeal “en banc” to help settle uncertainty surrounding inequitable conduct (“IC”)

- An “atomic bomb”, IC, a doctrine created by the courts, is frequently pled in litigation and fear of IC leads applicants to disclose everything available.

- IC finding for a claim renders entire patent unenforceable, can infect related applications, lead to anti-trust and unfair competition claims, cannot be cured.

- IC finding requires proof “material” information withheld or offered with intent to deceive USPTO
Inequitable Conduct – *Therasense Inc. v. Becton, Dickson & Co.* (Fed. Cir. 2011)

- IC evolved from trio of Supreme Court cases in the 1930’s and 40’s involving truly egregious conduct—fabrication of results, payment of expert for article praising invention, payment for silence, etc.

- IC “materiality” and “intent”, for several years, assessed on a sliding scale, and materiality under a “reasonable examiner” standard (1977 version of 37 C.F.R. 1.156). See *Amer. Hoist*, 725 F.2d 1350 (Fed. Cir. 1984),
More recently, materiality with reference to USPTO rule:

“[I]nformation is **material to patentability** when…. (1) It establishes, by itself or in combination with other information, a *prima facie* case of unpatentability of a claim; or (2) *It refutes, or is inconsistent with, a position the applicant takes* in: (i) Opposing an argument of unpatentability relied on by the Office, or (ii) Asserting an argument of patentability.” 37 C.F.R. § 1.56(b) (1992)
Inequitable Conduct – *Therasense Inc. v. Becton, Dickson & Co.* (Fed. Cir. 2011)

- Federal Circuit adopts “but for” materiality standard (against advice of USPTO), with exception for affirmative statements in affidavits, and “clear and convincing” evidence for specific intent to deceive and for materiality elements.

- 6-4-1 *en banc* ruling, more than 30 *amicus* briefs, may not have changed much; applicant cannot know for certain whether the USPTO (or a judge, looking back) will consider a reference “material”?

- AIA supplemental examination may offer some relief from IC, but may not change behavior during prosecution. (If in doubt, disclose…)
Inequitable Conduct – *Therasense Inc. v. Becton, Dickson & Co. (Fed. Cir. 2011)*

- “*Foreign patent attorneys representing applicants for U.S. patents through local correspondent firms surely must be held to the same standards of conduct* which apply to their American counterparts; a double standard of accountability would allow foreign attorneys and their clients to escape responsibility for fraud or inequitable conduct merely by withholding from the local correspondent information unfavorable to patentability and claiming ignorance of United States disclosure requirements”
  
  MPEP 2001.06(a)
Induced Infringement – Global Tech Appliances, Inc., et al. v. SEB S.A.

United States Patent

Patent Number: 4,995,312

Inventor: Ernest Leiris, Dijon, France
Assignee: SEB S.A., Satory, France

Filed: Aug. 28, 1990

Related U.S. Application Data


Foreign Application Priority Data

May 11, 1990 [FR] France

References Cited

U.S. PATENT DOCUMENTS

5,198,969 3/1993 Leiris
5,249,054 9/1993 Bostic et al.
5,277,005 12/1993 Solyak
5,344,455 12/1994 Johnson
5,441,960 3/1995 Foss
5,473,908 11/1995 Lenci
5,475,088 11/1995 Boddie
5,492,384 5/1996 Bostic
5,524,295 3/1996 Leiris
5,763,657 7/1998 Leiris

FOREIGN PATENT DOCUMENTS

204,676 5/1991 France
209,820 11/1992 Spain

Primary Examiners—Timothy P. Simpson, Attorney, App., or From—Young & Thompson

ABSTRACT

A shallow container (1) with an annular annular groove (4) is provided for retaining the electrically-heated cooking appliance in the particular deep fryer. The annular groove (4) is offset from the wall by an annular groove (5) of shallow depth to limit the temperature of the wall (6), and a mudguard (7) is provided to prevent ignition of the mudguard (7) and the mudguard (7) is separated from the wall by an annular groove (8) of sufficient width to limit the temperatures of the mudguard (7) and the deep fryer with the mudguard (7) by a ring (9) which forms the top edge (10) of the annular groove (4) and the top edge (10) of annular groove (4) is attached to the annular groove (4) of the deep fryer (1).

13 Claims, 2 Drawing Sheets
Induced Infringement – Global Tech Appliances, Inc., et al. v. SEB S.A.

- 1980’s: French company SEB develops and patents innovative “cool-touch” fryer having an air space and insulating ring between oil pan and shield.

- SEB’s cool-touch fryer, sold under the “T-fal” brand in the US, is a great commercial success.

- 1997: US appliance maker, Sunbeam Products, commissions Hong Kong-based Pentalpha Enterprises (a subsidiary of Global Tech.) to supply fryers meeting a “cool-touch” specification.
Induced Infringement – *Global Tech Appliance*, *Inc.*, *et al.* v. *SEB S.A.*

- Pentalpha obtains an SEB cool-touch fryer in Hong Kong, sold without a US patent marking

- Pentalpha copies the innovative features of the SEB fryer, but changes its outward appearance.

- Pentalpha hires patent attorney to conduct a right-to-use study of the new product, does not mention the SEB fryer.

- Attorney does not find SEB patents, reports new Pentalpha fryer does not infringe 26 other patents.

- Pentalpha starts shipping cool-touch fryers to Sunbeam…
Induced Infringement – *Global Tech Appliances, Inc., et al. v. SEB S.A.*

- 1998: SEB sues Sunbeam for patent infringement

- Sunbeam informs its supplier Pentalpha, settles litigation with SEB

- Undaunted, Pentalpha sells fryers to US department store Montgomery Ward and catalogue retailer Fingerhut

- 1999: SEB sues Montgomery Ward and Global Tech./Pentalpha for direct and induced infringement

- 2004: SEB wins $4.65 million jury verdict (cut to $2 million)
Induced Infringement – *Global Tech Appliances, Inc., et al. v. SEB S.A.*

- “Whoever *actively induces* infringement of a patent shall be liable as an infringer.” 35 U.S.C. § 271(b)

- Pentalpha appeals to Federal Circuit, arguing it could not have induced infringement, since it did not have required actual knowledge about the SEB patent until 1998, when it received notice of the Sunbeam lawsuit

- 2010: Federal Circuit affirms induced infringement:

  “Pentalpha deliberately disregarded a known risk that SEB had a protective patent” (594 F.3d 1360, 1377)
Induced Infringement – Global Tech Appliances, Inc., et al. v. SEB S.A.

• 2010: Pentalpha petitions Supreme Court to settle what knowledge by infringer is required of the infringed patent to constitute “active inducement” under 271(b)

• Pentalpha argues “active inducement” is more than “deliberately disregarded a known risk” and requires a “purposeful, culpable expression and conduct” to encourage an infringement, as in MGM Studios, Inc. v. Grokster, Ltd., 545 U.S. 913, 937, (2005)

• “Whoever actively induces infringement of a patent shall be liable as an infringer.” 271(b) (“short, simple and...inconclusive”) (Slip. op. at 4, Alito, J.)
Induced Infringement – *Global Tech Appliances, Inc., et al. v. SEB S.A.*

- Supreme Court refers to section 271(b), codified in 1952 at the same time as 271(c), which has been interpreted as requiring knowledge of the infringed patent.

- “Whoever offers to sell or sells within the United States or imports into the United States a component of a patented machine, manufacture, combination, or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use….” 271(c)
Induced Infringement – *Global Tech Appliances, Inc., et al. v. SEB S.A.*

• Supreme Court holds active inducement under 271(b), like 271(c), requires *knowledge* that the induced acts constitute patent infringement (more than deliberate indifference), which can be proved under “willful blindness” doctrine

• Pentalpha CEO and President John Sham experienced with US patents; Pentalpha copied innovative SEB product purchased in Hong Kong without US patent marking; attorney conducting “right-to-use” study not told of copying

• “Pentalpha subjectively believed there was a high probability that SEB’s fryer was patented [and] took deliberate steps to avoid knowing that fact.” (Slip op. at 16)
Induced Infringement – *Global Tech Appliances, Inc., et al. v. SEB S.A.*

• Active inducement under 271(b) requires *knowledge* that the induced acts constitute patent infringement (more than deliberate indifference to a known risk) but can be proved under “willful blindness” doctrine

• Pentalpha copied an innovative SEB fryer purchased in Hong Kong, therefore without US patent markings, and tellingly failed to inform the attorney charged with conducting the “right-to-use” study about the copying.

• “Pentalpha subjectively believed there was a high probability that SEB’s fryer was patented [and] took deliberate steps to avoid knowing that fact.” (Slip op. at 16)
False Marking – *Before the AIA closed the lid*
False Marking – Before the AIA closed the lid

- Marking articles with patent numbers increases damages patentee may recover for infringement

- “Patentees…may give notice to the public that [an article] is patented, either by fixing thereon the word "patent" or the abbreviation "pat.", together with the number of the patent, …. In the event of failure so to mark, no damages shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter.”

35 U.S.C. § 287(a) (pre-AIA, pre-Sept. 16, 2011 version)
• However, falsely marking unpatented articles with patent numbers may expose patentee to liability

• “(a)….Whoever marks upon, or affixes to, or uses in advertising in connection with any unpatented article the word "patent" or any word or number importing the same is patented, for the purpose of deceiving the public….Shall be fined not more than $500 for every such offense.

(b) Any person may sue for the penalty, in which event one-half shall go to the person suing and the other to the use of the United States.”

false marking – before the AIA closed the lid

- “We hold that the plain language of 35 U.S.C. § 292 requires courts to impose penalties for false marking on a per article basis.”
  Forest Group, Inc. v. Bon Tool Co. 590 F.3d 1295 Fed. Cir. (2009) (dispute between competitors regarding stilts used in building work)
False Marking – Before the AIA closed the lid

• Pequignot (a patent attorney) accuses Solo of falsely marking “at least 21,757,893,672” lids, in regard to expired patents, giving a mere $10.8 trillion in damages. *Pequignot v. Solo Cup Co.*, 608 F. 3d 1356, 1359 (Fed. Cir. 2010)

• Appeals court affirmed dismissal for failure to show deceptive intent by manufacturer. *Id.* at 1362-65.
False Marking – *Before the AIA closed the lid*

- Stauffer (another patent attorney) sues Brooks Brothers for selling falsely marked bowties, including ties marked with patents 2,083,106 and 2,123,620, expired in 1954 and 1955. *Stauffer v. Brooks Brothers, Inc.*, 619 F.3d 1321, 1322 (Fed. Cir. 2010)

- Reverses dismissal for lack of standing, remands on deceptive intent. *Id.* at 1328.
False Marking – *Before the AIA closed the lid*

- AIA (section 16) amends marking statute (§ 287) to allow “virtual marking” by reference to a website with a list of patent numbers and amends false marking statute (§ 292) to restrict violations for marking with expired patent numbers.

- AIA, with respect to private litigants (like Pequignot and Stauffer), further amends § 292 to:
  - require proof of “competitive injury”
  - limit damages to be “adequate to compensate for injury”

- AIA marking provisions effective as of date of enactment, September 16, 2011, and have already caused dismissal of pending litigation.
Conclusions

• AIA enacted, will come into force fully in March 16, 2013

• AIA includes first inventor to file, opposition-like review, third party prior art, fees, litigation reform

• AIA should ultimately simplify US patent law, but will complicate things in the short and medium term, while new law develops and old law phased out, and while new regulations are implemented and assessed

• In the meantime, courts are still interpreting portions of old (1952) law.
Sources

- Federal Circuit - www.cafc.uscourts.gov/
- Patent laws
  www.uspto.gov/web/offices/pac/mpep/consolidated_laws.pdf
- Code of Federal Regulations - Patents
  www.uspto.gov/web/offices/pac/mpep/consolidated_rules.pdf
- MPEP - www.uspto.gov/web/offices/pac/mpep/mpep.htm
- Google Scholar for federal case law - http://scholar.google.com/
- Federal Judicial Center’s guide to patent litigation for federal judges
- USPTO information on patent reform –
  http://www.uspto.gov/aia_implementation/index.jsp
- Patently O Blog www.patentlyo.com/
Gracias por su Atención

http://www.abgpatentes.com