



Impact of U.S. Patent Reform on Patent Litigation

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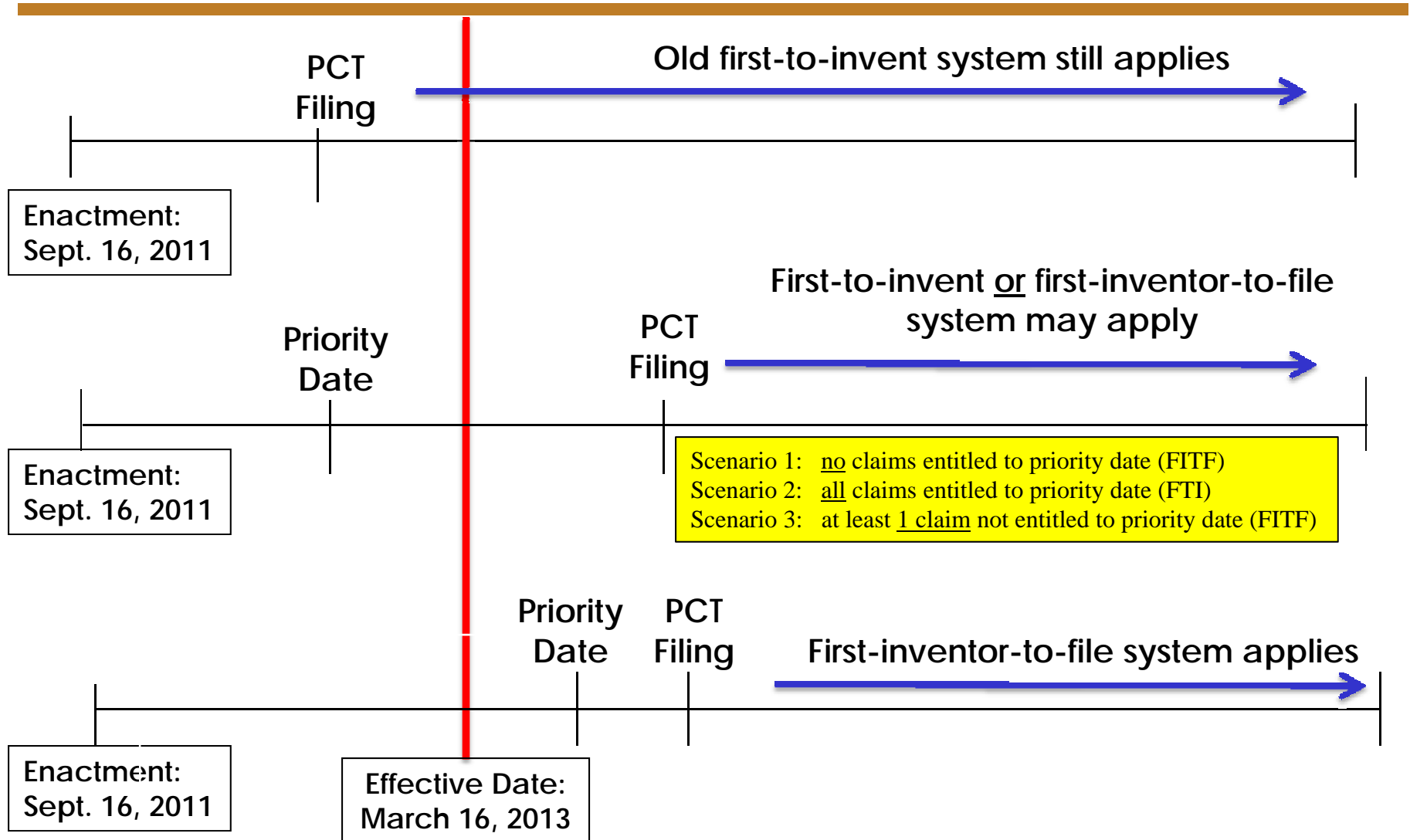
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Impact on Complexity of Litigation

- First-inventor-to-file (FITF) applies to patents or applications that contain or contained at any time a claim to an invention with an effective filing date that is on or after March 16, 2013
- We may be litigating patents under both the current system and the new FITF system for about the next 20 years



Impact on Complexity of Litigation



Impact on Inequitable Conduct

- Supplemental examination: Patent owner can ask the PTO to consider, reconsider, or correct information believed to be relevant
- Example: Prior art not previously considered
- PTO will reexamine the patent if it finds a substantial new question of patentability
- Patent cannot later be held unenforceable based on information that was considered during the supp. exam.



Impact on Inequitable Conduct

- This may allow a patent owner to strengthen a patent before litigation by preventing potential charges of inequitable conduct
- Effective Sept. 16, 2012; applies to all patents
- Limitations:
 - Not effective if inequitable conduct already alleged with specificity in pending litigation or Paragraph IV notice
 - In ITC action, not effective unless supp. exam. and reexamination concluded before ITC action filed
 - Filing of false or misleading request for supp. exam. may itself potentially constitute inequitable conduct

Impact on Location of Validity Disputes

- Post-grant review (PGR) and inter partes review (IPR) have certain advantages (e.g., lower burden of proof; lower cost; speed) compared to litigation
- Will patent validity litigation shift from the district courts to the PTO?
- PGR and IPR carry risks:
 - Estoppel applies to any adverse final written decision
 - Any PTO decision not to institute PGR/IPR is not appealable and may create a “practical” estoppel in district court (e.g., difficulty opposing summary judgment)
 - Must disclose real party in interest

Impact on Infringement and Trade Secrets

- Amended § 273 provides an expanded defense to infringement based on prior commercial use of (1) any process, or (2) any machine, manufacture, or composition used in a manufacturing or other commercial process
- Requires commercial use at least one year before the effective filing date of the asserted patent
- Applies to any patent issued on or after September 16, 2011
- Trade secret protection may be more attractive in view of this strengthened defense

Impact on Best Mode

- 35 U.S.C. § 112 still requires that a patent disclose the best way known to the inventors to practice the claimed invention (best mode requirement)
- Failure to disclose the best mode, however, is no longer a basis to hold a patent invalid or unenforceable
- Affects any proceedings commenced on or after September 16, 2011

Impact on Discovery

- More discovery abroad likely because prior public uses, sales, and offers for sale anywhere in the world (not just the U.S.) may be prior art
- Discovery to assess the exceptions to prior art for disclosures related to the inventor's own work made one year or less before effective filing date
- Prior commercial use defense, if asserted, would raise many factual issues requiring discovery (e.g., timing/continuity, sites, good faith, transfers, etc.)
- No more discovery into the “date of invention”

Impact on Patent Marking

- Amended § 287: Patent holders may now mark their patented articles with an Internet address that associates the article with the relevant patent numbers
- Provides an alternative to physical marking
- Applies to all cases pending on or commenced on or after September 16, 2011

Impact on False Marking Suits

- 35 U.S.C. § 292 permits “any person” to sue for a penalty of \$500 for every false marking offense
 - Any recovery must be split with the U.S.
- The lure of recovery of up to \$500 per offense caused law firms to be established solely for the purpose of filing false marking suits
- Since January 2011, over 1,450 false patent marking suits have been filed in the U.S.

Impact on False Marking Suits

- New law eliminates false marking suits except when filed by:
 - The United States; or
 - Any person who has suffered competitive injury
- Applies to all cases “without exception” pending on or commenced on or after September 16, 2011
- Expected to greatly reduce the number of false marking lawsuits filed by non-practicing entities

Impact on Willful Infringement

- Failure to obtain advice of counsel may not be used to prove willful infringement
- Effective for patents issued on or after September 16, 2012

Impact on Joinder of Parties

- New § 299 permits joinder or consolidated trial of accused infringers only if:
 - Right to relief asserted against the parties jointly, severally, or in the alternative
 - Arising out of the same transaction, occurrence, or series of transactions or occurrences
 - Relating to the making, using, importing into the U.S., offering for sale, or selling of the same accused product or process;
and
 - Questions of fact common to all accused infringers will arise
- Alleging infringement of same patent is not sufficient
- Accused infringer may waive limitations as to itself

Impact on Joinder of Parties

- Applies to any civil action commenced on or after September 16, 2011
- Expected to reduce the number of Defendants named in large suits filed by non-practicing entities
- May result in more individual actions being filed by non-practicing patent holders
- If multiple actions are filed in the same jurisdiction, the district court may consolidate them for discovery/claim construction in the interest of judicial economy

Questions?



Thank you.

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