



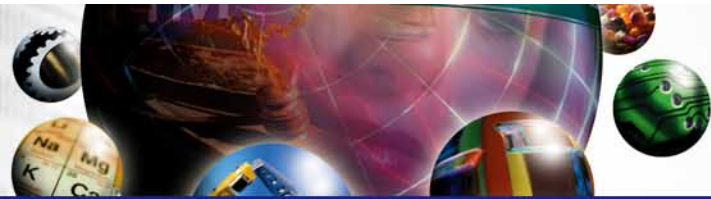
Patent Reform Proposals

APLF Presentation
June 28, 2005

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Background

FTC--October, 2003 Report

To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy.

National Academies--April, 2004 Report

A Patent System for the 21st Century.

AIPLA--Feb-June, 2005 Town Meetings

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Congressional Action

HOUSE JUDICIARY COMMITTEE

Subcommittee on Courts, the Internet and Intellectual Property

- Chairman: Lamar Smith (TX)
- 3 Hearings Completed (Apr 20 & 24, Jun 9)
- Draft Legislation Originally Circulated April 14
- Revised H.R. 2795 "Patent Act of 2005"

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Patent Act of 2005

- First to File
- Post-Grant Opposition
- Modify/Eliminate Willful Infringement
- Restrict Continuation Practice
- Redefine Prior Art
- Eliminate Best Mode Requirement
- Nearly Eliminate Inequitable Conduct Defense
- Alter Availability of Permanent Injunctions

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Patent Act of 2005

First to File

- One Year Grace Period Preserved
- “Prior Art”: Prior to Filing Not Invention Date
- Section 102(g) “Prior Invention” Eliminated
- Swearing Behind Likewise Eliminated
- Prior User Rights Expanded as Defense
- Interference Practice Virtually Eliminated

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Patent Act of 2005

Post-Grant Opposition

- Within Nine (9) Months of Issuance or Six (6) of Infringement Charge
- Opposition Stayed if Suit Filed
- All Grounds for Invalidity Available
- “Front-Load” Evidence
- Declarations of Fact/Expert Witnesses
- Discovery Limited to Cross-Examination of Declarants
- Burden = Preponderance of Evidence
- Decision Mandated within One Year by Three APJ Panel
- Real Party in Interest May Remain Anonymous
- Patentee Right to Amend Claims Once, But Intervening Rights
- Estoppel in Later Litigation Limited to Decided Issues

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Patent Act of 2005

Willful Infringement

- Predicate: Specific Written Notice or Actual Copying
- Reasonable Reliance on Advice of Counsel
Absolute Defense
- Pleading Prohibited Prior to Finding of Valid, Enforceable, Infringed Patent

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Patent Act of 2005

Continuation Practice

- PTO Director to Develop Rules On When/How Entitled to Priority of Parent Application.
- Earlier Proposals:
 - Prohibit Continuation Claims Broader Than Those Published or Issued in Parent
 - If Initial Application, May Only Broaden Claims Within First Twelve (12) Months.

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Patent Act of 2005

Redefine Prior Art

- Subject Matter Must Be “Reasonably and Effectively Accessible”
- Person Of Ordinary Skill In the Art Can Gain Access and Comprehend w/o Undue Effort
- Exception to Access Requirement: Prior Filed Patent Applications
- On Sale / Public Use Eliminated (?)
 - May be embodied or inherent in subject matter reasonably and effectively accessible.

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Patent Act of 2005

Eliminate/Restrict “Subjective” Defenses

- Best Mode Requirement Gone
- Inequitable Conduct Largely Relegated to Disciplinary Procedure
- As Litigation Defense:
 - May Plead Only After Finding Of Invalidity
 - Must Show PTO Relied/Would Have Relied
 - Patentee Must Actively Participate.

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Patent Act of 2005

Alters Remedies

- INJUNCTION Adds language emphasizing “fairness” of injunction in light of respective interests (*e.g.* Non-practicing Patentee).
- Mandatory stay of Permanent Injunction pending appeal where no irreparable harm to patentee.
- ROYALTY Mandates careful consideration of portion of profit due to invention

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Patent Act of 2005

Proposed Transition

- First to File: One Year After Enactment.
- Best Mode, Remedies, Willful: Immediately, except for pending suits.
- Continuations: Regs May Affect Apps Filed One Year After Enactment.
- Inequitable Conduct: All New and Pending Apps.



Patent Act of 2005

Proposed Transition

- Post-Grant Opposition: Immediately.
- Prior User Rights: After-Filed Apps.
- Prior Art Definition: For Issued Patents and Pending Apps—102(c) & (d) repealed and 102(b)'s "in public use or on sale" subject to "reasonably/effectively accessible" requirement, except in actions brought before enactment.