



FICPI EXECUTIVE COMMITTEE MEETING

Washington, DC, June 6 & 10 2009

COUNTRY REPORTS FROM EXCO DELEGATES

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Association/Section:	FICPI US		
Drawn up by:	Charles Elderkin, President of U.S. Section		
Purpose :	For information	Tabled To :	All Attendees

SECTION A: ACTIVITIES OF FICPI ASSOCIATION/SECTION

The information supplied in Section A will remain confidential on FICPI's website after the ExCo (will require a password).

SECTION B: CHANGES IN LAW

Information supplied under Sections B and C will be published on FICPI's website after the ExCo and will be available to the public.

B1. LEGISLATION

Please give details of any adopted changes to the IP legislation in your country as well as any changes entering into force.

PATENT REFORM ACT OF 2009;

On March 3, 2009, the U.S. Senate and House of Representatives renewed their efforts to achieve in the 111th Congress the most sweeping patent reform legislation since 1952. In the Senate, Senators Leahy and Hatch introduced S. 515, while, in the House, Reps. Conyers, Jr. and Smith simultaneously introduced a companion bill, H.R. 1260, with both bills bearing the title "Patent Reform Act of 2009." This effort comes on the heels of failed attempts at similar reform in the past two Congresses, but there is renewed optimism this year that patent reform legislation may finally pass Congress after resolution is found to several remaining areas of dispute.

The Key provisions which remain areas of dispute include the following:

Damages. Both of the newly introduced House and Senate bills call for application of the entire market value rule upon a showing to the court that the invention's contribution over the prior art is the "predominant basis for market demand." Alternatively, if such a showing is not made, the damages can be based on a showing of prior non-exclusive licenses under the patent. If neither of those showings is made, then damages would be based on only that portion of the economic value of the product or process that is attributable to the invention.

Post-Grant Review. With regard to the post-grant review of patents by the Patent Office, both bills offer a single one-year period during which a challenger can request review of the patent's validity by the Patent Office. Neither bill presently includes the "second window" of review.

First-to-File. Both bills would convert the present "first person to invent" system to a system in which the first inventor to file a patent application on the invention would prevail. Such a provision has in the past been met with opposition by groups of solo inventors and other smaller inventive entities.

Venue. Both new bills include provisions restricting the venue in which patent infringement suits could be brought, thus curtailing the practice of bringing actions in venues that are known to be particularly patentee-friendly.

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Claim Construction. Both bills address the relatively high rate of reversal by the Court of Appeals for the Federal Circuit on claim construction issues, and the resulting inefficiency of reversing claim construction after trial. Both bills provide the district courts with discretion to grant immediate interlocutory appeals to the Federal Circuit of claim construction rulings.

Willful Infringement. Both bills also greatly limit the ability of patentees to assert willful infringement of their patents. While codifying the Federal Circuit's recent requirement in the *In re Seagate* case of "objective recklessness" by an accused infringer, both bills also prevent patentees from asserting willfulness until after the patent has been found to be valid, enforceable and infringed..

B2. MAJOR CASES

Please give brief details of any new case law of general interest.

Tafas et al. v. Doll et al.

On March 20, 2009 a panel of the Federal Circuit held in a 2-1 decision that the proposed PTO rules limiting patent claiming practices are authorized procedural rules, reversing a district court decision that the rules are substantive in nature and unauthorized.

On the other hand, the entire appellate court panel agreed with the district court that rules limiting continuation practice are invalid as inconsistent with 35 U.S.C. §120. According to the court, the rules add the non-statutory requirement that later continuation applications may not contain amendments, arguments or evidence that "could have been submitted earlier".

The proposed rules are hugely unpopular in the U.S. patent community, and it is likely that the parties will seek to have an en banc review by the entire Federal Circuit.

In re Bilski

A petition for writ of certiorari was submitted to the Supreme Court in January, asking for a review of the Federal Circuits' en banc decision which sets forth a test for business method patents that requires a patentable process either to be tied to a machine or apparatus, or involve a transformation. By applying that test, the Federal Circuit upheld the rejection of a patent application for hedging risks in commodities trading.

The Supreme Court could decide to grant the writ before the end of its current term in June.

In re Comiskey

This case involves claims directed to both a method and system for mandating arbitration resolution. The PTO rejected both types of claims as being obvious under Sec. 103 of the Patent Statute. The obviousness issue was brought to the Federal Circuit, and in September '07 the court held that system claims which essentially used a computer to implement process claims could invoke patentable subject matter (Sec. 101). However, the Court also found that an obviousness issue was raised by the addition of a general purpose computer to a patent in-eligible process, and remanded that issue to the PTO for consideration.

In January of '09, the Federal Circuit withdrew its September '07 opinion, and remanded the case to the PTO for a determination only of Section 101 patent eligibility. Thus in the September '07 opinion the Court seemed to tie together the issues of patentable subject matter (Sec.101) and obviousness(Sec 103), whereas the January '09 opinion is limited to a consideration of whether the claims which related to a computer involved patentable

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subject matter under Section 101. In dissent, Judge Newman noted that the revised opinion adds no analysis, but simply deletes its reasoning as to the patentability of new business methods, thus contributing to the uncertainty the Federal Circuit is creating.

Larson Mfg v Aluminart Products

This decision, rendered by the Federal Circuit in March '09, involves the well settled principle that a patent may be rendered unenforceable for inequitable conduct if the applicant, with intent to mislead or deceive the Examiner, fails to disclose material information to the Examiner during prosecution of the application. The Court also specifically stated that where the requirements of materiality and intent are met, "the Court must then determine whether the questioned conduct amounts to inequitable conduct by balancing the levels of materiality and intent, with a greater showing of one factor allowing a lesser showing of the other." Thus it appears that a patent could be held unenforceable even where there is little or no evidence of intent, if a high level of materiality is found.

The American Bar Association has suggested revising the standard to require all of the elements of the common law tort of fraud, with no balancing of materiality and intent. The proposed patent law reform legislation currently does not address this issue, but the ABA view appears to be gaining support in the patent community.

CyberSource v. Retail Decisions

In a decision issued March 26, 2009, a District Court for the Northern District of California invalidated a patent directed to a business method or system to detect fraud in online credit card transactions. The Court found that the claimed method or system does not meet the Bilski test.

B3. OFFICIAL PRACTICE

*Please describe any changes in official practice of general interest. **None, other than as noted in B1 and B2 above.***

B4. PROPOSALS FOR CHANGES

*Please mention here any proposed changes in law or practice, enquiries/consultations, and name any working parties or committees involved. **None***

SECTION C: OTHER INFORMATION OF GENERAL INTEREST

Please mention here any other information pertaining to your country or region that would be of interest to FICPI members and others browsing FICPI's website.

None

End of report