

Optimizing the Balance between Patentees and Rivals

Chief Judge Paul R. Michel

[2006 FICPI World Congress, Paris, France]

I am pleased to present my personal proposals for your consideration. I speak, of course, only for myself, not my court. Your chosen theme – “Balancing Competing Interests of Patentee and Others” -- is the best possible theme. I congratulate President Francis Ahner and Mr. Julian Crump and other leaders on its selection. This theme is, I think, what judges worry about most; at least it is my greatest concern. The topic as worded addresses the rights of “all third parties,” but I will concentrate less on the rights of other inventors and consumers and more on those of rival manufacturers of patented products. Perhaps Judge Meier-Beck and Professor Galloux will address other “third parties.” In any event, I am honored to be on this panel with them and working under the able direction of Mr. Arild Tofting.

Nearly all patent systems now are claim-based. In other words, inventors are required to set forth or “claim” the scope of their inventions in their patents. We should hold to that, for every departure will surely decrease certainty and predictability. Each claim contains numerous limitations; all of them should be considered meaningful. After all, as drafter, the patentee, elected to include each one and he should be, therefore, held to all of them. Thus, infringement should only be found where every claim limitation is seen in the accused product. Similarly, as his claims seek to remove from the public domain certain subject matter, all ambiguity should be resolved against him. Certainty of claim scope is equally critical to the patentee and to all his rivals. The crucial goals are two: (1) clarity (or predictability) and (2) fairness. I submit that fairness mainly relates to protection being made proportionate to the actual invention. In any event, all competitors are entitled to clear notice

of what they may not make without a license. Equally, all patentees need to know the outer bounds of their right to exclude all others.

In my view, then, the greatest needs of nearly all national or regional patent systems are threefold:

1. Better claim and specification drafting, especially clearer linkage of the written description to each claim, matching the breadth of disclosure to the breadth of claims.
2. Claim examination and allowance standards requiring clear claim terms and such narrowing amendments as will reduce claim scope to disclosure scope; and
3. Better conventions for construing claims, both by patent examiners and by judges.

The principal defect in most national systems today, I think, is overly-broad protection. That is because broad claim are often allowed, even for narrow inventions. These innovations usually deserve the narrower claims, but in my opinion seldom the broadest. Many national patent offices seem unable to discriminate effectively. Examiners may grant overly-broad claims after simply being worn down by persistent patent agents or attorneys, while facing supervisory pressure to conclude examinations quickly and efficiently. The path of least resistance is simply to allow nearly all claims sought by the patent applicant. At least in the United States, this happens routinely, I think. The principal answer is more resources, especially more examiners, and also better supervision of examiners. Most importantly, examiners should construe key claim terms before deciding on allowance.

The second problem is the lack of clear claim terms and thus excess unpredictability. Drafters often are allowed to use vague terms lacking definite meaning in the particular art, and yet undefined in the application.

Specific Proposal #1: Examination offices should require the applicant to include explicit definitions for all critical claim terms which are not standard in the art. Vigorous post-grant oppositions proceedings conducted by experts

could help considerably as well. This approach is currently being considered by the U.S Congress. But requiring precise and explicit definitions during examination would reduce the problem at its source, lessening the need for post-grant oppositions.

Third, validity challenges -- in infringement litigation or elsewhere -- must be practically mountable, not merely theoretically available. Although I believe a presumption of validity remains sound, I now conclude an elevated burden for proving invalidity may not be. In the U.S., relying on lay juries to decide validity is also problematic. The combination of requiring “clear and convincing” proof and using lay juries to decide validity simply makes invalidating a U.S. patent in court too difficult.

Specific Proposal #2: Courts should ease validity challenges by eliminating the extraordinary evidentiary burdens on such challenges.

But other problems will nevertheless remain. Most patent infringement cases in America are now resolved before trial, on summary judgment, usually through a judgment of non-infringement. Although this trend has increased efficiency, it has decreased adjudications of validity challenges, allowing many possibly invalid but asserted patents to remain in force. That occurs because having found no infringement, the trial judge usually declines to decide validity. This trend increases the need for post-grant review in the PTO. Perhaps, too, trial courts should be encouraged also to rule on validity in appropriate cases.

The “public notice” function of patent claims is crucial. But it is undermined not only by vague terms in application claims and the absence of explicit definitions, but also by hurried examiners lacking sufficient time to sift each claim separately against the prior art and to demand substitution of clearer, narrower claim terms, or addition of other limitations.

Specific Proposal #3: If patent offices continue to be denied adequate resources, then perhaps courts should impose a presumption of the

“narrowest reasonable meaning” in the context of the total patent document for all disputed non-art terms that are not explicitly defined in the application.

Specific Proposal #4: In any event, the sources of claim construction should be limited to the “patent file” : the claims, the specification/written disclosure and the prosecution history. These are the only sources in the public record. Later procured expert testimony is not. Such testimony should be limited to explaining technology and interpreting the patent file. Construing disputed terms should be the province of the court.

The question of non-literal infringement is a separate but equally important, problem. Indeterminacy and excess protection can also come from too broad a doctrine of equivalents. Certainly, some equivalency is needed, especially where a claimed component is simply replaced by an unforeseeable, later-art development, such as transistors being substituted for vacuum tubes in radios. But, in other settings, elastic equivalency makes predictions by competitors too difficult. It also can provide protection for something the patentee did not invent.

Specific Proposal #5: Expand restrictions on equivalency -- Excess equivalency can be adequately curtailed by disallowing equivalents in the following circumstances: (1) unless all limitations appear in the accused product; (2) for products that are merely obvious variations of prior art; (3) for known technology that nevertheless went unclaimed; and (4) for subject matter disclaimed, even implicitly, by amendment or argument during prosecution.

Changes in claim construction methods and standards, I believe, hold the best potential of all these reforms to avoid needless lawsuits, resolve disputes faster and more cheaply, and prevent undue pressures to settle suits. To maximize their effect, they should be used and explained by patent examiners and courts.

Final point – Specific Proposal #6: Courts, particularly in the United States, should perform claim construction using an analysis of certain

invalidity defenses, particularly claim indefiniteness and inadequate written description. So, too, should patent offices. After all, what is invalid is also unpatentable, and vice versa. Otherwise, the separation of analysis of scope from validity allows claims that fail to fairly warn others, at once causing overbroad protection and also avoids invalidation, especially in the hands of a lay jury. In 18 years on the Federal Circuit, I can barely remember any claims being invalidated for indefiniteness. Yet, the broader claims of many otherwise valid patents look indefinite to me.

Second, the law requires an enabling written description commensurate with the full breadth of all the broadest of claims. It is fair to demand the patentee to so describe the invention that others can easily practice it to the full extent of the claims. I see potential for better results if courts would enforce this requirement strictly. The patent must enable the practice of every embodiment within the scope of the broadest claim. If claims can be so construed, they should be; despite a narrowing of scope. If they cannot be, then they must be invalidated.

Finally, the converse is also necessary. That is, before a validity analysis by a court or a patentability analysis by an examiner can be properly conducted, claim scope must be defined. That means key claim terms must be construed unless already defined in the art or in the application. Validity can no more be decided properly with claim construction than can infringement.

If national systems adopt such best practices, better balances can be achieved.

Thank you.