

UPDATE

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FIVE CONSIDERATIONS WHEN CHOOSING HOW TO CHALLENGE PATENT VALIDITY



BY: H. WAYNE PORTER AND CRAIG W. KRONENTHAL

Inter partes review

(IPR) is quickly becoming a popular

choice for challenging the validity of a patent. The America Invents Act (AIA) established IPR as a mechanism for challenging patent validity through an evidentiary proceeding before the Patent Trial and Appeal Board (PTAB) of the U.S. Patent and Trademark Office (USPTO). Under the right circumstances, an IPR may be a viable option for a party seeking to challenge an issued patent. Other options include traditional *ex parte* reexamination and district court litigation. This article discusses five areas to consider when choosing the best option in a particular case.

DISCOVERY

A third party requesting *ex parte* reexamination of a patent will have no real discovery opportunities. For example, *ex parte* reexamination does not allow a third party requestor to depose experts or other parties from whom a patent owner may submit declarations in support of patentability.

On the other hand, litigation allows for a broad scope of discovery. Rule 26(b) of the Federal Rules of Civil Procedure permits discovery so long as it “appears reasonably calculated to lead to the discovery of admissible evidence.” As a result, the discovery process often becomes a lengthy and costly component of litigation. Indeed, some believe that the discovery process is used to drive up expenses and consume resources in hopes of forcing opponents into a settlement.

Discovery in an IPR lies somewhere between these two extremes. Discovery is available in an IPR; however, it is quite limited in scope.¹ The IPR rules establish the right to cross-examine a declarant and require the parties to share information that is inconsistent with their positions.² For additional discovery, parties must reach an agreement or seek additional discovery by motion if agreement cannot be reached. Thus far, motions to the PTAB for additional discovery have been overwhelmingly unsuccessful. Parties have had difficulty persuading the PTAB that additional discovery is necessary in the “interest of justice,” and the PTAB has often noted that the time constraints of the IPR process do not allow for additional discovery.³

¹ See *Garmin Int'l Inc. v. Cuozzo Speed Techs. LLC*, IPR2012-00001, Paper 26 (March 5, 2013) (noting the significant difference between the scope of discovery in an IPR and litigation).

² 37 C.F.R. § 42.51(b).

³ See e.g., *Apple Inc. v. Achatz Reference Publishing, Inc.*, IPR 2013-00080, Paper 17 (April 3, 2013).

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CLAIM AMENDMENTS

One of the largest factors weighing against challenging a patent through *ex parte* reexamination is the ability of the patent holder to amend the claims. In *ex parte* reexamination, the patent holder may add and amend claims to improve its position. The only restrictions are that the amended or new claims must be supported by the original application and must be narrower in scope than the issued patent claims. The only limit on the number of new claims that may be added is the patent owner's willingness to pay extra claim fees. In practice, many patent holders use reexamination as an opportunity to amend or add claims that more clearly cover an allegedly infringing product. Although new or amended claims only have prospective effect, they can still be quite valuable if the reexamined patent has a significant remaining term. Indeed, some patent holders request *ex parte* reexamination of their own patent to solidify the patent by adding and/or amending claims to improve position in preparation for litigation.

Patent claims cannot be amended during district court litigation. For this reason, parties seeking to invalidate a patent have previously chosen to forego reexamination and solely pursue litigation.

Patent claims can be amended during an IPR. However, the ability to amend claims in an IPR is quite limited. Like reexamination, claims may not be amended to enlarge the scope of protection in an IPR.⁴ In addition, claim amendments must be in response to a ground of unpatentability involved in the IPR.⁵ When the patent holder amends a claim, the petitioner (the party that requested the IPR) may argue that the amendment represents a concession that an amendment is needed to overcome a reference. Patent holders may thus be reluctant to amend.

Further, 37 C.F.R. § 42.121(a)(3) limits patent holders to a reasonable number of substitute claims in an IPR. The rule creates a presumption of a one-for-one paradigm in which one claim can be added when one claim is canceled. On a more practical level, applicable IPR page limits restrict the ability of a patent owner to make amendments. Amendments are made through a motion to amend, which is limited under 37 C.F.R. § 42.24(a)(1)(v) to 15 pages. The motion must include a claim listing, a discussion of support for added or amended claims, and how the amended claims distinguish over the asserted prior art. It can be difficult to squeeze all of this into 15 pages if there are more than a few new or amended claims. Although the IPR rules allow patent owners to request additional pages, the PTAB has been quite willing to reject such requests.⁶

TIME

The timeframes for district court litigation vary widely. Some venues are considered "rocket dockets," but it is nonetheless common for patent litigation to last several years. *Ex parte* reexamination is generally considered to be faster, though this is not always the case. On average, the pendency of an *ex parte* reexamination from request filing date to certificate issue date is 27.9 months.⁷

An IPR is likely to be more expedient than *ex parte* reexamination or litigation. The PTAB is required to decide whether to institute an IPR within six months from the filing of a petition for an IPR. The PTAB is also required to reach a decision within 12 months from the time the IPR is instituted.⁸ This deadline is extendable to 18 months upon a showing of good cause.

MOTIONS

Motions are not a part of *ex parte* reexamination. Once a third party files a request for reexamination, that party may have no opportunity to participate in or influence

⁴ 37 C.F.R. § 42.121(a)(2)(ii).

⁵ 37 C.F.R. § 42.121(a)(2)(i).

⁶ See *Idle Free Sys., Inc. v. Bergstrom, Inc.*, CBM2012-00027, Paper 27 (June 18, 2013).

⁷ *Ex Parte* Reexamination Filing Data – Sept. 30, 2012 (www.uspto.gov).

⁸ 37 C.F.R. § 42.100(c).

the outcome of the reexamination proceedings. The third party requestor is limited to a single reply if the patent owner responds to the request for reexamination. In practice, many patent owners do not respond to requests for reexaminations so that they can deprive third party requestors of that reply. Moreover, the third party is prohibited from communicating with the reexamination examiner, whereas patent holders are allowed to participate in interviews with the examiner.

Litigation generally stands at the other extreme in this area, as well. A wide variety of motions may be filed in district court litigation. Individual courts have their own local rules governing motion practice. Such local rules may dictate page limits, content requirements, deadlines for filing and responding, and how motions are to be filed (e.g., whether motions need to be electronically filed). Often local counsel is employed to ensure that the local rules are being met.

Although motion practice is also a component of IPRs, it is much more tightly controlled relative to district court litigation. For example, 37 C.F.R. § 42.20(b) requires prior PTAB authorization before filing a motion. Filing a motion without PTAB approval could result in expungement of the motion with prejudice.⁹ This aspect can impact costs and expediency of IPRs. Although it is too early to reach conclusions, this pre-authorization requirement can be expected to cut down on the number of motions filed and keep motions narrowly tailored to specific issues. When authorizing motions, for example, the PTAB often provides guidance on the issues to be addressed in the motion.

SETTLEMENT

Once a request for *ex parte* reexamination is granted and a reexamination is ordered, neither the patent owner nor a third party requestor can stop the reexamination.¹⁰ The USPTO will reexamine the patent and allow and/or reject

claims regardless of any subsequent settlement or other agreement between the patent owner and the third party. It may thus be difficult for a third party to negotiate a favorable license while a patent is under reexamination, as the patent owner will have to continue fighting for patent validity regardless of whether a dispute with the third party requestor is resolved.

In contrast, the time, money and resources associated with district court litigation often motivate parties to settle. Indeed, most patent suits terminate as a result of settlement. When patent suits do settle, the settlement terminates the trial and the terms of settlement can often be kept confidential. The assurance that the terms of settlement will be kept confidential can be an influential factor in the willingness of a patent owner or patent challenger to settle.

Settlement considerations may play into whether a party chooses to institute an IPR. Unlike *ex parte* reexamination, the PTAB may terminate an IPR without reaching a decision.¹¹ However, 37 C.F.R. § 42.74 makes clear that the PTAB does not have to terminate the trial if the parties settle. The PTAB's decision to terminate the IPR proceedings will likely hinge on the timing of the settlement and how close the PTAB is to making a decision. As for the terms of settlement, 37 C.F.R. § 42.74(c) provides for keeping settlement details secret and separate from the file of the IPR. However, the same rule also provides for making such details available to government agencies on written request and to other persons upon a showing of good cause.

CONCLUSION

As evidenced by the five areas discussed herein, all three options for challenging patent validity have benefits and drawbacks. The best option will depend on the particular circumstances at hand. The above aims to provide some guidance in light of the new IPR process when preparing a strategy for invalidating an issued patent. ■

An IPR is likely to be more expedient than *ex parte* reexamination or litigation.

⁹ See *Bloomberg Inc. v. Markets-Alert Pty. Ltd.*, CBM2013-00005, Paper 15 (Dec. 3, 2012).

¹⁰ An *ex parte* reexamination proceeding concludes with the issuance of a reexamination certificate (whether claims are allowed, canceled or amended). See 37 C.F.R. § 1.570.

¹¹ 37 C.F.R. § 42.72.

Regarding the purpose and character of use, the court noted that Google's use was highly transformative, in that Google's scans of the books created an important tool for research that does not supplant the books.

THE GOOGLE BOOKS CASE – HERE'S THE SKINNY



BY: STEVE CHANG

I'm sure many of us have fond memories of the venerable library card catalog: the musty smell, the tiny wooden drawers and their endless deck of equally tiny, yellowed cards on which someone laboriously typed the Dewey Decimal code, bibliographic information and a short, textual summary of a book. But ever since the opening scene in the 1984 classic "Ghostbusters," library researchers have tirelessly sought to develop a way to catalog books in a way that isn't susceptible to ruination by the drawer-emptying, card-throwing tendencies of a ghost librarian¹.

In 2004, Google Inc. announced its solution. Google had entered into agreements with several major research libraries to scan the full text of millions of books in those libraries, to catalog the books electronically and allow users to run full-text keyword searches through those millions of books. However, the announcement troubled several authors and owners of copyright — should Google be permitted to make copies of their works, without permission? In 2005, The Authors Guild, Inc. and several individual authors filed suit against Google to challenge Google's plan. In late 2013, the U.S. District Court for the Southern District of New York ruled in Google's favor on summary judgment² and held that Google's actions were fair use. This article provides a summary of the issues involved, the reasoning behind the decision and the takeaways from the case.

¹ If you happened to miss this classic hit, it opens with a scene in which a ghost librarian slimes and scatters the contents of a library's card catalog, and ends with making you either want, or hate, marshmallows.

² *Authors Guild, Inc. v. Google, Inc.*, 954 F.Supp.2d 282 (S.D.N.Y. 2013).

IN A NUTSHELL, WHAT'S THE DISPUTE?

The parties do not dispute that Google is making copies of the books. The issue in dispute is whether that copying is protected under the Fair Use Doctrine.

WHAT'S FAIR USE, REALLY?

Fair use basically means there are certain situations in which copying is excused under the Copyright Laws. The Fair Use Doctrine is codified in 17 U.S.C. § 107 (the Copyright Act), and specifically states that "the fair use of a copyrighted work ... for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright." The Act goes on to list four key factors that a court should consider when evaluating a claim of fair use:

"In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include:

- 1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- 2) the nature of the copyrighted work;
- 3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- 4) the effect of the use upon the potential market for or value of the copyrighted work."

Classic examples of situations where the Fair Use Doctrine has applied include: news reporters copying portions of a work for purposes of news reporting and criticism;³ users of VCRs recording television programs for later viewing;⁴ artists copying work, but transforming it to make new works,⁵ and in parody situations.⁶

WHAT DID THE COURT DECIDE, AND WHY?

On summary judgment, Judge Denny Chin considered a variety of factors, and ultimately concluded that Google's actions were fair use. The court considered the four factors enumerated above, but even before doing so, the court pointed out several aspects that tilted in Google's favor.

First, the court noted that Google took quite a few measures to ensure that users⁷ could not simply obtain a free copy of books by searching for them. Search results only showed users a "snippet" view of the search result in context. To counter users who may try to gather an entire book a snippet at a time, Google's search intentionally excluded 10 percent of the pages of a book from the snippet view, and intentionally excluded one snippet on each page so that the particular snippet would not be shown. Furthermore, works that had smaller chunks, such as dictionaries, cookbooks and books of haiku, were excluded from snippet view altogether.

Second, the court noted how beneficial Google Books is to scholarly research. The court pointed out that Google Books helps librarians find sources, facilitates interlibrary lending and is used in at least one education curriculum. The court also noted that Google's index allowed a new type of research — "data mining" — in which searchers could examine things like word frequencies and historical changes in grammar usage patterns in ways that simply were not feasible before the Google Books project.

The court also found that Google Books expands access to books (e.g., text-to-speech conversion allows access to the blind), helps preserve books (e.g., many of the scanned books were out-of-print texts that would be difficult to find otherwise), and also helps authors and publishers because the search results take users to links where the books can be purchased.

After extolling those virtues, the court went on to specifically address the four factors. Regarding the purpose and character of use, the court noted that Google's use was highly transformative, in that Google's scans of the books created an important tool for research that does not supplant the books. The court acknowledged that Google is a for-profit enterprise, but noted that Google doesn't sell the scans, does not run advertisements on the pages with the snippets and does not directly benefit from any commercialization of the books that it scanned. Google makes money indirectly since Google Books users, while on the site, may well use other Google tools with advertising revenue, but the court cited several prior cases in which fair use was found despite some commercial benefit being bestowed on the defendant. The court found that the first factor strongly favored a finding of fair use.

Regarding the nature of the work, the court noted that all of the books were published and available to the public and that the majority of the books (93 percent) were non-fiction (works of non-fiction generally receive lesser copyright protection since facts themselves are not copyrightable). The court found that the second factor favored a finding of fair use.

Regarding the amount and substantiality of the portion used, the court acknowledged that Google's copying was verbatim and complete, but emphasized that Google limited the amount of text displayed in response to a search and noted that the complete copying was needed to provide the Google Books functionality. On the balance, the court found that the third factor slightly weighed against a finding of fair use.

³ See, e.g., *Religious Technology Center v. Pagliarini*, 908 F.Supp. 1353 (E.D. Va. 1995) (*the Washington Post* newspaper quoted brief portions of Church of Scientology texts in an article, and its use was deemed a fair use); and *Italian Book Corp. v. American Broadcasting Co.*, 458 F.Supp. 65 (S.D.N.Y. 1978) (a television film crew covering a festival recorded a band playing a portion of a copyrighted song, and the film was replayed during the news broadcast — the unauthorized reproduction of the song portion in this case was deemed fair use).

⁴ See *Sony Corp. v. Universal City Studios.*, 464 U.S. 417 (1984) (home videotaping was deemed fair use).

⁵ See, e.g., *Campbell v. Acuff-Rose Music*, 510 U.S. 569 (1994) (rap group 2 Live Crew sampled portions of the song "Pretty Woman," but transformed the small part copied to create a new work that was deemed fair use).

⁶ See, e.g., *Leibovitz v. Paramount Pictures Corp.*, 137 F.3d 109 (2d Cir. 1998) (a movie company superimposed head of actor Leslie Nielsen on a photo of a naked pregnant woman, parodying a famous magazine cover photograph).

⁷ The participating libraries were entitled to receive full digital copies of the books that the libraries provided to Google, but others only got a "snippet" view.

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[GOOGLE BOOKS, FROM PAGE 5]

As for the effect of the use on the potential market or value, the court disagreed with the plaintiffs, finding that it would be unlikely for anyone to try and piece together a full copy of a book one snippet at a time (and in view of the fact that some snippets and pages would simply never be found by such a user). The court found that a reasonable fact-finder could only find that Google Books enhances the sales of books, since the tool publicizes the books and provides convenient links to retailers selling the books. The court found that the fourth factor strongly weighed in favor of a finding of fair use.

Given the weighing above, the court concluded that Google Books is a fair use of the copyrighted books that it scanned.

WHAT'S NEXT?

The Authors Guild Inc. and the individual authors appealed the decision at the end of 2013, and the appeal is working its way through the Court of Appeals for the Second Circuit.

WHAT DID I MISS (TAKEAWAYS)?

Here are the big picture takeaways from the case thus far:

- Google Books' full-text scanning of millions of books to provide full-text search capability was deemed a fair use.
- Google Books helped its cause by 1) taking steps to prevent users from getting a free copy of the book through its searches, 2) avoiding direct profits from the use of the copied works, 3) providing links to help users purchase the books that were found in the search, and 4) providing a tool that offers many benefits to the research community.
- The case is currently under appeal at the Court of Appeals for the Second Circuit.
- There's a ghost librarian in the movie "Ghostbusters." ■

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Please save Friday, Sept. 19, 2014, for Banner & Witcoff's Corporate IP Seminar at the University of Chicago Gleacher Center. We will host morning and afternoon sessions with topics selected to help you protect your corporation's IP assets.

If there are topics or questions you would like addressed during the seminar, please send them to us at event@bannerwitcoff.com. We look forward to seeing you in the fall!

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CHICAGO, IL

For more information, please contact Chris Hummel at 202.824.3126 or chummel@bannerwitcoff.com

AESTHETIC FUNCTIONALITY IN THE TTAB SINCE LOUBOUTIN



BY: ANNA L. KING

The doctrine of aesthetic functionality was revived in the recent *Louboutin* case to protect the competitive need to use color to communicate a particular message. In that case, Christian Louboutin S.A. tried to enforce its trademarked red lacquered outsole against Yves Saint Laurent's use of the color red on a monochromatic shoe (including on the outsole). *Christian Louboutin S.A. v. Yves Saint Laurent America, Inc.*, 778 F. Supp. 2d 445, 447-48 (S.D.N.Y. 2011). The district court relied on *Qualitex*, finding that color would only be protectable if it distinguishes one's goods and identifies their source, without serving a function. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 162 (1995). It accordingly held that Louboutin's red outsole served non-trademark functions, such as eluding energy and sexiness, and could not be upheld as a trademark as it would hinder creativity and artistic freedom in the fashion industry to preclude competitors from using the color on shoes.

The U.S. Court of Appeals for the Second Circuit reversed the district court's decision. It noted that to uphold the district court's decision would be to single out the fashion industry and hold it to a different standard than other industries. It reviewed Louboutin's evidence of acquired distinctiveness of the mark and determined that it had little support for acquired distinctiveness extending to uses where the red outsole did not contrast with the upper portion of the shoe (e.g., monochromatic shoe like that of YSL). Thus,

it held that Louboutin's red outsole is entitled to limited protection as a trademark. *Christian Louboutin S.A. v. Yves Saint Laurent America Holding, Inc.*, 696 F.3d 206 (2d Cir. 2012). This protection amounts to a limitation of the red outsole registration to situations where the red outsole contrasts in color with the upper portion of the shoe.

This was seen as a win for the fashion industry as well as for both parties. The fashion industry was allowed once again to protect single colors as trademarks. As for the parties, Louboutin viewed it as validation of its trademark albeit in limited circumstances, and YSL interpreted it as a win because it was allowed to continue to use red soles on monochromatic red shoes. The decision also provided a test for aesthetic functionality. The decision held that a mark is aesthetically functional and therefore ineligible for trademark protection if: (1) the design feature is essential to the purpose of the good; (2) the design feature affects the cost or quality of the product; and (3) protection of the design feature would significantly hinder competition.

In 2013, the Trademark Trial and Appeal Board addressed the issue of aesthetic functionality and provided some guidance into the "competitive need" factor in two noteworthy cases. In the first case, *Florists' Transworld Delivery (FTD)* attempted to register the color black for packaging for its flower arrangements. *In re Florists' Transworld Delivery, Inc.*, 106 USPQ2d 1784 (TTAB 2013). The Board echoed the Second Circuit's test in *Louboutin*; however, it focused its analysis on the issue of competitive need to consider whether a single color can be registered as a trademark for a particular product. The Board also cited to an earlier case noting that "functionality hinges on whether registration of a particular feature hinders competition and not whether the



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These recent decisions indicate that the doctrine of aesthetic functionality is likely here to stay.



Drawing and specimen images from U.S. Trademark serial No. 77590475

feature contributes to the product’s commercial success.” *M-5 Steel Mfg. Inc. v. O’Hagin’s Inc.*, 61 USPQ2d 1086, 1097 (TTAB 2001).

The Examining Attorney submitted evidence that color has significance in the floral industry and noted that the color black, in particular, serves an aesthetic function in relation to floral packaging. It is associated with an elegant, classic look. It is also a color to communicate grief or condolence as well as a color associated with Halloween. Accordingly, he argued, and the Board agreed, the color black is necessary in the floral industry to communicate these messages and allowing FTD to own exclusive rights to the color black for floral packaging would hinder competition.

In a concurrence opinion, Judge Bucher agreed with the results of the majority, but indicated that instead of attempting to negotiate the various functionality cases and categorize each case into a pre-existing label such as “aesthetic functionality,” he would instead apply “first principles.” This would simply ask if “public interest is best served by refusing to permit a particular feature to be taken from the ‘public domain.’” He indicates that the answer will turn “on whether the non-traditional indicator should remain permanently available for competitors to use freely.”

In a subsequent decision, the Board did not adopt this simplified test, but again considered the doctrine of aesthetic functionality when considering the registrability of Bottega Veneta’s basket-weave pattern used on its leather

products. *In re Bottega Veneta International S.a.r.l.*, Serial No. 77219184 (September 30, 2013) [non-precedential]. The Board again focused on the competitive need to use the particular design. In this case, the Examining Attorney submitted many examples of uses of weave patterns to show the competitive need for such designs; however, the Board noted that the patterns submitted into evidence were all distinct from the applied for mark. In view of the very narrow description Bottega Veneta submitted for its mark (“a configuration of slim, uniformly-sized strips of leather, ranging from 8 to 12 millimeters in width, interlaced to form a repeating plain or basket-weave pattern placed at a 45-degree angle over all or substantially all of the goods”) and the lack of any designs submitted into evidence that totally matched the description of the weave design, the Board held that there was not a competitive need for this particular design of weave for leather goods. As Bottega Veneta was also able to prove acquired distinctiveness, the design was allowed to register.



Drawing from U.S. Trademark serial No. 77219184

These recent decisions indicate that the doctrine of aesthetic functionality is likely here to stay. It is also apparent that courts and the Trademark Trial and Appeal Board are willing to continue providing protection for designs and colors where exclusive rights thereto would not be perceived as restricting a competitor’s need. What constitutes a “competitor’s need” will continue to be an industry specific analysis and relate to the commercial message being conveyed by the particular color or design. Thus, the lessons learned from these cases are to know the particular market at issue and consider how the specific color or pattern is perceived in that market before pursuing trademark protection. ■

BANNER & WITCOFF ANNOUNCES RECENTLY ELECTED SHAREHOLDERS



Jordan N. Bodner, Principal Shareholder, Washington, D.C., joined the firm as a law clerk in 1997 and as an attorney in 2000. Mr. Bodner writes and prosecutes complex patent applications in various technical fields, including telecommunications, semiconductors, e-commerce and internet-related technology. He also provides counseling regarding patent infringement risks, and represents various clients in patent litigation, International Trade Commission investigations and reexamination proceedings. Prior to joining Banner & Witcoff, he worked as an electrical and systems engineer for IBM, Loral Corp., and Lockheed-Martin Corp. He earned his B.S. in electrical engineering from Washington University and M.S. in electrical engineering from the University of Colorado. He earned his J.D. from George Mason University School of Law.



Evan M. Clark, Shareholder, Washington, D.C., joined the firm in 2009. Mr. Clark handles a range of intellectual property issues in several technical areas, including computer software, electronic design applications and mobile communication devices. He also has experience in researching and analyzing both legal and technical issues, and assisting in various phases of litigation and client counseling. Mr. Clark previously worked as a summer associate with the firm and as a patent examiner at the U.S. Patent & Trademark Office. He earned his B.S. in computer engineering, highest honors, and his M.S. in computer engineering from the Rochester Institute of Technology. He earned his J.D. from George Mason University School of Law.



Audra Eidem Heinze, Shareholder, Chicago, joined the firm in 2009. Ms. Eidem Heinze handles litigation, opinion work and licensing involving patents, trademarks and copyrights. Her patent practice involves a range of fields, such as mechanical devices, computer software and business methods. Before joining the firm, Ms. Eidem Heinze researched gene mutations in *C. elegans* at the University of Texas Southwestern Medical Center's Biomedical Research Facility and worked as a Field Claims Specialist Intern for Monsanto Corp. She earned her B.S. in biochemistry, with honors, from the University of Missouri, and her J.D., *summa cum laude*, from Texas Wesleyan University School of Law (now Texas A&M University School of Law).



Brian Emfinger, Shareholder, Chicago, joined the firm in 2012. Mr. Emfinger concentrates his practice on preparing and procuring patents in the computer, mechanical and electromechanical fields with particular emphasis in computer- and software-implemented inventions. He also provides legal and technical support during various phases of patent enforcement and litigation. Mr. Emfinger further provides counseling and opinions regarding various aspects of intellectual property. He previously worked as a software engineer for a consulting company in Georgia and as an associate at an IP boutique in the Chicago area. He earned his B.S. in computer science from the Georgia Institute of Technology and his J.D. from the Chicago-Kent College of Law.



Craig W. Kronenthal, Shareholder, Washington, D.C., joined the firm in 2011. Mr. Kronenthal prepares and prosecutes patent applications in various fields, particularly in the computer and electronic device areas. He counsels clients on various patent-related matters and prepares patentability, freedom to operate and infringement/non-infringement opinions. Mr. Kronenthal also has experience in litigation and reexamination matters. Prior to joining Banner & Witcoff, Mr. Kronenthal served as a patent examiner at the U.S. Patent & Trademark Office and gained valuable experience in previous positions at law firms in Virginia, Washington, D.C., and Florida. He earned his B.S. in electrical engineering at the Georgia Institute of Technology, and his J.D., *cum laude*, from the University of Miami School of Law.



Matthew J. May, Shareholder, Chicago, joined the firm as a law clerk in 2007 and as an attorney in 2009. Mr. May prepares and prosecutes utility and design patent applications for a variety of technological areas, including athletic equipment, medical devices, and food and beverage processing systems. He also prepares and prosecutes trademark applications, and has been a member of litigation teams for both patent protection and trademark protection cases. He previously worked as an engineering manager with Baxter Healthcare and as a project engineer for Avon Products. He earned his B.S. in mechanical engineering from the United States Military Academy, and served with the U.S. Army and Illinois National Guard, and is currently a Lieutenant Colonel in the Army Reserve. He earned his M.B.A., with distinction, from DePaul University, and J.D. from The John Marshall Law School.

IP DECISIONS AROUND AT THE SUPREME COURT IN SPRING 2014



BY: AARON BOWLING

After leaving the realm of intellectual property law alone for decades, and allowing the Federal Circuit 25 years of mostly undisturbed jurisprudence, the United States Supreme Court has strongly reestablished its presence over the past eight years. This year especially, the Court will hear a wide array of patent, trademark and copyright cases, setting the stage for 2014 to be a banner year for Supreme Court IP decisions. Now, more than ever, successful and effective IP practice will require close observance of the high court's activity. To help, a synopsis follows of each case decided, or to-be-decided, in 2014.

CAN LACHES BE APPLIED WHEN PLAINTIFF IS WITHIN THE STATUTE OF LIMITATIONS?

On January 21, the Supreme Court heard oral arguments in *Petrella v. MGM*, a copyright infringement action involving 1980 boxing movie, "Raging Bull." In its forthcoming opinion, the Supreme Court will address the applicability of laches to copyright infringement claims brought within the statute of limitations.

Laches is an equitable defense that bars a plaintiff's unreasonably delayed claims. In *Petrella*, the daughter and heir of screenwriter Frank Petrella sued Metro-Goldwyn-Mayer Studios (MGM) in 2009, alleging that the "Raging Bull" film constituted an unauthorized exploitation of Petrella's derivative rights.

Although Petrella was asserting her rights nearly 30 years after MGM released the film, she sought damages only for acts of infringement occurring within the three-year statute of limitations set forth in the Copyright Act, i.e., from 2006 to the filing of her complaint.

Nonetheless, the Central District of California, and subsequently the Ninth Circuit, held that Petrella's claim was barred by laches. Both courts agreed that Petrella's delay was unreasonable, and that the delay prejudiced the defendants, both from a commercial and evidentiary standpoint.

At oral arguments in January, the Justices actively debated Congress' intended purpose for the three-year statute of limitations provision, and whether Congress' purpose was distinct from the underlying policy objectives of laches. Furthermore, the Court considered, if laches and the statute of limitations can in fact coexist, should laches bar the plaintiff from obtaining injunctive relief, damages or both?

The high court appeared divided, reflecting a stark division that currently exists among federal appellate courts: the Fourth Circuit completely bars defendants from asserting laches within the statute of limitations; the Eleventh Circuit allows laches during the statutory period only for retrospective (not prospective) relief; the Second Circuit allows laches only for equitable (not legal) relief; and the Ninth Circuit allows laches without restriction.

The decision, expected in June, is highly anticipated amongst copyright owners, particularly those in the film and music industries, where copyright owners often assert their rights years after the alleged infringement.

PATENTEES ALWAYS BEAR BURDEN OF PROVING INFRINGEMENT

On January 22, the Supreme Court began its year by unanimously reversing the Federal Circuit in *Medtronic v. Mirowski Family Ventures*. The high court held that the burden of proving infringement remains on the patent owner, even when a licensee seeks a declaratory judgment of noninfringement. The decision, authored by

Justice Stephen Breyer, substantially benefits patent licensees, who, upon showing declaratory standing, may now force the licensor to prove that a licensed patent covers the licensee's products, and do so at a time and forum of the licensee's choosing.

As a general rule, the patentee always carries the burden of proving infringement; but at the case below, the Federal Circuit carved out an exception in the limited circumstances where a licensee files declaratory judgment against its licensor. In those cases, the three-judge panel held, the *licensee* must prove *noninfringement*, rather than the patentee proving infringement.

The Supreme Court quickly rejected the Federal Circuit's burden shift, first taking a statutory approach and pointing out that the Declaratory Judgment Act has only procedural, not substantive, impact. The burden of proof is a substantive matter, and a burden shift a substantive change, and thus, the burden shift was legal error.

The Court also rejected the Federal Circuit on policy grounds, opining that the new exception would cause post-litigation uncertainty about the scope of the litigated patent. If the declaratory judgment had a different burden than its corresponding coercive action, the Court explained, the declaratory judgment action would have no claim preclusive effect over the later action. Instead, the parties would be forced to relitigate the entire infringement allegation, and the declaratory judgment action would fail to achieve its intended purpose of providing an "immediate and definitive determination of the legal rights of the parties."

The respondents expressed concerns that, without the Federal Circuit's exception, licensees could easily "force the patentee into full-blown patent infringement litigation . . . at [their] sole discretion." The Court countered

that those circumstances are strictly limited to situations where the licensee can show a genuine dispute of "sufficient immediacy and reality" about the patent's validity or its application. Overall, the Court concluded, the "general public interest considerations are, at most, in balance . . . and do not favor a change in the ordinary rule imposing the burden of proving infringement upon the patentee."

CHANGES TO THE STANDARD FOR ATTORNEYS' FEES AWARDS IN PATENT CASES APPEAR IMMINENT

On February 26, the Supreme Court heard oral arguments in two cases, *Octane Fitness v. Icon Health & Fitness* and *Highmark v. Allcare Health Management*, both directed to the standard for determining when an award of attorneys' fees is appropriate. Under 35 U.S.C. § 285, courts should award attorneys' fees only in "exceptional" cases. The Federal Circuit finds a case is "exceptional" only when "both (1) the litigation is brought in subjective bad faith, and (2) the litigation is objectively baseless."

In *Octane*, the district court granted summary judgment of noninfringement in favor of alleged infringer Octane, but denied Octane's request for attorneys' fees, finding that plaintiff's case was neither objectively baseless nor brought in bad faith. After the Federal Circuit affirmed, Octane petitioned the Supreme Court, asserting that the Federal Circuit's "rigid" test for awarding fees "improperly appropriates a district court's discretionary authority" and "raises the standard for accused infringers (but not patentees) to recoup fees." As a result, Octane argued, patent plaintiffs are encouraged to bring "spurious patent cases" to cause competitive harm or coerce unwarranted settlement from defendants.

In *Highmark*, defendant Highmark also prevailed at district court by defeating a claim of infringement, but the Federal Circuit

Overall, the Court concluded, the "general public interest considerations are, at most, in balance . . . and do not favor a change in the ordinary rule imposing the burden of proving infringement upon the patentee."

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reversed in part the district court's award of attorneys' fees. In its petition, Highmark asked the Supreme Court to address the level of deference that appellate courts give to fee award determinations. As the law stands, the Federal Circuit uses three distinct standards of review for the various aspects of its "exceptional" test. The "objectively baseless" prong receives *de novo* review; the "subjective bad-faith" prong is reviewed for clear error; and if the case is deemed exceptional, the awarding of fees is reviewed under an abuse of discretion standard.

At oral argument, the Court appeared to favor both petitioners. Regarding *Octane*, the majority of justices seemed convinced that district courts require more discretion in deciding whether to award attorneys' fees in accordance with § 285. A revised standard may instruct district courts to consider the totality of the circumstances and determine if the failure to shift fees would result in a "gross injustice." Regarding *Highmark*, the majority of justices appeared to agree that appellate courts need to provide more discretion to district court fee awards, for example, by utilizing an abuse of discretion standard.

If the Supreme Court's ruling falls along these lines, practitioners can expect district courts to issue attorneys' fees to alleged infringers more readily, and can expect appellate courts to more rarely overturn those awards on appeal.

ARE COMPUTER-IMPLEMENTED SOFTWARE METHODS PATENT ELIGIBLE?

On March 31, the Supreme Court heard arguments in *Alice Corp. v. CLS Bank International* on whether claims to computer-implemented process or system inventions are ineligible for patent protection under 35 U.S.C. § 101 as being directed to abstract ideas.

Alice's patents relate to a computerized trading platform used for conducting financial transactions. Under the claimed invention,

a third party "settles" (oversees and ensures) obligations between a first and second party so as to eliminate the risk that one party will perform while the other will not.

CLS allegedly began infringing the Alice patents in 2002. After licensing negotiations failed, CLS filed declaratory judgment in the District Court of D.C., asserting invalidity and noninfringement. The District Court granted summary judgment of invalidity, holding that Alice's patents constituted patent ineligible abstract ideas under § 101.

The district court explained that the method "of employing an intermediary to facilitate simultaneous exchange of obligations in order to minimize risk" is a "basic business or financial concept." Thus, the court continued, a "computer system merely 'configured' to implement an abstract method, is no more patentable than an abstract method that is simply 'electronically' implemented."

At the Federal Circuit, a three-judge panel reversed the district court, holding that computer-implemented inventions like Alice's are *eligible* under § 101 unless it is "manifestly evident" that the claims are about an abstract idea. To be "manifestly evident," the "single most reasonable understanding" must be "that a claim is directed to nothing more than a fundamental truth or disembodied concept, with no limitations in the claim attaching that idea to a specific application."

CLS petitioned for rehearing *en banc*, and after granting the petition, the Federal Circuit vacated the earlier panel opinion, reinstated the district court's holding and ultimately issued six separate opinions spanning more than 125 pages. The Court split 5-5 with respect to the eligibility of Alice's computer system claims and failed to offer a majority-endorsed approach for determining whether a computer-implemented invention is a patent-ineligible, abstract idea.

In urging the Supreme Court to grant its cert petition, Alice pointed to the Federal Circuit's "inability to make a decision" and the apparent "enormous confusion that exists" as evidence that prompt intervention is necessary.

The level of interest in *Alice v. CLS Bank* among those in the software industry is enormous. The Supreme Court received 51 amicus briefs, including those filed by technology giants Google and Microsoft, and an amicus co-authored by Banner & Witcoff's Charles W. Shifley on behalf of the Intellectual Property Law Association of Chicago.

At oral argument on March 31, the Justices struggled to gain clarity and consensus on what benefits, if any, the proposed changes to software patent eligibility may provide. Justice Stephen Breyer, the most active member of the bench, likened the Court's predicament to being "between Scylla and Charybdis." Like Odysseus navigated a strait between the two monsters, the Supreme Court endeavored to define patent eligibility so as to allow the patenting of "real inventions with computers," yet prevent the patenting of abstract ideas.

In its forthcoming opinion, expected by the end of June, the Supreme Court may chart new waters and rule broadly on the patent eligibility of software-based patents, or it may instead rule narrowly, affirming the Alice invention as ineligible for patent, and confronting the issue of software eligibility another day.

THE LANHAM ACT AND FALSE ADVERTISING OF FOOD PRODUCTS

In *POM Wonderful v. Coca Cola*, the Supreme Court will address the interplay between the false advertising provisions of the Lanham Act and the Food, Drug & Cosmetics Act (FDCA). In 2008, POM sued Coke under the Lanham Act and California state false advertising laws, alleging that Coke misled consumers into believing that Coke's Pomegranate Blueberry product contained predominantly pomegranate and blueberry juice.

Lanham Act § 1125(a) broadly prohibits false advertising, authorizing suit against those who use a false or misleading description or representation "in connection with any goods." Any person "who believes that he or she is or is likely to be damaged by" the use of that false description or representation may bring suit. Likewise, the FDCA provides that a food is misbranded if "its labeling is false or misleading in any particular," or "[i]f any word, statement, or other information required by" the FDCA or its regulations "to appear on the label or labeling is not prominently placed thereon with such conspicuousness . . . and in such terms as to render it likely to be read and understood by the ordinary individual under customary conditions of purchase and use."

Coke's Pomegranate Blueberry juice beverage contains 0.3 percent pomegranate juice and 0.2 percent blueberry juice in a fruit juice blend that contains 99.4 percent apple and grape juice. Food and Drug Administration (FDA) regulations, however, allow juice producers to describe their product using the names of juices that are used in only very small volumes as flavoring. Thus, even if POM's assertions of false advertising were true, Coke was nonetheless in compliance with FDA regulations.

With that conflict in mind, the Central District of California held that the FDCA barred POM's Lanham Act claim against the name and labeling of Coke's product and expressly preempted POM's state law claims. The Ninth Circuit affirmed, pointing to FDCA's 337(a), which requires that "all such proceedings for the enforcement, or to restrain violations, of [the FDCA] shall be by and in the name of the United States." The Ninth Circuit held that the FDA "comprehensively regulates food and beverage labeling," and "for a court to act when the FDA has not — despite regulating extensively in this area — would risk undercutting the FDA's expert judgments and authority." To "give effect to Congress' will,"

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the Ninth Circuit furthered, “we must respect the FDA’s apparent decision not to impose the requirements urged by POM.”

After hearing arguments on April 21, the Supreme Court’s holding may go in a number of directions: it may bar all private claims under the FDCA, it may bar Lanham Act claims directed to products regulated by the FDCA, or it may reverse the Ninth Circuit and allow private claims against food companies.

ARE STREAMING INTERNET TELEVISION BROADCASTS “PUBLIC PERFORMANCES?”

In *American Broadcasting Companies v. Aereo*, the Supreme Court will decide whether a company “publicly performs” a copyrighted television program when it retransmits a broadcast of that program to paid subscribers over the Internet.

Under the federal Copyright Act, the owners of protected creations have an exclusive right “to perform the copyrighted work publicly.” Aereo, a two-year-old company based in New York, captures over-the-air television broadcasts and retransmits the broadcasts to Aereo subscribers. Each Aereo subscriber, for \$8 a month, receives a miniature antenna to capture the signal and interact with a cloud-based digital video recorder.

While cable and satellite companies normally pay copyright owners “retransmission consent fees” in order to carry network programming, Aereo does not compensate nor obtain authorization from the broadcasting companies.

Last April, the Second Circuit ruled in favor of Aereo, declaring that such transmissions are not a “public performance,” and thus there is not a violation of the federal Copyright Act. Despite the victory below, Aereo filed cert at the Supreme Court in order to obtain a definitive answer on the issue. Without the Supreme Court stepping in, Aereo alleged, the TV broadcasting industry would otherwise “wage a war of attrition” by re-litigating the issue in every market to which Aereo expands its business.

The Second Circuit decision followed its 2008 decision in *Cartoon Network v. Cablevision*, where it held that Cablevision’s transmission of DVR-recorded programs were not public performances. In so holding, the Second Circuit concluded that one-to-one transmission of a specific program signal is not a public performance. Thus, as the industry brief notes, “so long as no two people can receive the same transmission of a performance, the public performance right is not violated — even if the performance is being transmitted concurrently to thousands of members of the public.”

In the present case, the Second Circuit compared Aereo’s business to a local consumer’s ability to watch and record a program for later viewing (i.e., DVR). In that light, because Aereo assigns each of its users an individual antenna at the time the show is streamed or recorded, the company’s “performance” is private, not public. “Control, exercised after the copy has been created, means that Aereo’s transmissions from the recorded copies cannot be regarded as simply one link in a chain of transmission, giving Aereo’s copies the same legal significance as the RS-DVR copies in *Cablevision*.”

Thus, the Second Circuit held, Aereo is lawfully providing a service to local residents, all of whom could have performed the service themselves, individually. The Supreme Court will hear arguments from Aereo and ABC on April 22.

IS A CLAIM WITH MULTIPLE, REASONABLE INTERPRETATIONS INDEFINITE?

In *Nautilus v. Biosig*, the Supreme Court will review the Federal Circuit’s test for invalidating an issued patent on grounds of indefiniteness under 35 U.S.C. § 112(b) (pre-AIA). In particular, petitioner Nautilus urges the Supreme Court to reject the Federal Circuit’s requirement that the alleged infringer prove, by clear and convincing evidence, that claims are “insoluble,” i.e., that the claim is “not amenable to construction.”

Patent claims, in delineating the patentee's right to exclude others from making, using and selling the invention, play a critical role in enforcing the core public interests lying at the foundation of the United States patent system. If the patentee fails to draft claims of sufficient precision and definiteness, the public is not adequately informed of the bounds of the protected invention. Instead, the carefully prescribed rights provided to the patentee are inflated, and the contribution to science lessened. Thus, 35 U.S.C. § 112(b) requires that patent claims "particularly point[] out and distinctly claim[]" the claimed subject matter; and failure to do so renders the patent indefinite and therefore invalid and unpatentable.

At the Federal Circuit below, a three-judge panel held that the term "spaced relationship" did not suffer from indefiniteness. Although "spaced relationship" arguably permitted multiple, reasonable interpretations by those skilled in the art, the claim was nonetheless amenable to a construction, and therefore, not "insoluble." Petitioner Nautilus now asks the high court to address whether "the Federal Circuit's acceptance of ambiguous patent claims with multiple reasonable interpretations — so long as the ambiguity is not 'insoluble' by a court — defeat[s] the statutory requirement of particular and distinct patent claiming."

The Federal Circuit's test for indefiniteness, Nautilus argues, allows for unreasonable advantages to the patentee and disadvantages to others arising from uncertainty as to their respective rights. This "zone of uncertainty which enterprise and experimentation may enter only at the risk of infringement claims" stifles innovation. Moreover, Nautilus asserts, allowing claims with multiple, reasonable interpretations incentivizes patent drafters to purposefully obfuscate their invention. This may lead to further downstream problems for the judicial

system, where courts are forced to "spend a substantial amount of judicial resources trying to make sense of unclear, overbroad, and sometimes incoherent claim terms."

The Supreme Court will hear arguments on April 28 amidst a flurry of recent debate on indefiniteness, including an August 2013 Government Accountability Office study for Congress that identified "unclear and overly broad patents" as one of the three key factors cited by stakeholders as contributing to the recent increase in patent litigation. All of the patent community will be watching closely, as even a minor change to the definiteness law could have far-reaching implications.

DOES INDUCED INFRINGEMENT REQUIRE DIRECT INFRINGEMENT BY A SINGLE ENTITY?

In *Limelight v. Akamai*, on April 30, the Supreme Court will review an *en banc* Federal Circuit decision holding that induced infringement involving multiple actors under 35 U.S.C. § 271(b) does not require a single entity to have directly infringed the patent under 35 U.S.C. § 271(a) (direct infringement). The Supreme Court's decision may be momentous for the telecommunication and technology industries, where end users are increasingly interacting with large, multi-component networks to complete multi-step processes.

35 U.S.C. § 271(b), which codifies induced infringement, states that "whoever actively induces infringement of a patent shall be liable as an infringer." Traditionally, courts have held that induced infringement under § 271(b) requires (1) an act of knowing inducement to infringe (with knowledge of the patent); and (2) actual direct infringement of the patent as defined by § 271(a).

The Akamai patents-in-question pertain to website "content-delivery" technology. In particular, the asserted patents claim a

The Federal Circuit's test for indefiniteness, Nautilus argues, allows for unreasonable advantages to the patentee and disadvantages to others arising from uncertainty as to their respective rights.

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A 6-5 majority of a sharply-divided Federal Circuit rejected Limelight's argument, holding that "it is not necessary to prove that all the steps were committed by a single entity."

method of rapidly delivering Internet content (e.g., streaming video) to users by rerouting embedded website objects to servers located in close proximity to the user. At the district court, Akamai alleged that Limelight induced infringement of those patented methods by providing content to its users via the claimed methods, and a district court jury subsequently awarded Akamai over \$40 million in lost profits.

On appeal before the Federal Circuit, Limelight asserted there was no induced infringement because there was no direct infringement under § 271(a). Rather, Limelight claimed, no single entity practiced each of the steps of the claimed method: Limelight completed the first several steps and end users performed the last step. Accordingly, Limelight concluded, the district court's ruling on induced infringement failed as a matter of law.

A 6-5 majority of a sharply-divided Federal Circuit rejected Limelight's argument, holding that "it is not necessary to prove that all the steps

were committed by a single entity." Instead, § 271(a) direct infringement may be based on "acts of infringement . . . committed by an agent of an accused infringer or a party acting pursuant to the accused infringer's direction or control."

Leaders of the technology industry have staunchly opposed the Federal Circuit decision, claiming that the court impermissibly created a new basis for patent infringement. Many have also contended that the Federal Circuit's new rule imposes an unreasonable obligation on businesses selling otherwise non-infringing products and services, forcing them to monitor third-party end users.

Other parties, including several biotechnology firms, have backed the Federal Circuit decision, asserting that the new rule closes a significant loophole. Under the new rule, they point out, parties can no longer easily evade the exclusionary rights of method patent holders by having an end user perform the final steps. ■

Banner & Witcoff will closely monitor each of these cases over the next several months and will continue to provide updates and analysis in its IP Alerts. To subscribe to these alerts, please contact Chris Hummel at chummel@bannerwitcoff.com.

GLOBAL PPH AND IP5 – LATEST ITERATION IN THE PATENT PROSECUTION HIGHWAY



BY: JORDAN N. BODNER AND ERIN E. BRYAN

The Patent Prosecution

Highway (also referred to as the “PPH”) embodies numerous bilateral agreements between dozens of countries providing that an indication of allowable subject matter in one country may trigger accelerated examination in another country. The PPH has undergone several iterations in an effort to homogenize aspects of the agreements. Nonetheless, inter-jurisdictional variations in legal and procedural requirements remain a sticking point for many practitioners who view the PPH as unnecessarily onerous and convoluted.

A recent iteration implemented January 6, 2014, came in the form of two programs — the so-called Global Patent Prosecution Highway (Global PPH) that promises to standardize the agreements between 17 offices in 16 countries, as well as the IP5 that standardizes agreements between the United States, the European Patent Office (EPO), Japan, China and Korea.

A PPH PRIMER

The PPH provides accelerated examination of corresponding patent applications by sharing information between multiple patent offices. Once an applicant receives a ruling from an Office of First Filing (OFF) that at least one claim of an application is patentable, the applicant may request that an Office of Second Filing (OSF) fast track the examination of corresponding claims in a corresponding application filed in the OSF. Examination in the second office may be fast tracked to speed

up the examination process and thereby lower costs of the second application. Examination will typically begin within two to three months from the PPH petition being granted (as long as the preliminaries are completed), which provides a greater efficiency for examination.

An applicant is eligible to request expedited review through the PPH once allowable claims have been identified by the OFF. The claims of the application filed in the OSF must correspond to the allowable claims in the OFF application. Once an allowance has been received, the applicant may file a request for PPH in the OSF. If the applicant is filing an application with the U.S. Patent & Trademark Office (USPTO) as the OSF, then a petition to make special may be filed with the application. The petition should be filed before substantive examination at the OSF begins, however the request may be filed when the applicant chooses. Once the petition is accepted, the applications examination may be accelerated. The examiner at the OSF will examine the application in view of the local patent laws, but may utilize the OFF’s work product, including notice of allowance and/or search reports.

In a variation, the PCT-PPH program utilizes Patent Cooperation Treaty (PCT) work product as the basis for accelerated examination. For instance, depending upon the International Searching Authority being used, accelerated examination may be requested utilizing a Written Opinion established and/or an International Preliminary Examination Report.

Revised PPH requirements were published on July 15, 2011, as part of the so-called MOTTAINAI pilot program. Designed to

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make the PPH more useful (the Japanese word, “mottainai,” refers to a sense of regret from wasting a resource), this program was implemented by a number of patent offices.

Among other changes, the revisions implemented by the MOTTAINAI program eliminated the OFF and OSF relationship, broadened the definition of “sufficient correspondence,” and eased the requirements for entering the PPH. The OSF and OFF are now identified as an Office of Later Examination (OLE) and an Office of Earlier Examination (OEE), respectively. The OLE may use examination results of the OEE as long as the OLE and the OEE have an agreement on revised requirements and the applications have the same priority/filing date. The claims of the application must be the same or similar in scope, or the claims must be narrower.

GLOBAL PPH AND IP5

On January 6, 2014, the Global PPH and IP5 programs were initiated. Both programs generally utilize the same criteria for examining applications and are only different as to which countries participate.

Global PPH

[USPTO \(US\)](#)

[JPO \(Japan\)](#)

[KIPO \(Korea\)](#)

[UKIPO \(United Kingdom\)](#)

[PRV \(Sweden\)](#)

[NPI \(Nordic Patent Institute\)](#)

[DKTPO \(Denmark\)](#)

[CIPO \(Canada\)](#)

[LPO \(Israel\)](#)

[SPTO \(Spain\)](#)

[IP Australia](#)

[HPO \(Hungary\)](#)

[ROSPATENT \(Russia\)](#)

[IPO \(Iceland\)](#)

[NBPR \(Finland\)](#)

[INPI \(Portugal\)](#)

[NIPO \(Norway\)](#)

IP5

[USPTO \(US\)](#)

[EPO \(Europe\)](#)

[SIPO \(China\)](#)

[JPO \(Japan\)](#)

[KIPO \(Korea\)](#)

In the participating offices, the Global PPH and IP5 programs supersede previous applicable versions of the PPH. For an application to be eligible for either the Global PPH or IP5 programs, the application filed at the OLE and the OEE must have:

- the same earliest priority date;
- the OEE must have allowed at least one claim;
- all of the claims presented for examination at the OLE must sufficiently correspond to the one or more claims found allowable by the OEE;
- the OLE must not yet have begun substantive examination of the application, and a request for substantive examination must have been filed at the OLE either at the time of the PPH request or earlier;
- depending on the OLE that the request is filed in, a petition fee may be required; and
- the OEE application must have been valid and must have been substantively examined for novelty and inventive step.

When filing a request under the Global PPH and IP5, the applicant must submit a completed request form, a copy of appropriate work product relevant to the allowability of the claims of the corresponding OEE application (for instance, examination reports, etc.), and a copy of the claims found to be allowable by the OEE if not available to the OLE. Additional information that may need to be submitted includes copies of citations raised against the OEE application if not available to the OLE, translations of any documents submitted and a claim correspondence table showing the relationship between the claims of the OLE application and the OEE application.

The Global PPH request will be considered promptly by the OLE and, if any deficiencies are identified, the applicant will be given at least one opportunity to correct the application within a specified period of time. Where a country participates in both the Global PPH and IP5 programs (i.e., the U.S., Japan and Korea), the applicant may file a PPH request based on work product of an office participating in either program.

Details of the Global PPH and IP5 programs may be found on the website of the USPTO at www.uspto.gov/patents/init_events/pph/, and on the website of the JPO at www.jpo.go.jp/ppph-portal/index.htm. PPH request forms may be found at the corresponding OLE website.

A SECOND LOOK

The Patent Prosecution Highway, in all its forms, has proven to be an effective tool, but may be more effective in certain countries. According to statistics provided by the JPO, the PPH can significantly improve both first action allowance rate and overall pendency of applications.

For instance, the first action allowance rate for a PPH (not including PCT-PPH) application versus all applications for the period of July to December 2013 was 27.1 percent versus 17.3 percent at the USPTO, 24 percent versus 16 percent in Japan, and 48.8 percent versus 10.5 percent in Korea.

And, during that same period, the pendency to final decision of such PPH applications versus all applications in the USPTO, Japan and Korea was, respectively, 4.4 months versus 18 months, 2 months versus 13 months, and 2.5 months versus 13.2 months.

Additional offices (e.g., UKIPO, IP Australia and others) have exhibited shortened application pendency, as well as an increase in first action allowance rate, while other offices (e.g., EPO) do not provide any statistics regarding pendency or first action allowance, making it difficult to quantify how effective the PPH is at the EPO.

Points to keep in mind when deciding whether to utilize the PPH include the potential for examiners to overlook possible application issues in an effort to expedite examination, which depending on the office, may have an effect on the presumption of validity of an allowed application. Additionally, the application at the OLE is limited to claims substantially the same as the claims from the OEE, so the application may be narrower in scope than if otherwise examined as a new application in each office. Finally, consider the possibility of integrating the PPH with other accelerated examination procedures at the OEE. For example, allowed claims in a U.S. patent application filed using Track 1 prioritized examination procedures may be used as the basis for PPH filings in other countries.

With revisions such as MOTTAINAI and PCT-PPH, and now the Global PPH and IP5 programs, the PPH is evolving and may be worth a second look as a tool to be used in your practice. ■

Points to keep in mind when deciding whether to utilize the PPH include the potential for examiners to overlook possible application issues in an effort to expedite examination, which depending on the office, may have an effect on the presumption of validity of an allowed application.

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