Patent Prosecution Update

April 2016

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Nonattorney Patent-Agent Privilege Recognized by the Federal Circuit

by J. Derek McCorquindale

In what was deemed "an issue of first impression for this court and one that has split the district courts," the Federal Circuit granted mandamus in *In re Queen's University at Kingston*, No. 2015-145 (Fed. Cir. Mar. 7, 2016), to resolve the following question: "whether a patent-agent privilege exists." Slip op. at 6-7. The majority found that such a privilege does exist, but with important limitations.

During the course of discovery in a patent infringement suit in the United States District Court for the Eastern District of Texas, Petitioner Queen's University withheld certain communications with its registered nonattorney patent agents. It created privilege logs listing these communications, but asserted that a "patent-agent privilege" applied and refused to produce these documents to defendants Samsung Electronics Co., Ltd., and Samsung Electronics America, Inc. (collectively, "Samsung").

Samsung moved before Magistrate Judge Payne to compel the production of these otherwise discoverable documents, which included communications between Queen's University employees and registered nonlawyer patent agents discussing the prosecution of the patents-in-suit. *Id.* at 3. That motion was granted. Minute Entry for Proceedings Held Before Magistrate Judge Roy S. Payne, *Queen's Univ. at Kingston v. Samsung Elecs. Co.*, No. 2:14-CV-53-JRG-RSP (E.D. Tex. June 17, 2015), ECF No. 149. The magistrate judge reasoned that (1) patent agent communications do not fall under the recognized attorney-client privilege, and (2) a distinct patent-agent privilege does not exist. *Queen's*, No. 2015-145, slip op. at 3. The district judge refused to overrule the magistrate's discovery order.

Queen's University petitioned the Federal Circuit for mandamus review, arguing that such an extraordinary remedy was necessary in this case of first impression because production of such materials would mean "the confidentiality of those communications will be lost forever" and that "[t]he [c]ourt cannot unring that bell" through appeal by the ordinary course. *Id.* at 6 (alterations in original) (citation omitted). The court agreed that "[i]f we were to deny mandamus . . . the confidentiality of the documents as to which such privilege is asserted would be lost." *Id.* at 6-7. This rationale is consistent with other cases where the confidentiality of documents is at stake. *Id*. at 7-8 ("[W]hen a writ of mandamus is sought to prevent the wrongful exposure of privileged communications, the remedy of mandamus is appropriate 'because maintenance of the attorney-client privilege up to its proper limits has substantial importance to the administration of justice, and because an appeal after disclosure of the privileged communication is an inadequate remedy.'" (alteration in original) (quoting *In re Spalding Sports World Wide, Inc.*, 203 F.3d 800, 804 (Fed. Cir. 2000))). The court also stressed "the importance of resolving this issue and clarifying a question with which many district courts have struggled, and over which they disagree." *Id.* at 10.

On the merits, Samsung argued that, especially considering the presumption against creating new privileges, where counsel is not involved in the communications—as here—the court should "neither expand the scope of the attorney-client privilege nor recognize an independent patent-agent privilege." *Id.* at 13. But the majority found that "[1] the unique roles of patent agents, [2] the congressional recognition of their authority to act, [3] the Supreme Court's characterization of their activities as the practice of law, and [4] the current realities of patent litigation" all militate in favor of creating a separate patent-agent privilege. *Id.*

The court relied heavily on *Sperry v. State of Florida ex rel. Florida Bar*, 373 U.S. 379 (1963), for the proposition that "the preparation and prosecution of patent applications for others constitutes the practice of law." *Queen's*, No. 2015-145, slip op. at 13-14 (quoting *Sperry*, 373 U.S. at 383). "To the extent, therefore, that the traditional attorney-client privilege is justified based on the need for candor between a client and his or her legal professional in relation to the prosecution of a patent, that justification would seem to apply with equal force to patent agents." *Id.* at 14.

Moreover, according to the majority, Congress has long envisioned the role before the U.S. Patent and Trademark Office (USPTO) of nonlawyer patent agents. *Id.* at 15-17 (there is a "strong and unchallenged implication[] that registered agents have a right to practice before the Patent Office" (quoting *Sperry*, 373 U.S. at 395)). In sum:

> The Supreme Court's characterization of the activity in *Sperry* coupled with the clear intent of Congress to enable the Office to establish a dual track for patent prosecution by either patent attorneys or non-attorney patent agents confers a *professional status* on patent agents that justifies our recognition of the patent-agent privilege.

Id. at 23.

But the majority held that such a privilege was not without limits. Rather, "before asserting the patent-agent privilege, litigants must take care to distinguish communications that are within the scope of activities authorized by Congress from those that are not." *Id.* at 24. And, as with most privileges, the party asserting it bears the burden of demonstrating its applicability. *Id.* The court pointed to 37 C.F.R. § 11.5(b)(1) as critical to defining the scope of privileged communications with registered, nonattorney patent agents:

> Practice before the Office in patent matters includes, but is not limited to, preparing and prosecuting any patent application, consulting with or giving advice to a client in contemplation of filing a patent application or other document with the Office, drafting the specification or claims of a patent application; drafting an amendment or reply to a communication from the Office that may require written argument to establish the patentability of a claimed invention; drafting a reply to a communication from the Office regarding a patent application; and drafting a communication for a public use, interference, reexamination proceeding, petition, appeal to or any other proceeding before the Patent Trial and Appeal Board, or other proceeding.

Id. (quoting 37 C.F.R. § 11.5(b)(1)).

If not in furtherance of the above activities or functions, parties will not benefit from the newly created privilege, warned the court: "Communications that are not reasonably necessary and incident to the

prosecution of patents before the Patent Office fall outside the scope of the patent-agent privilege." *Id.* at 25.

With this new rule and guidance provided, the Federal Circuit majority reversed and remanded to the district court for further consideration, over a dissent from Judge Reyna who would have heeded the presumption against creating such a new privilege in derogation of the pursuit of truth in discovery..

This is an important decision for entities engaged in prosecution by registered, nonattorney patent agents. While the privilege is now firmly recognized in all jurisdictions, care should be given that the communications remain circumscribed within permitted bounds, specifically those described in 37 C.F.R. § 11.5(b)(1). For instance, communications with a nonattorney patent agent who is offering an opinion on the validity of another party's patent in contemplation of litigation or for the sale or purchase of a patent, or on infringement, or on foreign patent prosecution are not likely to be found to be "reasonably necessary" to the preparation and prosecution of patent applications before the USPTO.

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Inequitable Conduct for the In-House Manager in the Middle

by Elliot C. Cook

Unique challenges arise when an in-house attorney or patent manager is tasked with overseeing parallel litigation and reexamination proceedings. While these challenges can be successfully handled, they require considerable knowledge, diligence, and integrity. The recent case *Ohio Willow Wood Co. v. Alps South, LLC*, Nos. 2015-1132, -1133 (Fed. Cir. Feb. 19, 2016), illustrates the calamity that can result when one or more of these qualities is missing.

The case involved a patent owned by The Ohio Willow Wood Company (OWW), which claimed cushioning elements used in prosthetic devices. At the district court, OWW asserted the patent against Alps South, LLC. Alps responded by filing two successive ex parte reexaminations challenging the validity of the asserted claims. The first reexamination involved prior art in the form of advertisements for a device called the “Silosheath,” made by Silipos, Inc. OWW prevailed in the reexamination by demonstrating the allegedly defective Silosheath device to the examiner. Alps then filed the second reexamination based on an advertisement depicting more detail on the Silosheath product line. For support, Alps also presented a declaration and deposition testimony from a Silipos employee, Mr. Jean-Paul Comtesse, who was knowledgeable about the Silosheath prior art. The examiner rejected the claims based on the advertising prior art and Mr. Comtesse’s declaration.

On appeal to the Board of Patent Appeals and Interferences (Board), OWW argued that Mr. Comtesse’s declaration was unreliable because he was receiving royalties based on the Silosheath product. OWW contended that, absent corroboration regarding the advertising prior art, the prior art was insufficient to sustain the rejection. The Board agreed with OWW, reversing the examiner’s rejection and finding that Mr. Comtesse was indeed an interested witness whose testimony was unreliable.

Following a previous appeal to the Federal Circuit, *Ohio Willow Wood Co. v. Alps S., LLC*, 735 F.3d 1333 (Fed. Cir. 2013), in which Alps’ claim of inequitable conduct was remanded to the district court, the district court held a bench trial on the inequitable conduct issue. The district court found inequitable conduct in the second reexamination, but not in the first. According to the district court, the inequitable conduct arose from the conduct of OWW’s Director of Research and Development, Mr. James Colvin, who was tasked with managing both the reexaminations and the parallel district court litigation for OWW. The law firm retained by OWW erected an ethical wall, dividing its lawyers working on the reexaminations and those working on the litigation. As the district court found, Mr. Colvin was the connection between the two sets of proceedings. According to the district court, Mr. Colvin was the decision maker for most issues involving both sets of proceedings. He was also found to have substantial experience with patent matters, both as a business person and as an inventor. The inequitable conduct arose, according to the district

court, because Mr. Colvin was aware that the reexamination counsel argued that Mr. Comtesse's testimony was uncorroborated and yet was also aware of materials that did corroborate that testimony.

On appeal, OWW argued that the district court's inequitable conduct findings must be reversed. The Federal Circuit considered the three prongs required to show inequitable conduct, in accordance with *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276 (Fed. Cir. 2011) (en banc): (1) one with a duty of candor to the U.S. Patent and Trademark Office (USPTO) made misrepresentations or omissions material to patentability, (2) that they did so with the specific intent to mislead or deceive the USPTO, and (3) that deceptive intent was the single most reasonable inference to be drawn from the evidence.

As to the first factor, the Federal Circuit found that certain evidence known to, but withheld by, Mr. Colvin, was material to patentability in the second reexamination. In particular, while that evidence was not itself invalidating, it did corroborate the declaration testimony of Mr. Comtesse. Because OWW argued to the Board on appeal that Mr. Comtesse's declaration lacked corroboration and was unreliable, and this was the "dispositive issue" on appeal, this withheld information was material under the "but for" test of *Therasense*. Regarding intent, the Federal Circuit also found that the withheld evidence corroborating Mr. Comtesse's testimony supported an inference of intent to deceive. As to the third factor, because Mr. Colvin knew of the misrepresentations from OWW's reexamination counsel and failed to correct them, and OWW was unable to offer a reasonable explanation for Mr. Colvin's conduct, the most reasonable inference to be drawn was an intent to deceive the USPTO. Separately, the Federal Circuit rejected Alps' additional inequitable conduct argument in the second reexamination regarding other allegedly material information, since there was no clear and convincing evidence that Mr. Colvin knew of the other allegedly material information.

As *Ohio Willow Wood* illustrates, an in-house manager occupies a difficult position when he or she manages concurrent litigation and post-grant validity challenge proceedings. Although the case involved ex parte reexaminations, similar difficulties may arise with respect to inter partes review, covered business method review, and post-grant review proceedings. In addition to the numerous challenges associated with maintaining consistent legal and factual positions in both sets of proceedings—and seeking to simultaneously establish validity and infringement—the in-house employee must be keenly aware of the duties of candor and disclosure to the USPTO. When information material to patentability arises in the litigation, the in-house employee incurs a duty to have that information disclosed to the USPTO in the post-grant validity challenge. Further, when the veracity of a representation made to the USPTO is thrown into contradiction by newly discovered evidence, the in-house employee likewise must inform the USPTO. As *Ohio Willow Wood* demonstrates, allowing a misrepresentation to the USPTO to be made, and ultimately become a deciding factor on the issue of patentability, can subject the employee's company to a finding of inequitable conduct. In such circumstances, inaction by the in-house employee is not a defense.

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IP5 Offices

Claims Requirements

by Arpita Bhattacharyya, Ph.D.

In this edition, we will compare claims format and claims number rules of the IP5 offices. The IP5 offices have very similar requirements as to the format of claims, as summarized in the first chart. The differences in claims format is discussed in further detail below.

The biggest difference in claims format between the IP5 offices is in the requirement for “one-part” versus “two-part” claims. The State Intellectual Property Office of the People's Republic of China (SIPO) is the only office that mandates “two-part” claims, while the European Patent Office (EPO) prefers a “two-part” claim form. A claim is considered to be in “two-part” form if it lists some elements, then contains the phrase “characterized in that” or “characterized by,” and then lists one or more further elements. The latter elements (or the “characterizing portion”) are considered to be the novel or inventive features of the claimed invention, while the former elements are deemed to be found in the prior art. A “one-part” claim, on the other hand, does not identify any features as belonging to the state of the art. “Two-part” claims are not required or encouraged by the other three IP5 offices. The EPO also encourages reference signs placed within parentheses in the claims. The reference signs relate to technical features identified in the drawings of the patent application. Under European Patent Convention (EPC) Rule 29(7), the reference signs are only used for increasing the intelligibility of the claims and are not construed as limiting the claims.

All of the IP5 offices permit multiple dependent claims. A claim is considered to be in multiple dependent form if it contains a reference to more than one claim previously set forth and then specifies a further limitation of the subject matter claimed. The Japan Patent Office (JPO) and the EPO are the only two offices that permit a multiple dependent claim to serve as a basis for another multiple dependent claim.

The U.S. Patent and Trademark Office (USPTO) is the only office that requires a surcharge for including multiple dependent claims in an application. *See* 37 C.F.R. § 1.16(j). For fee calculation purposes in the USPTO, a multiple dependent claim is considered to be that number of claims to which direct reference is made therein. Also, any claim depending from a multiple dependent claim is considered to be that number of claims to which direct reference is made in that multiple dependent claim. The USPTO is also the only IP5 office that requires the claims section to start on a new page of the submitted patent application.

Comparison of Claims Format

Office	Ref Nos.	Multiple Dependent			New Page	Two-Part Form
		Permitted	MD dependent on MD	Fee multiplier		
SIPO		●				●
KIPO		●				
JPO		●	●			
USPTO		●		●		
EPO	▲	●	●			▲

▲ - Encouraged

The claims number rules of the IP5 offices are summarized in the chart below. None of the IP5 offices have a minimum or maximum number of claims. The USPTO, however, limits the total number of claims to thirty and the number of independent claims to four for a Track 1 application. The EPO permits more than one independent claim in the same category (product, process, apparatus, or use) only if the subject matter of the application involves one of the following: (1) a plurality of inter-related products; (2) different uses of a product or apparatus; or (3) alternative solutions to a particular problem, where it is not appropriate to cover these alternatives by a single claim. *See* EPC Rule 29(2). All of the IP5 offices require a surcharge per claim if the total claims exceed a certain number. The chart below summarizes the number of claims permitted without surcharge as well as the excess claim fee for each of the IP5 offices.

Comparison of Claims Number Rules

Office	No. w/o surcharge			Surcharge per claim		
	Ind.	Dep.	Total	Ind.	Dep.	Any
SIPO			10			150 RMB
KIPO			0			44,000 KRW
JPO			0			¥4,000
USPTO	3		20	$420	$80	
EPO			15			€235 (16th-50th) €585 (51st +)

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Design Patents

When Outsourcing, Don't Be Barred by the On-Sale Bar

by Elizabeth D. Ferrill and Lida Ramsey

Imagine Company A is located right across the street from Company B. Company A is three times the size of Company B, with the infrastructure to design, manufacture, and test all of its products in-house. Because of its smaller size, Company B must outsource these activities to a subsidiary manufacturer, and begins contracting an agreement to do so. Both companies make a timely patent filing, less than one year after manufacturing begins.

Ten years later . . .

Both companies want to assert patent rights over potential infringers. While Company A is able to do so, Company B could be pre-empted due to the on-sale bar in 35 U.S.C. § 102(a). The only difference between these companies is the outsourcing Company B undergoes—and this very activity could invalidate Company B's patent claims in litigation later down the line. It is important for small companies lacking the infrastructure to manufacture in-house to understand the state of the law on this issue.

The Current Law

35 U.S.C. § 102(a) of the America Invents Act (AIA) states that

> [a] person shall be entitled to a patent unless—(1) the claimed invention was patented, described in a printed publication, or in public use, *on sale*, or otherwise available to the public before the effective filing date of the claimed invention . . . .[1]

Meanwhile, 35 U.S.C. § 102(b)(1) states that "[a] disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention . . . ."[2] In other words, patents filed on or after March 16, 2013, and thus governed by the AIA, have a limited one-year grace period before the filing of the patent. Any on-sale activity that occurs before or outside this grace period would potentially invalidate prior art against the patent claim.

It is important to note the difference between the post-AIA and pre-AIA statutes. Patents filed before March 16, 2013, adhere to the old statutes, where the grace period covered descriptions in printed publications in the United States or elsewhere or in public use or on sale in the United States made within one year of the application's filing date. Hence, the one-year grace period might differ for pre-AIA patents and post-AIA patents.

The AIA changes lead to stricter on-sale scrutiny, where there is a potentially later grace period based on filing date, and therefore a longer time period when activities may bar a patent's validity. Additionally, while the barring on-sale activities of pre-AIA patents were limited to those in the United States, the AIA on-sale bar applies to activities in any country.

What the Federal Circuit Has to Say

The Federal Circuit has repeatedly stated that there is "no 'supplier exception' to the on-sale bar"[3]because the purpose of the on-sale bar is to prevent inventors from commercially profiting from an invention for more than a year before the application for patent is filed. Hence, even if there was no transfer of title of the invention, the on-sale bar could still apply if "the evidence clearly demonstrated that the inventor commercially exploited the invention before the critical date."[4]

However, the Court seems to take a broad view of what it means to commercially exploit. For example, in *Kinzebaw v. Deer & Co.,*[5] the court found that Deere commercially benefitted from a third party testing the warrantability and durability of a patented product, and those activities therefore constituted an invalidating public use under § 102(b). Moreover, just last year in *Medicines*, the Federal Circuit held that a pharmaceutical company's use of a third party, hired to perform services for attaining approval by the Food and Drug Administration (FDA), constituted commercial benefit for the inventor more than one year before the patent application was filed.[6] In reaching this decision, the court noted that gaining FDA approval and marking batches with commercial product codes and customer lot numbers were all significant commercial activities "consistent with the commercial sale of pharmaceutical drugs."[7]

In deciding if the on-sale bar applies, the court looks to whether two conditions are met: (1) the claimed invention must be the subject of a commercial offer for sale; and (2) the invention must be ready for patenting.[8] An actual sale (or transfer of title) is not required, and general contract law is followed to determine whether "it is 'sufficiently definite that another party could make a binding contract by simple acceptance'" when there is an attempt to sell.[9] For example, in *Hamilton Beach*, Hamilton Beach sent a purchase order to its supplier, and the supplier acknowledged that it had received the order "*and was ready to fulfill it* upon Hamilton Beach's 'release.'"[10] The court ruled that even though there was no transfer or actual sale, the exchange was "one which the other party *could* make into a binding contract by simple acceptance," and therefore constituted a sale under the first condition of the on-sale bar analysis.[11]

In deciding whether the second "ready for patenting" requirement is met, the courts look to see whether the patent is reduced to practice. If it cannot be shown that the invention was reduced to practice, it is sufficient to show the invention was "depicted in drawings or other descriptions 'that were sufficiently specific to enable a person skilled in the art to practice the invention.'"[12] For example, in *Hamilton Beach*, the district court looked at Computer Aided Design (CAD) drawings depicting the patented product and presented at meetings with retail customers' buying agents, in addition to communications with Hamilton Beach's supplier.[13] The Federal Circuit considered the "relative simplicity of the invention" to conclude that the descriptions and drawings used in the presentations were enough to allow a person of ordinary skill in the art to build the invention.[14] While *Hamilton Beach* concerned a utility patent, it is not difficult to see how this ruling could apply to small businesses that design a product and have it manufactured by a supplier.

How the Law Might Change

Following the decision in *Medicines*, The Medicines Company filed a combined petition for panel rehearing and rehearing en banc at the Federal Circuit, which the Federal Circuit has granted. Among the issues that are to be addressed is whether the "no supplier exception" to the on-sale bar should be overruled.[15] Moreover, the rehearing will also address whether there can be a sale under the on-sale bar despite the absence of transfer of title (or actual sale).[16] In its amicus brief, The Medicines Company argues, "[T]he business arrangement mirrored the manufacturing services that a large corporation would typically perform in-house."[17] While the decision could improve the outlook for smaller companies that might outsource the manufacturing of patented products out of necessity, it is unclear whether any change will apply to the AIA on-sale bar, since the patent in *Medicines* was a pre-AIA patent.

What Small Business Owners Need to Know

Small businesses that outsource manufacturing, supply, or testing must be particularly careful about the timing of patent application filings and consider these issues in evaluating whether to assert a patent. Now that the AIA relies on a uniform patent filing date for § 102 inquiries, it is important to adhere to a timely filing within a year of outsourcing contract activities. It is particularly important to pay close attention to method claims, as a third party's testing activities could constitute the reduction to practice necessary to constitute an on-sale bar.[18]

[1] 35 U.S.C. § 102(a)(1) (post-AIA) (emphasis added).

[2] 35 U.S.C. § 102(b)(1) (post-AIA).

[3] *See, e.g.*, *Special Devices, Inc. v. OEA, Inc.*, 270 F.3d 1353, 1355 (Fed. Cir. 2001); *Hamilton Beach Brands, Inc. v. Sunbeam Prods., Inc.*, 726 F.3d 1370, 1375 (Fed. Cir. 2013); *Meds. Co. v. Hospira, Inc.*, 791 F.3d 1368, 1371 (Fed. Cir.), *vacated*, 805 F.3d 1357 (Fed. Cir. 2015) (en banc).

[4] *Meds.*, 791 F.3d at 1370-71.

[5] 741 F.2d 383 (Fed. Cir. 1984).

[6] *Meds.*, 791 F.3d at 1371.

[7] *Id.*

[8] *Hamilton Beach*, 726 F.3d at 1374 (citing *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 67 (1998)).

[9] *Id.* at 1374-75 (citation omitted).

[10] *Id.* at 1376.

[11] *Id.* at 1376-77 (citations omitted).

[12] *Id.*

[12] *Id.* at 1377 (quoting *Pfaff*, 525 U.S. at 67-68).

[13] *Id.*at 1377-78.

[14] *Id.* at 1378.

[15] *Meds. Co. v. Hospira, Inc.*, 805 F.3d 1357 (Fed. Cir. 2015).

[16] *Id.*

[17] *En Banc* Brief for Intellectual Property Owners Association as *Amicus Curiae* in Support of Neither Party at 7, *Meds. Co. v. Hospira, Inc*., Nos. 2014-1469, -1504 (Fed. Cir. Feb. 5, 2016).

[18] *See Meds.*, 791 F.3d at 1371 ("The Medicines Company paid Ben Venue for performing services that resulted in the patented product-by-process, and thus a 'sale' of services occurred.").

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Rule Review

Two-for-One Special: Examiner Interview Requests and Terminal Disclaimers

by Clara N. Jiménez

In recent months, the U.S. Patent and Trademark Office (USPTO) has undertaken initiatives aimed to improve the efficiency of communications between the USPTO and applicants.

One such change is the update of the Internet usage policy. Established in 1999, the policy allows patent examiners to communicate via the Internet, including via teleconference tools, such as WebEx, only with individuals who have filed a written authorization. Under the updated Internet usage policy, patent examiners may now use USPTO video conferencing tools, e.g., WebEx™, to conduct examiner interviews in both published and unpublished applications after obtaining oral authorization from the applicant, even if written authorization in the application has not been filed. The oral authorization must be obtained prior to sending a meeting invitation using email, calendar/scheduler applications, or having a video conference. The patent examiner should note on the record the details of the authorization either in the interview summary or a separate communication. This authorization is limited to the video conference interview being arranged (including the meeting invitation) and does not extend to other communications regarding the application. All Internet communications between UPSTO employees and practitioners must be made using USPTO tools, hosted by USPTO personnel. 80 Fed. Reg. 23,787-88 (Apr. 29, 2015).

Another initiative is the release of the online interview scheduling tool Automated Interview Request (AIR) that allows applicants to request an interview with an examiner for their pending patent application. The form allows the applicant to authorize Internet communications with the click of a button and allows the applicant—or the applicant's representative—the opportunity to propose a date for the interview and to specify the type of interview requested: telephonic, by video conference, or in-person. The form is available at http://www.uspto.gov/patent/uspto-automated-interview-request-air-form.html.

Only an Assignee-Applicant Can Authorize a Terminal Disclaimer

A terminal disclaimer may be filed in a pending patent application, or reexamination proceeding, in order to obviate a nonstatutory double-patenting rejection over a U.S. patent or application. For applications filed before September 16, 2012, "[a]n applicant *or assignee* may disclaim or dedicate to the public the entire term, or any terminal part of the term, of a patent to be granted." 37 C.F.R. § 1.321(b) (pre-AIA) (emphasis added). Under the America Invents Act (AIA), "[a]n *applicant* may disclaim or dedicate to the public the entire term, or any terminal part of the term, of a patent to be granted." 37 C.F.R. § 1.321(b) (post-AIA) (emphasis added). Thus, in an application filed after September 16, 2012, an assignee who is

not the applicant cannot sign and file a terminal disclaimer. The change in the rule is consistent with the fact that only pre-AIA inventors could be applicants and, under the AIA, either inventors or assignees can be applicants in a patent application. There are various scenarios in which the assignee and the applicant may not be the same at the time the nonstatutory double-patenting rejection is issued. In one common scenario, the application was filed with the inventors as the applicants, and it is later assigned to a company or another party. Another is where an application is reassigned during prosecution. To be eligible to file a terminal disclaimer, a nonapplicant assignee must request to be designated as the applicant by filing three documents: (1) a request to change the applicant under 37 C.F.R. § 1.46(c); (2) a corrected application data sheet (ADS) under 37 C.F.R. § 1.76 specifying the new applicant information; and (3) a 37 C.F.R. § 3.73(c) statement describing how the assignee's rights to the application arose. M.P.E.P. § 1490. The rules also allow an attorney or patent agent of record in the application to sign a terminal disclaimer on behalf of the applicant. 37 C.F.R.
§ 1.321(b)(1). Thus, in addition to the change of applicant forms described above, the new assignee-applicant should execute and file a new power of attorney, even if the attorneys representing the old applicant and the new applicant are the same.

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EPO Practice

Article 112a EPC - The Final Say at the EPO

by Leythem A. Wall

It has been a long day in Munich. You have reached the end of the Oral Proceedings and the European Patent Office (EPO) Board of Appeal announces its decision, which is final . . . or is it? When the updated European Patent Convention (EPC) 2000 came into force in December 2007, it also brought a new provision that allows a party to request decisions of the EPO Board of Appeal to be judicially reviewed by the Enlarged Board of Appeal.

Petition for Review

A "Petition for Review"[1] can be filed by any party adversely affected by a decision of the Board of Appeal. The grounds of petition are strictly limited to an incorrect composition of the Board of Appeal, including suspected partiality,[2] procedural violations including denying a party's "right to be heard,"[3] and criminal acts. There is no review of the substantive issues from the appeal proceedings.

The petition must be filed within two months of the notification of the decision of the Board of Appeal, or within two months of the date on which the criminal act has been established, and in any event no later than five years from notification of the decision of the Board of Appeal. It must include a reasoned statement and payment of the official fee, currently set at 2910 EUR.[4]

No suspensive effect is possible as a result of filing a petition, but if successful, the Enlarged Board of Appeal will set aside the adverse decision and reopen proceedings before the Board of Appeal.

As exciting as this may sound, after more than a hundred petitions, only a handful have succeeded in reopening proceedings, and even less in actually overturning the previous decision of the Board of Appeal. Ultimately, even if the Enlarged Board of Appeal rules that the appeal proceedings should be reopened, it is still remitted to the Board of Appeal to render the final decision.

Successful Petitions

The first successful petition for review resulted from the EPO not being able to establish delivery of the opponent's statement of grounds of appeal to the respondent (petitioner). The petitioner was therefore unaware of the grounds on which the decision revoking the patent was based. The parties were entitled to expect the EPO to comply with the relevant provisions of the EPC regarding the right to be heard, and they had no duty to regularly inspect the electronic file.

The second successful petition again focused on the right to be heard but with respect to the Oral Proceedings. The Board of Appeal in its original decision held that the main request was novel but lacked an inventive step, when only novelty had been discussed orally. Other petitions which have reopened proceedings resulted from the Board of Appeal not taking a decision on whether to admit expert testimony and reports.

In another case, not only were appeal proceedings resumed, but the original decision was subsequently overturned. The petition stemmed yet again from a violation of the party's right to be heard. The Board of Appeal refused an auxiliary request for lacking clarity, but had not given the applicant an opportunity to discuss this ground.

While statistics show that petitions for review at the EPO have an extremely low likelihood of success, if the Board of Appeal has an incorrect composition or has committed a procedural or even criminal violation, that long day in Munich may not necessarily be the end of your case.

[1] Article 112a EPC, https://www.epo.org/law-practice/legal-texts/html/epc/2013/e/ar112a.html.

[2] Article 24 EPC, https://www.epo.org/law-practice/legal-texts/html/epc/2013/e/ar24.html.

[3] Article 113 EPC, https://www.epo.org/law-practice/legal-texts/html/epc/2013/e/ar113.html.

[4] EPO Decisions on Petitions for Review, https://www.epo.org/law-practice/case-law-appeals/eba/decisions-petitions.html.

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At the Federal Circuit

Determining What Counts as USPTO Delay When Calculating PTA

by Jeffrey M. Jacobstein

As set forth in 35 U.S.C. § 154(b), Congress provided for the restoration of patent term lost when the U.S. Patent and Trademark Office (USPTO) fails to take certain actions to examine an application by specified deadlines. Among the delays identified by the statute is a guarantee of "at least one of the notifications under [35 U.S.C.] section 132 or a notice of allowance under section 151" being sent within 14 months of the application filing date. 35 U.S.C. § 154(b)(1)(A)(i). Section 132 further specifies that if the examiner identifies an objection or reason to reject a patent application, an office action must issue to inform the applicant of the alleged deficiency. A restriction requirement, where the examiner asserts that an application claims more than one patentably distinct invention, is a type of office action falling under the purview of § 132. Thus, the mailing of a restriction requirement within fourteen months can satisfy the USPTO's statutory obligation of timely examination. In addition to the USPTO's obligations, § 154(b) also provides for subtractions from patent term adjustment (PTA) when an applicant takes certain actions, including taking more than three months to respond to an office action.

When an examiner issues an office action, he or she should fully explain the reasons and bases for the rejection. In some instances, the office action may be "so uninformative that it prevents the applicant from recognizing and seeking to counter the grounds for rejection." *Chester v. Miller*, 906 F.2d 1574, 1578 (Fed. Cir. 1990). In *Chester*, the Federal Circuit held that a completely defective office action of this sort would not satisfy the requirements of § 132. Thus, the applicant would continue to accumulate PTA until a corrected office action issued.

In other circumstances, while the office action may not be completely uninformative, it still may leave large areas of uncertainty for the applicant. This was the scenario addressed by the Federal Circuit in *Pfizer v. Lee*, No. 2015-1265 (Fed. Cir. Jan. 22, 2016).

In *Pfizer*, an examiner issued a restriction requirement more than fourteen months after a patent application was filed. The restriction requirement identified twenty-one separate inventive groups in the pending claims, but omitted any discussion of six dependent claims. Several days before the six-month deadline for responding to the restriction requirement, the applicant contacted the examiner and pointed out the deficiency in the office action. The examiner agreed to withdraw the restriction requirement and issued a new restriction requirement about three weeks later. When the application later issued as a patent, the USPTO awarded PTA for the examiner's delay in issuing the first restriction requirement, but did not award any additional PTA for the time period between the mailing of the first restriction requirement and the subsequent corrected restriction requirement. The patentee sued, alleging that (1)

the original restriction requirement was deficient because it did not discuss several dependent claims and therefore did not satisfy the notice requirement of § 132; and (2) the examiner acknowledged this deficiency by withdrawing the original restriction requirement. The district court disagreed, finding that the original restriction requirement was broadly informative and therefore sufficient to comply with the notification requirement of § 132. The patentee appealed to the Federal Circuit.

On appeal, the Federal Circuit affirmed the district court, noting that "the examiner's detailed descriptions of the 21 distinct invention groups outlined in the examiner's initial restriction requirement were clear, providing sufficient information to which the applicants could have responded." *Pfizer*, slip op. at 10. According to the Federal Circuit, the patentee should have responded to the original restriction of the claims actually discussed by the examiner, and also the remaining six dependent claims that were not discussed, guided by "the fact that their respective independent claims were each included in the initial restriction requirement." *Id*. Furthermore, requiring a response to the original restriction requirement without knowing the categorization for all the dependent claims would not, according to the Court, force the patentee to abandon its "safe harbor" rights under 35 U.S.C. § 121 to avoid double patenting and other rejections over claims withdrawn pursuant to a restriction requirement. Rather, the patentee's rights would have been preserved because the existing restriction groups already covered all the independent claims, as evidenced by the fact that "the examiner did nothing in the revised restriction requirement to modify the nature or description of the 21 distinct 'inventions' already defined in the initial restriction requirement." *Id*. at 14. And at any rate, the Court noted, the restriction was not made "final" for safe harbor purposes until the patentee had an opportunity to respond and assert which restriction groups should encompass the six omitted dependent claims. *Id*.

Dissenting from the majority opinion, Judge Newman pointed out that the decision meant the applicant

> should have guessed as to which of the 21 groups the examiner would have chosen for each of the six claims that the examiner erroneously omitted from the requirement for restriction. On the premise that [the applicant] might have guessed correctly and that the examiner might have proceeded with the prosecution without correcting his error, my colleagues refuse to include the period of actual delay in the adjustment of the patent term.

Newman Dissent at 2 (footnote omitted).

Judge Newman also noted that it should not have been held against the applicant that the applicant found the error that persuaded the examiner to withdraw the original restriction requirement. The question of whether an office action complied with the requirements of § 132 "should not turn on who recognized the error." *Id*. at 6.

Based on the Court's opinion, the majority seemed uncomfortable with the apparent windfall PTA the applicant stood to gain by waiting until just before the six month response deadline to point out an error in the original restriction requirement. Waiting until the six-month date to respond to an office action would have ordinarily incurred a three month subtraction from PTA for applicant delay. Had the majority sided with the applicant, it would therefore effectively be awarding additional PTA for a time period that would otherwise have counted as an applicant delay in responding to the original restriction requirement, even though the original office action was mostly comprehensible. Thus, a lesson to take from the *Pfizer* decision is that applicants should review office actions carefully and bring any potential errors or ambiguity to the examiner's attention at an early time point. Applicants should not assume that a

withdrawn or reissued office action will automatically allow for continued accrual of PTA, particularly where the applicant requested a new office action long after the mail date of the original office action.

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