Patent Prosecution Update

March 2015

Keeping Pace with Claim Construction Law: Preambles and Disclaimer Under *Pacing Technologies*

The Federal Circuit's decision in *Pacing Technologies, LLC v. Garmin International, Inc.*, No. 2014-1396 (Fed. Cir. Feb. 18, 2015), addresses a core issue that arises whenever a practitioner drafts a patent application: how broad will the resulting claims be? *Pacing Technologies* examined this issue from two angles. First, the Federal Circuit found the preamble of a claim to be limiting. Second, the Federal Circuit found that statements in the specification describing how "objects" of the "present invention" would be accomplished created a disclaimer of claim scope. On both scores, the Federal Circuit's opinion provides guidance for practitioners in drafting specifications and claims to achieve a desired claim breadth. **More**

A Mix-up on Appeal: The Prior Art's Principle of Operation or Intended Purpose Matters in Obviousness Analysis

In the quest to invalidate patent claims, many patent practitioners have found themselves in possession of a base reference requiring the change of an element or two from a teaching reference to arrive at what appears to be a viable combination. Such was the case in the unpublished Federal Circuit case of *Plas-Pak Industries, Inc. v. Sulzer Mixpac AG*, No. 2014-1447 (Fed. Cir. Jan. 27, 2015). Even though this is a nonprecedential decision, it provides a useful reminder to patent practitioners that when combining references, the prior art's principle of operation or intended purpose can be an important consideration. **More**

IP5 Offices

Preparing an IP5-Compatible Patent Application: Formalities
Read

Design Patents

Don't Let Your Prerelease Activities Bar Your Chances for a Design Patent
Read

Rule Review

Japanese Foundation v. Lee: Miscommunication Between Attorney and Clients Insufficient to Withdraw Terminal Disclaimer
Read

EPO Practice

Patenting Human Embryonic Stem Cells in Europe
Read

Speeding Things Up at the EPO
Read

At the Federal Circuit

PTO Claim Construction Reversed Based on Usage in Specification
Read

FINNEGAN

Follow us on

If you have any questions or need additional information, please contact:

Eric P. Raciti, Editor-in-Chief
J. Derek McCorquindale, Associate Editor

Clara N. Jiménez, Associate Editor

Finnegan Resources

Finnegan publishes newsletters, blogs, and *IP Updates* that provide news, statistics, and analysis of recent court decisions. Our newsletters and blogs focus on Federal Circuit practice, PTAB practice, trademark and copyright law, patent prosecution and counseling, and IP licensing. To sign up to receive newsletters, blog posts, or *IP Updates*, please click here.

Atlanta ▪ Boston ▪ London ▪ Palo Alto ▪ Reston ▪ Shanghai ▪ Taipei ▪ Tokyo ▪ Washington, DC

www.finnegan.com

March 2015 Issue

Back to Main

Keeping Pace with Claim Construction Law: Preambles and Disclaimer Under *Pacing Technologies*

by Elliot C. Cook

The Federal Circuit's decision in *Pacing Technologies, LLC v. Garmin International, Inc.*, No. 2014-1396 (Fed. Cir. Feb. 18, 2015), addresses a core issue that arises whenever a practitioner drafts a patent application: how broad will the resulting claims be? *Pacing Technologies* examined this issue from two angles. First, the Federal Circuit found the preamble of a claim to be limiting. Second, the Federal Circuit found that statements in the specification describing how "objects" of the "present invention" would be accomplished created a disclaimer of claim scope. On both scores, the Federal Circuit's opinion provides guidance for practitioners in drafting specifications and claims to achieve a desired claim breadth.

The asserted patent in *Pacing Technologies* was directed to methods and systems for pacing users (e.g., providing a tempo corresponding to a desired pace) during activities that involve repeated motions, such as running, cycling, and swimming. The asserted claims recited "a data storage and playback device" that worked together with a "web site" and "communications device" to provide desired tempos to users.

The patent owner, Pacing Technologies, LLC, filed suit against Garmin International, Inc., alleging that certain fitness watches and microcomputers used by runners and bikers infringe the patent. Users of such devices can design a workout at Garmin's website (e.g., identifying a series of intervals to which the user can assign a duration and target pace value), and download the workout to the watch or other fitness device. The device then displays the intervals of a particular workout to the user during operation.

The district court construed the term "playback device" from the asserted independent claim as "a device capable of playing audio, video, or a visible signal." *Id.*, slip op. at 3 (citation omitted). The district court also held that the claim's preamble is a limitation and construed it to mean "a system for providing a sensible output for setting the pace or rate of movement of a user in performing a repetitive motion activity." *Id.* (citation omitted). In a separate order, the district court also held that, "[t]o be a playback device as envisioned in the patent, the device must play back the pace information." *Id.* (alteration in original) (citation omitted). Based on these constructions, the district court granted summary judgment of noninfringement to Garmin, since the accused products were not "playback devices" under its construction. The district court explained that, while the accused products "repeat back or display the pace input or selections," they "do not 'play' the target tempo or pace information . . . as audio, video, or visible signals." *Id.* at 4 (citation omitted).

On appeal, the Federal Circuit initially noted that its review of the district court's claim constructions would be de novo in accordance with *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831 (2015), since only intrinsic evidence was at issue. Applying a de novo review, the Federal Circuit first held that the preamble of the asserted independent claim was limiting. The preamble, which recited "[a] repetitive motion pacing system for pacing a user," was deemed limiting because it provided antecedent basis for terms appearing in the body of the claim. *Pacing Techs.*, No. 2014-1396, slip op. at 5 (alteration in original). Specifically, the preamble term "user" provided antecedent basis for the later recitation "a web site adapted to allowing *the user* to preselect from a set of user-selectable activity types an activity they wish to perform and entering one or more target tempo or target pace values corresponding to the

activity." *Id.* (citation omitted). Similarly, the preamble term "repetitive motion pacing system" provided antecedent basis for the term "repetitive motion pacing system" as recited in a dependent claim. *Id.*

Next, the Federal Circuit addressed whether the claim term "repetitive motion pacing system for pacing a user" should be construed as requiring playback of pace information using a tempo. As the court explained, while the plain and ordinary meaning of this term did not impose such a requirement, statements made in the specification mandated the requirement. In particular, the patent's "Summary and Objects of the Invention" section described numerous "objects" of the invention. *Id.* at 7. The court noted that, while merely characterizing a feature as an "object" or "principal object" of the invention is not necessarily sufficient to constitute a disclaimer, the specification of the patent went further. As the court explained, "[i]mmediately following the enumeration of the different objects of the present invention, the . . . patent states that '[t]hose [listed 19 objects] and other objects and features of the present invention are accomplished, as embodied and fully described herein, by a repetitive motion pacing system that includes . . . a data storage and playback device adapted to producing the sensible tempo.'" *Id.* at 8 (alterations in original) (citation omitted). These words, according to the court, served to alert the reader that "the invention accomplishes *all* of its objects and features" with a system as claimed, including a repetitive motion pacing system that includes a data storage and playback device adapted to produce a sensible tempo. *Id.* Accordingly, the court found that the applicants' statements in the specification constituted a binding disclaimer of claim scope.

The Federal Circuit's holdings in *Pacing Technologies* highlight several issues that practitioners should take into account when drafting specifications and claims. First, consider whether the applicant wishes for the preamble to be limiting. In certain circumstances, it may be desirable to make the preamble limiting, whether for reasons of conciseness in the claims, placing the claims in a certain field of use, or another reason. In other cases, having nonlimiting preambles may be desired for reasons of maximizing claim breadth. In both instances, practitioners should note that if preamble terms provide antecedent basis for later limitations in a claim, such that they are necessary to understand the claims, they may be found limiting by a court. Second, practitioners should be careful about using the phrases "present invention" or "principal object" of the invention in the specification. As the Federal Circuit in *Pacing Technologies* found, such statements may serve to limit the claims even when the plain and ordinary meaning of claim terms connotes a broader meaning. Indeed, as the Federal Circuit noted, if a disclaimer is found based on such statements in the specification, the disclaimer may be enforced even if it excludes an embodiment described elsewhere in the specification.

FINNEGAN

If you have any questions or need additional information, please contact:

Eric P. Raciti, Editor-in-Chief
J. Derek McCorquindale, Associate Editor
Clara N. Jiménez, Associate Editor

Atlanta ▪ Boston ▪ London ▪ Palo Alto ▪ Reston ▪ Shanghai ▪ Taipei ▪ Tokyo ▪ Washington, DC

www.finnegan.com

FULL DISCLOSURE

March 2015 Issue

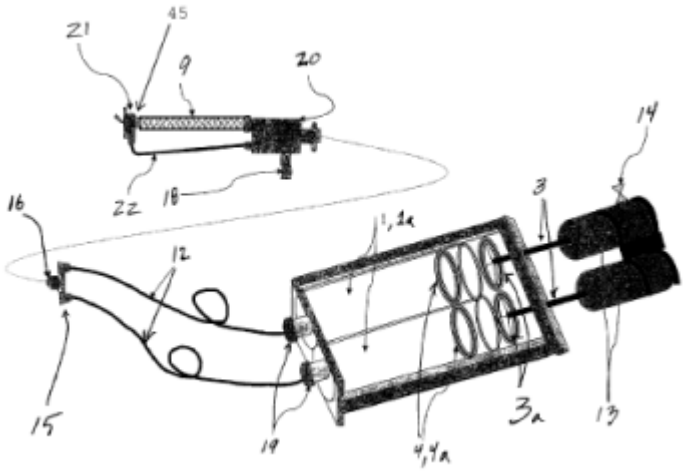
Back to Main

A Mix-up on Appeal: The Prior Art's Principle of Operation or Intended Purpose Matters in Obviousness Analysis

by Eric P. Raciti

In the quest to invalidate patent claims, many patent practitioners have found themselves in possession of a base reference requiring the change of an element or two from a teaching reference to arrive at what appears to be a viable combination. Such was the case in the unpublished Federal Circuit case of *Plas-Pak Industries, Inc. v. Sulzer Mixpac AG*, No. 2014-1447 (Fed. Cir. Jan. 27, 2015). Even though this is a nonprecedential decision, it provides a useful reminder to patent practitioners that when combining references, the prior art's principle of operation or intended purpose can be an important consideration.

The case involved Sulzer's U.S. Patent No. 7,815,384 ("the '384 patent"), claiming a device and methods for mixing and dispensing multi-component paints. As this is a mechanical device, it will help to visualize the device, shown below in Figure 1 from the '384 patent.

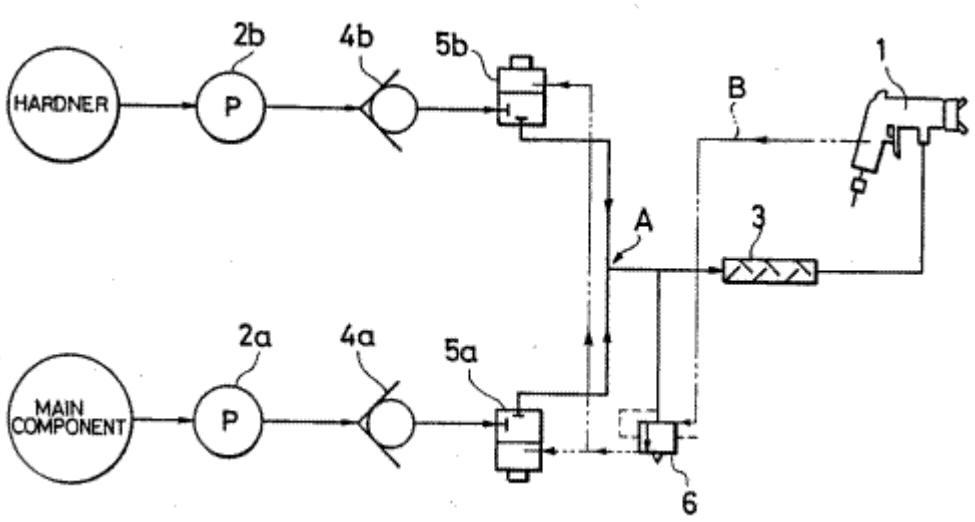


The claimed device includes, inter alia, two cylindrical cartridges (1, 1a), a static mixing nozzle (9), a spray tip (21), and first and second flexible tubes (12). The apparatus permits the simultaneous mixing, dispensing, and spraying of two-component paints in industrial settings.

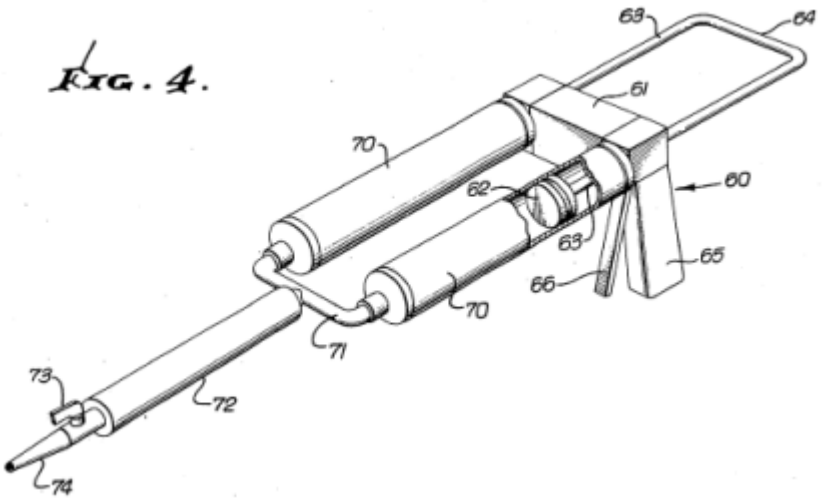
Plas-Pak filed an inter partes reexamination request, which was granted, proposing a substantial new question of patentability based on two grounds. The first was that the claims were unpatentable as lacking unobviousness over Fukuta (U.S. Patent No. 4,745,011) in view of Morris (U.S. Patent No. 3,989,228). The second was an obviousness argument based on Jacobsen (U.S. Patent No. 6,241,125) in view of other references. These two proposed amendments were adopted by the examiner, but after briefing were withdrawn before a Right of Appeal Notice (RAN) was issued confirming the claims of the '384 patent. Plas-Pak appealed to the Patent Trial and Appeal Board (PTAB), which affirmed the examiner's decision not to adopt Plas-Pak's proposed rejections.

The proposed rejections based on Fukuta were based on disclosure of a two-component coating apparatus, which is schematically shown below. The main component and the hardener are separately piped to the spray gun (1) via an independent series of pumps (2), check valves (4), stop valves (5), and

an escape valve (6). Fukuta explained that this arrangement of pumps and valves was intended to prevent backflow at high velocities.



The combination proposed by Plas-Pak would replace the pumps and valves with cartridges taught by Morris. Morris is directed to a device with a static mixing chamber for mixing components of a composition before dispensing.



The PTAB found, and the Federal Circuit affirmed on substantial evidence, that the combination of Fukuta and Morris would not have been obvious because the pumps and valves of Fukuta are essential to its "principle of operation," i.e., preventing backflow at high velocities. The Morris cartridges would not be a simple combination of elements, as argued by Plas-Pak, because removing the pumps and valves of Fukuta would remove the very systems disclosed by Fukuta disclosed as achieving its stated goal. The Federal Circuit also noted that the specification is "rife with statements defining 'the invention' as adding stop valves to prevent backflow." *Plas-Pak*, No. 2014-1447, slip op. at 6. Bearing in mind that the "principle of operation" is a question of fact, and because substantial evidence supported the PTAB's decision, the court affirmed while noting that "a change in a reference's 'principle of operation' is unlikely to motivate a person of ordinary skill to pursue a combination with that reference." *Id.* at 7 (citations omitted).

Turning next to Jacobsen, the PTAB had affirmed the examiner's decision not to adopt Plas-Pak's proposed rejections based on Jacobsen on the theory that the proposed rejection would violate Jacobsen's "intended purpose." The Jacobsen reference is directed to a device for filling structural cracks, not spraying paint. Plas-Pak argued that the "intended purpose" is broadly conveying multiple components before being discharged where and when needed. The PTAB, affirmed by the Federal Circuit on substantial evidence, disagreed, however, finding that the "intended purpose" of Jacobsen was filling cracks, not spraying paints. The court agreed with the PTAB that one of skill in the art would have

no reason to add a spray nozzle to the Jacobsen device.

The *Plas-Pak* case illustrates how two inquiries can affect the determination of whether a combination is obvious or not. First, when a reference's "principle of operation" can be defined rather narrowly, then it will naturally be harder to modify the disclosed embodiments to replace components related to that "principle of operation" with a teaching reference's components, unless that combination preserves the "principle of operation." In Plas-Pak, the wholesale substitution of elements required to invalidate the claims also destroyed Fukuta's "principle of operation," which mitigated against a finding of obviousness. Second, when a reference's "intended purpose" is violated by a proposed modification and a disclosed invention is rendered inoperative for its intended purpose, then a person of ordinary skill would not have been motivated to pursue the combination.

The insights of *Plas-Pak*—and the line of cases cited in the opinion—might be useful in attacking rejections where obviousness is based on grounds that violate a prior art reference's "principle of operation" or "intended purpose." Because these attributes are questions of fact, applicants should build a record that will support an advantageous position, which could include using declarations in appropriate circumstances.

FINNEGAN

If you have any questions or need additional information, please contact:

Eric P. Raciti, Editor-in-Chief
J. Derek McCorquindale, Associate Editor
Clara N. Jiménez, Associate Editor

Atlanta ▪ Boston ▪ London ▪ Palo Alto ▪ Reston ▪ Shanghai ▪ Taipei ▪ Tokyo ▪ Washington, DC

www.finnegan.com

March 2015 Issue

Back to Main

IP5 Offices

Preparing an IP5-Compatible Patent Application: Formalities

by Arpita Bhattacharyya, Ph.D.

Although the patent disclosures and filing formalities of the IP5 countries share some common features, there are slight differences between them, which should be kept in mind when preparing an international patent application that would likely be entered into national stage in multiple IP5 countries. The focus of this article is to highlight the differences in national stage entry requirements in the IP5 countries. The next IP5 article will cover the differences in the application parts and the ordering of the application in the IP5 countries.

China

A Chinese national stage application has to be filed within thirty months from the earliest priority date, or the filing date of the PCT application if no priority is claimed. If an application fails to enter the Chinese national stage within the thirty-month window, the filing can be extended up to two months from the thirty-month date with an additional restoration fee.

A Chinese translation of the corresponding PCT international publication must be submitted with the PCT application when entering the Chinese national phase. The translation must include the description, the claims (original as well as any amendments), the drawings (limited to any text matter of the drawings), and the abstract. The name and address of the inventor, as well as the name, address, and nationality of the applicant, are required.

A Power of Attorney must be submitted for each application. A General Power of Attorney may be submitted for all future applications. The date of execution of the Power of Attorney has to be earlier than the Chinese filing date. If the applicant for the Chinese application is not the same as that of the international application or that of the priority document, an assignment duly executed by the original applicant is required when entering the Chinese national phase.

United States

The deadline for filing a national stage application in the United States is thirty months from the earliest priority date, or the filing date of the PCT application if no priority is claimed. No grace period or extension of time is available; however, an applicant may file a petition to revive an abandoned PCT application in accordance with the provisions of 37 C.F.R. § 1.137. To complete the national stage filing requirement, all that is generally required is an English translation of the PCT application, including the specification, drawings, and at least one claim, and any amendments to the claims of the international application (including an English translation of the claims). As with any conventional U.S. nonprovisional filing under 37 C.F.R. § 1.53(b), the filing fee and oath or declaration of the inventors are not essential to obtaining a filing date, since such items could be supplied later in response to a Notice to File Missing Parts. However, for applications with an international filing date on or after September 16, 2012, an application data sheet is required to postpone submission of the required oath or declaration of the inventors. The “filing date” (371(c) date) printed on all U.S. Patent and Trademark Office application correspondence is the date on which the minimum requirements under 35 U.S.C. § 371 are completed to commence examination of a U.S. national stage application.

Japan

The deadline for filing a national stage application in Japan is thirty months from the earliest priority date, or the filing date of the PCT application if no priority is claimed. No grace period exists in Japan, but the Japan Patent Office allows an additional two months from the filing of the national stage application in which to supply the necessary Japanese translation of the PCT application. For entering a PCT application into the Japanese national phase, the following documents/information are required: (1) the full name, address, and nationality of the applicant(s); (2) the full name and address of the inventor(s); and (3) Japanese translations of the description, the claims (original as well as any amendments), the drawings (limited to any text matter of the drawings), and the abstract. For nonresident applicants, designation of an agent is also required.

Korea

The time limit applicable for entry into Korean national phase is thirty-one months from the earliest priority date, or the filing date of the PCT application if no priority is claimed. Pursuant to the revisions to the Korean Patents Act, which came into effect on January 1, 2015, extension of time of one month is available upon request for filing of the Korean translation of the PCT application. Accordingly, the Korean translation can be filed within thirty-two months from the earliest priority date, with payment of the one month extension fee. The required contents of the PCT translation for entry into the national phase are the description, the claims (if amended, both as originally filed and as amended), any text matter of drawings, and the abstract. For nonresident applicants, appointment of an agent is also required. Additionally, the name and address of the inventor, as well as the name, address, and nationality of the applicant, are required.

EPO

The deadline for filing a national stage application in the European Patent Office (EPO) is thirty-one months from the earliest claimed priority date of the PCT application, or the filing date of the PCT application if no priority is claimed. However, if the PCT application designated the EPO, then it may be possible to enter the European phase within a two-month time limit set by the EPO shortly after the thirty-one-month date has passed. Late entry into the European phase involves additional procedural steps and payment of significant surcharge fees.

If the PCT application was not published in an official language of the EPO (English, French, or German), then a translation into an official EPO language is required for entry into the EPO. To enter the national phase in Europe, translation must include the description, the claims (if amended, both as originally filed and as amended), any text matter of the drawings, and the abstract. Additionally, the name and address of the inventor, as well as the name, address, and nationality of the applicant, is required. Appointment of an agent is also required if the applicant has neither a residence nor has a principal place of business within the territory of one of the Contracting States of the European Patent Convention.

FINNEGAN

If you have any questions or need additional information, please contact:

Eric P. Raciti, Editor-in-Chief
J. Derek McCorquindale, Associate Editor
Clara N. Jiménez, Associate Editor

March 2015 Issue

Back to Main

Design Patents

Don't Let Your Prerelease Activities Bar Your Chances for a Design Patent

by Elizabeth D. Ferrill

CONVENTION CENTER FLOOR - MAJOR CITY - MORNING

Flash bulbs popping, high-intensity music playing. On the main rotating stage, the mockup of your new product comes into the spotlight. Although your technology is not ready for prime time, you decide to showcase your forward-thinking design to build buzz in anticipation of the product's launch in six months.

ANNOUNCER

"Ladies and gentlemen, Acme Corp. is proud to announce it newest Product. Look at that forward-thinking design! In only six months, you could have your very own Product. Step up close and check it out!"

FADE OUT.

LEGAL DEPARTMENT - JUST OVER ONE YEAR LATER

You launched the Product six months ago and it has been a grand success! Despite your patent attorney's earlier recommendations, you are just now putting the finishing touches on your utility patent applications.

PATENT COUNSEL
"Your customers have come to associate your innovative design with the Product. Have you considered getting a design patent?"

HEAD OF IP
(Remembering that, in fact, there is word that your competitors will be introducing a "highly inspired" design of their own soon)
"Of course," you say, "we'd definitely like to protect the design."

PATENT COUNSEL
(Almost as an afterthought . . .)
"Remember that the one-year bar on public disclosure applies to design patents as well as utility patents. Did you show this design in public more than a year ago?"

<SOUND EFFECT>: *Screeeeeecchhhhh . . . .*

HEAD OF IP
You ask, "Does the trade show we had more than a year ago count as a 'public disclosure'? We didn't use or demonstrate the product; it just sat there. And what we showed at the conference was *only* a mockup, not a production model. In fact, there was nothing inside the product at all; it was just the exterior shell. And we didn't offer it for sale." Of course, photographers took pictures of the design and

put it on their websites.

PATENT COUNSEL
(With a frown)

"Unfortunately, yes, the trade show mockup counts as public disclosure of the design. Since the disclosure was outside the one-year grace period, under most circumstances, that is considered a public disclosure under U.S. patent law.[1] Better luck next time . . . ."

FADE OUT.

This scene may be all too common in the real world. While design patents are different from utility patents in many important ways, both types of patents must still play by many of the same rules. Those rules include the limited one-year grace period for public disclosures. While the bounds of the new post-AIA grace period have not been completely clarified by the courts, some elements of the grace period are relatively settled.

Public Disclosure of Patentable Designs

While disclosing a single image of a design (such as on a website or in a brochure) might not sink a later-filed design patent application, trade shows are particularly problematic because typically the public has had ready access to all parts of the design. Moreover, in today's media environment, journalists, bloggers, and even conference organizers will likely post or tweet your design before you may have even put it on your own website. Once the genie is out of the bottle, it is not possible to put it back in.

Other Events Also Count as "Public Disclosure"

Moreover, trade show attendees alone might not be the only concern when it comes to public disclosure. Often, companies will disclose designs during usability studies or market or consumer testing. In these cases, companies should use nondisclosure agreements whenever a prerelease design leaves the building, because these disclosures could be considered public. If consumer testing allowed participants to take the product home, then it is important to consider that the design might be shown to other members of the household or neighbors and friends. But despite these agreements, unauthorized disclosures may still occur. The U.S. Patent and Trademark Office has considered unauthorized disclosures to be invalidating prior art in the past.[2] So, you might be left with a contract remedy against these unauthorized disclosers, but your patent rights might not be so lucky.

Making deals with suppliers to make a product using your new design may also create problems. In *Hamilton Beach Brands, Inc. v. Sunbeam Products, Inc.*,[3] the Federal Circuit considered a case in which a purchase agreement with a supplier was considered a "public sale," barring patentability because the "sale" took place more than a year before the filing date of the related patent. In this 2013 case, the patent owner had worked with a supplier to build a commercial product that practiced the claims of the patent-in-suit more than one year before the priority date of the patent.[4] The Federal Circuit found that such a transaction was a "commercial offer for sale" made by the supplier to the patent owner, triggering the on-sale bar.[5] In finding no "supplier exception" to the on-sale bar, the Federal Circuit found it of "no consequence" that the offer for sale was made *to* the patent owner rather than *by* the patent owner.[6] While *Hamilton Beach* involved a utility patent, this case still serves as a warning for designers who commission others to manufacture their products that embody a design before filing for patent rights.

All of these situations should strongly encourage those with innovative designs to protect their designs before any disclosure to the public, including to testing participants and to suppliers.

Disclosing Concept or Preproduction Designs May Also Create Other Issues

"But," you may say, "my design isn't even finalized yet. So if I show a preproduction design or concept design that I plan to change for the production model, then I'm safe, right?" It depends on two things. The first concern is creating prior art that may cause you problems later when you try to protect the design of the production model. In general, most design patent applicants are their own worst enemy when it comes to relevant prior art. When a new design is an evolution or modification of an existing

design, sometimes the patent examiner considers the new design to be an obvious variant of the earlier-generation design. In the context of a trade show, you need to be sure that the design you are showing will be substantially different from the final design to avoid this situation.

Another concern is that if you do not secure rights on your concept or preproduction design, then you would have fewer options if a competitor took this design and used it for its own product.

If you are not sure about the differences between your concept and your production design or want to guard against a competitor adopting the concept design, then the best course of action is to file design patent applications on both the concept/preproduction design and the production design. As long as the earlier design application has not been published, then it should be possible to overcome the earlier prior art reference should it become an issue during prosecution of the later-filed design patent application.

Best Practice Going Forward

The best practice going forward is to file for patent rights *before* any disclosure that could be considered public. It is that simple.

[1] 35 U.S.C. § 102(a)(1) (post-AIA) or 35 U.S.C. § 102(b) (pre-AIA).

[2] *Ex parte Ford Global Techs., LLC*, No. 2010-004965 (B.P.A.I. June 3, 2010).

[3] 726 F.3d 1370 (Fed. Cir. 2013).

[4] *Id.* at 1375.

[5] *Id.*

[6] *Id.*

FINNEGAN

If you have any questions or need additional information, please contact:

Eric P. Raciti, Editor-in-Chief
J. Derek McCorquindale, Associate Editor
Clara N. Jiménez, Associate Editor

Atlanta ▪ Boston ▪ London ▪ Palo Alto ▪ Reston ▪ Shanghai ▪ Taipei ▪ Tokyo ▪ Washington, DC

www.finnegan.com

March 2015 Issue

Back to Main

Rule Review

Japanese Foundation v. Lee: Miscommunication Between Attorney and Clients Insufficient to Withdraw Terminal Disclaimer

by Clara N. Jiménez

The Director of the U.S. Patent and Trademark Office (USPTO) may issue a certificate of correction "[w]henever a mistake of a clerical or typographical nature, or of minor character, which was not the fault of the Patent and Trademark Office, appears in a patent and a showing has been made that such mistake occurred in good faith . . . if the correction does not involve such changes in the patent as would constitute new matter or would require re-examination." 35 U.S.C. § 255. In *Japanese Foundation for Cancer Research v. Lee*, 773 F.3d 1300 (Fed. Cir. 2014), the Federal Circuit reversed a district court's order directing the USPTO to withdraw a properly filed terminal disclaimer, and held that a paralegal's mistaken belief that the patentee sought to disclaim the patent was not a "clerical error" that the USPTO was statutorily empowered to correct. The court held that the USPTO did not act arbitrarily, act capriciously, or abuse its discretion in declining to use any inherent authority to withdraw terminal disclaimer.

In *Japanese Foundation*, the attorney of record filed a terminal disclaimer for the claims of U.S. Patent No. 6,194,187 ("the '187 patent"). Two months later, the attorney of record filed a petition to withdraw the statutory disclaimer asking the USPTO to withhold publication of the terminal disclaimer in the *Official Gazette*, or in the alternative to grant relief under 37 C.F.R. §§ 1.182 and 1.183, "to invoke the discretion of the director and suspend the rules." In this later petition, the Foundation (patentee) included signed declarations from a number of people associated with one of the licensees of the '187 patent and the Foundation's Japanese patent counsel. *Id.* at 1303. The declarations outlined the series of events that preceded the filing of the patent disclaimer. One of the licensees of the '187 patent asserted that it only intended to obtain guidance from U.S. counsel as to whether the patent *could be* disclaimed prior to its expiration. *Id.* The inquiry was posed to U.S. counsel by a patent paralegal working for Japanese counsel to the licensee. The instruction e-mail read as follows:

> Dear Sirs:
> Our clients would like to abandon the captioned patent positively and invalidate this patent before the case lapses by non-payment of the next maintenance fees, which will be due on August 27, 2012.
>
> Would you please let us have the necessary forms and/or information for the procedure of positive abandonment, preferably by March 15, 2011.
>
> We would appreciate your immediate reply by return facsimile.

Id. (citation omitted) Two days after sending these instructions to U.S. counsel, Japan suffered an earthquake and tsunami that disrupted business in Japan for months. *Id.* Because of the disaster, the Japanese paralegal did not forward a copy of her email to the licensee. *Id.* In October 2011, the U.S. attorney of record filed the terminal disclaimer and reported to the Japanese law firm in November 2011. *Id.* Upon learning of the filing of the disclaimer, the Foundation immediately instructed the Japanese law firm to urgently ask the U.S. attorney of record to restore the patent. *Id.* The U.S. attorney, in turn, filed

the petition to withdraw the terminal disclaimer. *Id.*

The USPTO rejected the Foundation's contention that it had inherent authority to withdraw the disclaimer, and the Foundation filed suit in district court to challenge the agency's decision under the Administrative Procedure Act. *Id.* at 1304. Specifically, the Foundation alleged that the licensee did not have the authority to disclaim the patent and that the Foundation did not instruct nor authorize any action leading to the disclaimer. *Id.* The licensee in turn argued that it had asked the Japanese law firm to inquire as to the possibility of disclaiming the patent term, but it did not provide instructions to disclaim the patent. *See id.* at 1303-04. The district court granted the Foundation's summary judgment motion and ordered the USPTO to withdraw the disclaimer "absent a finding that the Foundation actually authorized its filing." *Id.* at 1304. (quoting *Japanese Found. for Cancer Research v. Rea*, No. 13-412, 2013 WL 3894156, at *10 (E.D. Va. July 26, 2013)).

The Federal Circuit reversed. First, the court addressed the Foundation's argument that the USPTO has the power to withdraw an erroneously filed terminal disclaimer under 35 U.S.C. § 255 based on the court's earlier decision in *Carnegie Mellon University v. Schwartz*, 105 F.3d 863 (3d Cir. 1997), and that refusing to do so is an abuse of discretion. *Japanese Found.*, 773 F.3dat 1305. In *Carnegie Mellon*, the attorney of record mistakenly entered the serial number and filing date of an issued patent, rather than the application for which he had intended to file a disclaimer, and filed it with the USPTO. *Id.* (citing *Carnegie Mellon*, 105 F.3d at 865). The USPTO subsequently granted a petition to withdraw the disclaimer and issued a certificate of correction, indicating that all references to the disclaimer in the notice of disclaimer attached to the patent and published in the *Official Gazette* should be deleted. *Id.* (citing *Carnegie Mellon*, 105 F.3d at 865). The court distinguished the case by asserting that, under the USPTO's policy, relief is available in situations where a terminal disclaimer was filed in the wrong target patent or application. In such instances, the relief accorded by the USPTO nullifies the terminal disclaimer on the wrongly identified patent, while then enforcing the terminal disclaimer on the intended patent or application. *Id.* at 1306. Here, the court explained, the Foundation had not identified an error in the patent number or application that was apparent on its face, which would entail redirecting the disclaimer to the correct target. *Id.* The Foundation instead argued that the filing of the disclaimer was itself the "clerical or typographical error" that may be corrected under § 255 because the error here was made by a patent paralegal, a clerical employee performing clerical work. *Id.* The court rejected this argument because clerical or typographical errors are generally understood as those simple mistakes that appear on the face of the document, instead of mistakes about whether to file the document itself. *See id.* Moreover, the court explained, even if the "clerical error" definition somehow applied to the Japanese paralegal, the terminal disclaimer was actually filed by the Foundation's attorney of record. *Id.* at 1306-07. Indeed, the court emphasized, the terminal disclaimers must be signed by "the patentee, or an attorney or agent of record." *Id.* at 1307 (quoting 37 C.F.R. § 1.321(a)(1)). Therefore, even if the Foundation's reading of "clerical error" was correct, it would be impossible for a subordinate who lacks the duty of exercising judgment to file a valid terminal disclaimer on his own. *Id.* The court found no error in the USPTO's interpretation of its lack of authority to withdraw the terminal disclaimer pursuant to § 255.

The court also rejected the Foundation's argument that the USPTO could have withdrawn the disclaimer because it had not yet been "recorded" when the Foundation filed its first petition to withdraw. *Id.* First, the court clarified that the correct statement of the law is that a disclaimer is "recorded" when it is properly submitted and received by the USPTO, based on the court's interpretation of 35 U.S.C. § 253 and 37 C.F.R. § 1.321. *Id.* And while the court recognized that, under 37 C.F.R. §§ 1.182 and 1.183, the USPTO has "inherent authority" to reconsider its decisions, it also agreed with the USPTO's position that in this case, the disclaimer was properly filed and there was no basis for the USPTO to review and change its decision. *See id.* at 1307-08.

The court also agreed with the USPTO's additional reasons for refusing to withdraw the disclaimer. *Id.* at 1308. First, once the disclaimer was filed, the public may have relied on it, and second, the USPTO is not the proper forum for resolving the issue of whether the disclaimer was filed per the intentions of the patentee on the basis of its position that "miscommunications between attorneys and clients do not excuse the actions of the representative." *Id*. at 1309 (citation omitted). Accordingly, the USPTO did not act arbitrarily, capriciously, or abuse its discretion in declining to use any inherent

authority that it might have in withdrawing the terminal disclaimer on the '187 patent that the Foundation's attorney of record duly filed in accordance with the USPTO's regulations.

Finally, the court addressed the district court's suggestion that the USPTO was the sole source of relief for the Foundation with regard to its lost property rights by noting that "in circumstances where a client may be deprived of a claim based on its attorney's conduct, and the facts indicate that the 'attorney's conduct falls substantially below what is reasonable under the circumstances, the client's remedy is against the attorney in a suit for malpractice.'" *Id.* at 1309 n.6 (quoting *Link v. Wabash R.R. Co.*, 370 U.S. 626, 634, n.10 (1962)).

Japanese Foundation can be used as a case that highlights the importance of clear communication between clients and U.S. practitioners, particularly when conducting business through a foreign agent. It is generally good practice to confirm in writing receipt of the instructions and to request clarification where appropriate. The case also reminds practitioners to clearly document who has the right or authority to provide direction during prosecution in scenarios of joint ownership of a patent or patent application, or where multiple parties have an ownership interest over the application. Ideally, such clarification is sought at the outset of the process or as soon as ownership and responsibility for prosecution changes.

FINNEGAN

If you have any questions or need additional information, please contact:

Eric P. Raciti, Editor-in-Chief
J. Derek McCorquindale, Associate Editor
Clara N. Jiménez, Associate Editor

Atlanta ▪ Boston ▪ London ▪ Palo Alto ▪ Reston ▪ Shanghai ▪ Taipei ▪ Tokyo ▪ Washington, DC

www.finnegan.com

March 2015 Issue

Back to Main

EPO Practice

Patenting Human Embryonic Stem Cells in Europe

by Hazel Ford, Ph.D.

The patentability of biotechnological inventions in the European Union is governed by European Directive 98/44/EC (the "Biotech Directive"). One effect of the Biotech Directive is to prohibit patents on the use of human embryos for commercial or industrial purposes.

This issue commonly arises in the field of human embryonic stem cells. Embryonic stem cells are derived from early stage embryos, and the original methods for obtaining such cells involved destroying the embryo. The European Patent Office (EPO) interprets the Biotech Directive as meaning that a patent may not be granted to any product or method that requires the destruction of a human embryo. This has been further clarified by recent decisions of the EPO and the Court of Justice of the European Union (CJEU), which have considered what is meant by the term "embryo" in this context, and how this prohibition should be applied in the context of downstream products and processes.

Definition of an "Embryo"

In a 2011 decision (Case C-34/10, *Oliver Brüstle v. Greenpeace eV*), the CJEU held that the term "embryo" should be interpreted broadly to cover all stages of human development after fertilization of a human egg, and also to cover all similar cells that are "capable of commencing the process of development of a human being." This meant that a wide variety of cell types fell within the exclusion from patentability.

However, in December 2014, the CJEU was asked to consider this issue again, this time in the particular context of parthenogenetically activated human oocytes, i.e., human egg cells that had been chemically activated but that had not actually been fertilized.

In their 2011 decision, the CJEU specifically stated that this type of activated oocyte should be included in the definition of an embryo because these cells are "capable of starting" the process of development into a human being.

However, in their 2014 decision (Case C-364/13, *Int'l Stem Cell Corp. v. Comptroller General of Patents, Designs and Trade Marks*), the CJEU reviewed new technical information and came to a different conclusion. They held that a human embryo should only cover cells that have the inherent capacity to develop into a human being. The term "embryo" therefore does not cover all cells that are capable of starting to develop into a human being, only those that have the capacity to fully develop into a human being.

Based on the evidence presented to the court in this case, it seems that parthenogenetically activated human oocytes will now be patentable in Europe. It is also possible that some other cell types, which would have been excluded from patentability under the CJEU's 2011 decision, may now be patentable if it can be shown that they are not capable of fully developing into a human being.

Effect on Downstream Products and Processes

Prior to the CJEU's 2011 decision, the EPO had taken the view that the exclusion provided by the

Biotech Directive would not apply if it was possible to obtain suitable human embryonic stem cells from a commercially available cell line. For example, if human embryonic stem cells could be purchased from such a cell line at the priority/filing date of the patent, then any downstream methods, uses, or products derived from them could be patented.

However, in its 2011 decision (Case C-34/10, *Oliver Brüstle v. Greenpeace eV*), the CJEU also concluded that the "use of a human embryo" in the Biotech Directive does not have to be part of the invention that is claimed. If a human embryo was destroyed at any earlier stage, even if that destruction occurred long before the implementation of the invention, then the invention cannot be patented. This means that, for example, new uses of a commercially available human embryonic stem cell line may not be patentable, if that cell line was originally produced by a method that involved destroying a human embryo. The effects of the Biotech Directive therefore apply not only to human embryos and their direct uses, but also to all downstream methods and products that derive from them.

This approach is now followed by the EPO. For example, in decision T1441/13, issued in September 2014, the EPO's Board of Appeal refused an application directed to a method of producing differentiated cells from primate pluripotent stem cells, such as human embryonic stem cells. The claimed method did not indicate the source of the cells, but the Board of Appeal concluded that the known and practiced method of obtaining human embryonic stem cells at the filing date of the patent application required the destruction of human embryos.

The Board also concluded that the first public disclosure of a method by which human embryonic stem cells could be obtained without destroying a human embryo was published by Chung et al. ("Chung") in January 2008. In practice, therefore, claims relating to human embryonic stem cells may be allowed by the EPO if they have a priority/filing date of January 2008 or later, as they can rely on Chung's nondestructive methods of obtaining cells from human embryos. However, if the patent application relates to particular human embryonic stem cells that could not be obtained using Chung's method, such as particular cell lines that are known to have been produced by a destructive method, such an argument is unlikely to succeed.

If European patent claims encompass both destructive and nondestructive methods, it may be necessary to disclaim any products, methods, or uses that required the destruction of a human embryo. The Board also made it clear that such a disclaimer can only be used in cases where nondestructive methods were available at the filing date. In cases filed prior to January 2008, such a disclaimer cannot be used because suitable nondestructive methods were not available.

Conclusion

This is an area of law that is likely to keep developing as companies try to test the boundaries of the exclusion and to identify what inventions they can protect using the patent system in Europe.

For example, the EPO's current use of a January 2008 cut-off date is based on the assumption that no earlier methods were available for obtaining human embryonic stem cells without destroying an embryo. However, as the case law develops, earlier publications may become relevant. For example, we must wait to see whether interested parties can establish a date earlier than January 2008 for the availability of stem cells produced from parthenogenetically activated oocytes.

This means is that there is likely to be uncertainty for companies working in this area for some time to come.

FINNEGAN

If you have any questions or need additional information, please contact:

Eric P. Raciti, Editor-in-Chief
J. Derek McCorquindale, Associate Editor
Clara N. Jiménez, Associate Editor

Atlanta ▪ Boston ▪ London ▪ Palo Alto ▪ Reston ▪ Shanghai ▪ Taipei ▪ Tokyo ▪ Washington, DC

www.finnegan.com

March 2015 Issue

Back to Main

EPO Practice

Speeding Things Up at the EPO

by Leythem A. Wall

Over the last few years, we have seen a number of procedural changes at the European Patent Office (EPO) looking to "raise the bar" in prosecution of European patent applications. This culminated in measures such as clarification of the scope of protection prior to search (Rule 62a EPC and Rule 63 EPC), mandatory responses to the international written opinion prepared by the EPO (Rule 161 EPC) and the European search opinion (Rule 70a EPC), and only one opportunity to file voluntary amendments and mandatory provision of the basis for amendments (Rule 137 EPC). Some changes, however, have seen a turnaround from the EPO, such as the two-year divisional deadline (Rule 36 EPC) and the restriction on searching inventions which have not been searched in the international phase (Rule 164 EPC). While there is already a free mechanism for acceleration of examination proceedings, PACE, which ensures issuance of an examination report within three months, this procedure is not regularly used and is only acted upon the individual cases for which it is requested. Instead of applying more "burden" on applicants, the next wave of sweeping changes appears to place the ball firmly in the EPO's "court," and also gives applicants—and indeed third parties—more options to accelerate proceedings at the EPO and elsewhere. In this article, we shall look closely at some of the most recent changes, which at least for now look set to stay.

PCT Direct

One of the new schemes known as "PCT Direct" allows applicants, when filing a PCT application and designating the EPO as the international searching authority (ISA), to also respond to an EPO search opinion issued on the first application from which the PCT application claims priority. Notably, the first application need not be a European application but can also be a national application for which a search is carried out by the EPO. As well as European applications, this is also therefore available for first applications searched by the EPO in France, the Netherlands, Belgium, Luxembourg, Italy, Turkey, Greece, Cyprus, Malta, San Marino, or Lithuania. The response to the search opinion can include amendment of the claims, including the description and drawings. Optionally, a marked-up copy of the application documents can also be filed. The EPO acting as ISA will then establish the international search report and written opinion based on the reply to the earlier opinion. While there will not be any reference to the earlier search opinion in the international written opinion, the response filed under the PCT Direct scheme will be made publicly available on the PATENTSCOPE database when the PCT application is published.

The clear benefit of this new procedure, which is free to use, is that applicants have an extra opportunity during the International PCT stage to overcome objections already raised by the EPO. A reply to the written opinion and a demand for international preliminary examination can still be filed if any objections remain. Applicants can also increase their chances of achieving just a publicly available positive written opinion and avoid the need to file a demand for international preliminary examination at all. Overall, the scheme is clearly useful in determining the likelihood of success for applications before proceeding with the expense of entering the European regional phase or other national phases.

Taken in conjunction with the Patent Prosecution Highway (PPH) program, for countries which require a positive international written opinion or international preliminary report on patentability (IPRP) from the

EPO or indeed schemes in other countries which take the written opinion of the EPO into account, the examination and grant of such corresponding family member applications can be expedited.

Early Certainty from Search

The EPO has also introduced a new priority scheme, which will be good news to many, particularly those with long-pending applications. First, applications already being examined will be prioritized over newly filed applications. Additionally, all search reports and written opinions on patentability will be issued within six months of filing. The granting of applications will also be expedited for those applications on which a positive European search opinion is issued. This certainly appears an ambitious statement of intent by the EPO and is a welcome step in the right direction for applicants looking to sooner reach grant of their applications.

One of the most intriguing aspects of the "Early Certainty from Search" scheme is that now, under certain conditions, the processing of applications against which third-party observations are filed will be accelerated. This also applies to patents in opposition proceedings and post-grant requests for limitation or revocation. The two fundamental requirements are that the submissions are substantiated and not filed anonymously. It appears therefore that reasoned observations filed by a "straw man" may satisfy the requirements to accelerate proceedings before the EPO.

As, a result applicants and third parties can accelerate procedure on sensitive cases. From the observer's perspective, it provides a means of determining more quickly whether there will be freedom to operate should that be a reason for filing observations. Furthermore, for pending applications, there is the opportunity to argue for grounds such as lack of clarity and lack of unity, which are not available during EPO opposition proceedings. Similarly, it should be borne in mind that in opposition, burden of proof lies with the opponent to convince the EPO that the patent is invalid. During examination, generally speaking, the burden lies with the applicant to convince the EPO of validity, which may be particularly relevant for filing arguments of insufficiency and lack of inventive step. Third-party observations at the EPO, for which there is no official fee, might also influence proceedings for corresponding applications in other jurisdictions, a prime example being the U.S. Patent and Trademark Office and the duty of disclosure.

Overall, these are very positive changes by the EPO and should go some way to satisfying applicants who have had their patience tested by lengthy proceedings. The possibility for third parties to expedite proceedings with observations is also an interesting development. The tool remains free to users, but for acceleration, anonymity will have to be sacrificed.

FINNEGAN

If you have any questions or need additional information, please contact:

Eric P. Raciti, Editor-in-Chief
J. Derek McCorquindale, Associate Editor
Clara N. Jiménez, Associate Editor

Atlanta ▪ Boston ▪ London ▪ Palo Alto ▪ Reston ▪ Shanghai ▪ Taipei ▪ Tokyo ▪ Washington, DC

www.finnegan.com

March 2015 Issue

Back to Main

At the Federal Circuit

PTO Claim Construction Reversed Based on Usage in Specification

by Adam M. Breier, Ph.D.

A "construction is unreasonable" under the broadest reasonable interpretation standard where "it comports with neither the plain meaning of the term nor the specification." *In re Imes*, 113 U.S.P.Q.2d 1522, 1525 (Fed. Cir. 2015).

Imes was an appeal from a decision of the Patent Trial and Appeal Board (Board) affirming the rejection of all pending claims as anticipated or obvious in U.S. Patent Application No. 09/874,423 ("the '423 application"). The '423 application is directed to a device for communicating digital camera image and video information over a network. On appeal, Mr. Imes successfully challenged aspects of the Board's claim construction and interpretation of the prior art. The Federal Circuit thus reversed the rejections of independent claims 1, 34, and 43, and their dependent claims. The rejection of claim 1 was addressed separately from the rejection of claims 34 and 43.

Claim 1 recites an electronic device including a memory for storing digital images, a display for displaying the images, an input device for receiving a request for communication, and first and second wireless communication modules. The dispute focused on whether the prior art disclosed the second wireless communication module.

The examiner found that disclosure of a removable memory card qualified as the second wireless communication module because it communicated through metal contacts, not a wire. The Board affirmed, stating that "'wireless data communication transfer from a removable media card' discloses a 'wireless communication module.'" *Id.* at 1524.

The Federal Circuit noted that nothing in this case implicated "the deference to fact findings contemplated by the recent decision in *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 841-42 (2015)." *Imes*, 113 U.S.P.Q.2d at 1524 n.1. Thus, its review of claim construction was de novo. Notably, its construction of the term "wireless" relied only on intrinsic evidence, i.e., the specification, unlike the claim construction in *Teva*.

The court rejected the Board's construction of "wireless" as "inconsistent with the broadest reasonable interpretation in view of the specification." *Id*. The court explained that the '423 application "expressly and unambiguously defines wireless: '[w]ireless refers to a communications, monitoring, or control system[] in which electromagnetic or acoustic waves carry a signal through atmospheric space rather than along a wire.'" *Id*. (alterations in original) (quoting '423 application p. 46 l. 26 - p. 47 l. 1). Furthermore, it "consistently uses the term 'wireless' to refer to methods and devices that carry waves through atmospheric space, such as Bluetooth and various cellular protocols." *Id*. (citations omitted). The removable memory card was not a wireless communication module because its metal contacts do not carry a signal through atmospheric space. Thus, the court reversed the rejection of claim 1 and its dependent claims.

The court next addressed the rejection of claims 34 and 43, which recite communications devices. Here, the dispute turned on the limitation of a communications module "operable to wirelessly communicate

streaming video to a destination." *Id*. The Board had construed this language as meaning "capable of wirelessly communicating continuous video transmission." *Id*. at 1525. The court agreed with this aspect of claim construction but found no substantial evidence that it was disclosed by the cited art.

The examiner and Board had relied on disclosure of a wireless digital camera system that serially transmitted multiple images to a server, concluding that "[a] continuous process of sending images is the equivalent to streaming video." *Id.* (alterations in original) (citation omitted). The court disagreed, pointing out that both the '423 application and the prior art cited by the U.S. Patent and Trademark Office (USPTO) consistently distinguish image transmission from video transmission. It noted that the '423 application contains some embodiments which disclose transmitting images but not video, and other embodiments disclosing transmitting video in a streaming manner. The court concluded that sending a series of e-mails with images attached does not disclose streaming video. *Id.* Furthermore, the prior art distinguished between still images and video clips. Thus, image transmission was not the same as video transmission. The USPTO's contrary "construction is unreasonable as it comports with neither the plain meaning of the term nor the specification." *Id*. Sending a series of e-mails did not meet the definition of streaming, nor did still images meet the definition of video.

The court further held that sending a video file as an e-mail attachment was not streaming or continuous transmission. *Id*. at 1526. Here too, the '423 application distinguished sending a video file from streaming video. Having found no substantial evidence that the prior art disclosed streaming video capabilities, the Federal Circuit reversed the rejections of claims 34 and 43 and their dependents. *Id*.

Thus, although the court described this reversal as due to lack of substantial evidence, it effectively rejected the USPTO's claim construction. The court held that wirelessly communicating streaming video could not encompass transmitting still images or video files by e-mail under the broadest reasonable interpretation.

The court's reasoning underlying the reversals of both rejections highlights the usefulness of definitions and consistent usage of terms in a patent application. Even under the broadest reasonable interpretation standard used by the USPTO, the usage of terms in the application contributed to holdings that the USPTO construed the claims too broadly. Defining "wireless" as requiring through-the-air transmission and using the term consistently with that definition countered the USPTO's position that a literally wireless removable memory card met the limitation. Similarly, using "streaming" and "video" consistently and distinctly from e-mail attachments and still images countered the USPTO's position that a series of e-mailed still images or an e-mailed video clip met the streaming video limitation.

FINNEGAN

If you have any questions or need additional information, please contact:

Eric P. Raciti, Editor-in-Chief
J. Derek McCorquindale, Associate Editor
Clara N. Jiménez, Associate Editor

Atlanta ▪ Boston ▪ London ▪ Palo Alto ▪ Reston ▪ Shanghai ▪ Taipei ▪ Tokyo ▪ Washington, DC

www.finnegan.com