



# THE NAPLES ROUNDTABLE

Exploring Ways to Strengthen & Improve the Patent System

LEAHY INSTITUTE OF ADVANCED PATENT STUDIES

*Knowing what we now know,  
if we could build a new patent system from scratch,  
What would a fresh start look like?*

**An Enhanced Straw Proposal for Discussion - 2022**

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# What does a “fresh start” need to address?

## High Technology Industry Perspective:

- The concept of a “unitary” system is an anachronism; e.g., we should tailor patent term and injunctive relief by technology.
- The initial patent examination needs vastly improved accuracy.
- Enforceable rights under standards-relevant patents must be rationalized—and globally harmonized.

## “Small Entity”/Start-Up Perspective:

- Time/cost to enforce patent rights must be dramatically lessened.
- Practicing and non-practicing patentees must have a realistic opportunity for injunctive relief.
- IPR should not be open to abuse and must become less costly.
- The law of “subject matter eligibility” cannot remain a mess.

# What does a “fresh start” need to address?

## USPTO Administrative Perspective:

- Transform the USPTO into an independent, fee-funded agency headed by a Director with a  $\geq 5$ -year statutory term—afford the USPTO legal standing in the courts.
- Grant the USPTO substantive rulemaking authority, end the use of BRI during examination, and provide PTAB jurisdiction over disputed issues of claim construction.
- Focus examination initially on §112(a)/(b) issues.
- Provide greater incentives for pre-grant submissions of prior art.

## Judicial Enforcement Perspective:

- Confirm (or revisit?) the exclusive jurisdiction of the Federal Circuit over patent appeals. Has the court met its objective of bringing uniformity to the patent law?
- Observe legislative *caution* as a worthy virtue given the prospects for *unintended consequences*.
- Consider the time to reach judicial “certainty” for any new statutory rule or standard.
- Address the risks of enlarging judicial workload in any reform measure (e.g., as in the creation of the PTAB under the AIA).

# What does a “fresh start” need to address?

## Finding Consensus Among Divisions:

- Sincere, deep-seated, and irreconcilable differences in the “world view” of the patenting must be reconciled.
- Common objectives (simpler, less expensive, more predictable, faster resolution) need to drive reforms.
- Dialogue is needed to achieve a “balance” that will not fully satisfy any affected constituency.
- Has the time come for a “Johnson Commission” or a “National Academies Report” jump-start?

## Finding a Legislative Pathway:

- All legislating has grown more difficult—greater ambitiousness equals greater difficulty.
- Traditionally non-partisan patent reform is growing more politicized.
- The issues are not “technical,” but impact economically a vast spectrum of constituencies.
- A major legal reform can easily take three to five Congresses (6-10 years) to move into law.
- Strong, broad stakeholder interests need to coalesce on specifics.

# What does a “fresh start” need to address?

## How Can Various Perspective Be Melded Into a Consensus Plan for Action?

- The examination process must produce greater respect for and deference to patent rights—the integrity of the system is at stake.
- The overarching reform objective must be to simplify and streamline a system that takes too long, costs too much, and produces too much uncertainty over the validity and enforceability of patent rights.
- Too many avenues exist to secure and refine patent rights and too many avenues exist to attack and destroy patent rights.
- To reduce time, costs, and uncertainties, the law on patenting and patent enforcement should become even more transparent, objective, predictable and simple.

# USPTO Process: File Once, Examine Once, Issue Once

1-year period for provisional application filings and “grace period” publications.

A nonprovisional (NP) patent application has *all claims* examined for patentability; independent claims required to be limited to single general inventive concept.

Only a *single patent* can issue on an NP application; *no continuing applications*.

USPTO examination addresses only [1] ineligible subject matter, [2] indefinite claiming, [3] insufficient disclosure, and [4] insubstantial differences from prior art.

## USPTO Information Disclosures:

1. Applicant must provide a concise description of relevance of cited art.
2. Fee per item required for USPTO consideration.
3. No prosecution misconduct unenforceability for valid patent claims.

Nonprovisional Applications Become Public Upon Filing.

Applicant Has Right to Conditional Patent Issuance After 3 Years.

Director Can Require Conditional Patent Issuance After 6 Years.

Patent Owner Can Seek “Broadening Reissue,” But Not on Reissue Applications Filed More Than 6 Years After the Original Patent Filing Date.

Patent expires after 20-year term from filing ends. PTA only for “secrecy order” delay in issuance.

USPTO imposes added filing, search, examination, issue, & maintenance fees for excessive claiming; >3 independent claims; >20 total claims.

## Four USPTO Forums to Address Patent Validity Post-Issuance:

1. Director can reexamine for validity (prior art limited to patents & printed publications).
2. Patent owner can address claiming/validity issues through reissue applications.
3. Public has one-year-from issue to seek a post-grant review; no appeal right or estoppel.
4. Any accused infringer in a civil action can file an *invalidity complaint* in the USPTO during litigation, as can anyone who could file a non-infringement declaratory judgment action.

USPTO Addresses All Issues of Patent Validity

## Remedies for Infringement:

1. Compensatory, but not punitive, damages or “willfulness.”
2. Injunctive relief absent extraordinary public interest to limit.
3. Attorney fees to prevailing party in civil action.

## Civil Actions to Address Infringement/Enforceability Issues:

1. Non-infringement, including research use, prior commercial use, and confirmatory genetic testing.
2. Unenforceability: filing laches, double patenting, patent misuse, material prejudice & inventorship.

## 4 Invalidity Grounds:

1. Ineligible Subject Matter
2. Indefinite Claiming
3. Inadequate Disclosure
4. Insubstantial Difference from Prior Art

## 4 Non-Infringement Defenses:

1. Missing Element
2. Research Use\*
3. Prior Domestic Commercial Use
4. Confirmatory Human Genetic Diagnostic Testing

## 5 Unenforceability Defenses:

1. *Patent Filing Laches*
2. *Double Patent Assertion*
3. Patent Misuse
4. Material Prejudice (Equitable Estoppel)
5. Errant Inventorship

USPTO (PTAB) addresses all issues of contested patent validity

Court may stay entry of final judgment pending USPTO invalidity complaint review

Right to trial by jury on issues of infringement liability, including damages

Court construes claims & can order injunctive relief and award attorney fees

## Infringement Remedies:

1. Compensatory damages only
2. Injunctive relief
3. Attorney fees to prevailing party

\*-Includes 35 U.S.C. §271(e)(1).

## Backup Slides

A claimed invention is valid, as a matter of law, absent a finding it is directed to—

1. **Ineligible subject matter:** not defined in terms of a process, machine, manufacture, or composition of matter constituting a practically useful application of technology.
2. **Indefinite:** not set forth in a claim in a manner that afford reasonable certainty as to what is or is not protected with exclusive rights.
3. **Inadequately disclosed:** not described in a manner that establishes it **was fully conceived and fully enabled** to permit a skilled person to make and to use.
4. **Insubstantially different:** not both new and differentiated from **prior art** in ways that render it nonobvious.

**Prior art** is limited to subject matter made **available to the public** before effective filing date and **published patent filings** effectively filed before effective filing date, subject to:

1. 1-year “grace period” prior to the nonprovisional patent filing.
2. Exclusion of commonly assigned inventions, including “joint research agreement” inventions so deemed.

Patent Examination of Nonprovisional Applications Is **File Once, Examine Once, & Issue Once**—

1. No continuing applications, including divisionals, because all presented claims are examined.
2. Examiners may object to independent claims not limited to a single general inventive concept.
3. Additional filing, search, exam, issue, and maintenance fees are incurred for each independent claim >3 and additional issue and maintenance fees are incurred for each claim in excess of 20.
4. A reissued patent may enlarge claim scope if sought within 6 years of original patent filing date.
5. Nonprovisional patent filings are immediately public following USPTO security review.
6. Each IDS “prior art” item requires a description of relevance; items outside spec require a fee.
7. Unenforceability based on prosecution misconduct is eliminated as duty to disclose is enhanced.

**Claim Construction Rule:**

“Functional claims,” if otherwise invalid as not sufficiently disclosed, are limited to disclosed structures & equivalents.

**Patent validity determinations are through USPTO—**

1. Director *sua sponte* reexamination.
2. PGR petition filed within 1 year from issuance.
3. USPTO “invalidity complaint” by accused infringer in a civil action, decided under PGR procedures.

**Defenses to infringement in a civil action are limited to noninfringement & unenforceability grounded on:**

1. **Application Laches:** inventor-attributable, non-public uses & sales more than 6 years before patent filing.
2. **Double Assertion:** *res judicata* preclusion if patentably indistinct claims had been previously asserted against the same infringer.
3. **Patent Misuse:** misuse resulting in economic harm in violation of federal competition laws.
4. **Material Prejudice:** Equitable estoppel remains.
5. **Ownership-Changing Misjoinder/Non-Joinder.**

**Remedies for patent infringement:**

1. Injunction, absent extraordinary public interest dictating otherwise.
2. Damages of at least a reasonable royalty, *but no enhanced damages.*
3. No relevance for patent marking or notice of patent by patentee.
4. No relevance for an infringer’s knowledge of the patent, intent, or state of mind otherwise.
5. Prevailing party attorney fees.

