

Patent Quality: It's Now or Never

A LexisNexis® White Paper

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A patent that fails to meet the legal requirements for patentability can never be a quality patent, regardless of your perspective in determining quality.

Intellectual Property (IP) attorneys have always appreciated the importance of patent quality in the creation of patent applications. Strong patent applications make for strong defensible patents, enabling businesses and inventors to benefit from their research efforts and produce new and innovative products. To that end, innovators rely heavily on the expertise of counsel to effectively capture the full scope of rights associated with their underlying innovations so they may fully realize the fruits of their labor.

On the other hand, low-quality patents offer little or no value and can be very expensive to maintain. This is bad for business because it essentially makes them cost centers—instead of profit generators—and tends to inhibit some companies from even pursuing patents at all. Moreover, if patents are consistently invalidated, their perceived value as integral components of corporate IP strategy may be dismissed.

The America Invents Act (AIA), federal legislation that was passed by Congress and signed into law by President Obama on September 16, 2011, represents the most significant change to the U.S. patent system since 1952. With the passage of the AIA, the importance of patent quality has been heightened significantly.

The message to patent attorneys is clear: if you weren't already focused on patent quality for efficiency reasons, you need to be now for practical systemic reasons.

Review of Perspectives on Patent Quality

Patent quality can be understood to mean many things—for instance, the relative market value of the underlying innovation, the effective capturing and articulation of the invention in a patent that is clearly written and readily understood, or the ability of the patent to effectively meet the legal standards of patentability.

A number of published comments about patent quality involve discussions from different perspectives. For example, some observers contrast “substantial” vs. “minor” technological advancements, while others assess the success of the author in effectively capturing the broadest scope of a protectable invention. Some experts focus on the relative quality of the technical writing, presumably by one having a significant command of the subject matter. Others focus on the adequacy of the claims to protect the innovations associated with their related products. A more recent trend has been to tie the value of the patent to an innovation's prospective or established market value. Finally, and most importantly, quality can be assessed by measuring how effectively a patent meets the legal requirements of patentability. If a patent can be readily invalidated, all of the other quality measures are without merit.

The key point for patent attorneys today is that a patent that fails to meet the legal requirements for patentability can never be a quality patent, regardless of your perspective in determining quality.

For purposes of this paper, patent quality refers to:

“... the relative ability of a granted patent to consistently meet the legal requirements for patentability, including utility (§101), novelty (§102), non-obviousness (§103) and adequate/enabling written description (§112) ...”

Patent Quality is Vital

David Kappos, Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office, has remarked that “patent quality is the *sine qua non* of our success” and has talked about patent quality as the key to “granting those claims the applicant is entitled to under our laws” in the U.S.

The legal standards of utility, novelty, non-obviousness and written description are the fundamental determinants of the patent grant and only those patent applications that meet these standards should be granted. In today's high-tech competitive world, high-quality patents enable market participants to better predict what actions might result in infringement and what actions are benign in nature. Product management, marketing and other corporate functions need to be able to define a reasonable path of commercial pursuit. On the other hand, low-quality patents create uncertainty. They can sometimes hinder competition, keeping companies out of spaces they could legally occupy, and keeping innovators away from improvements they might otherwise pursue.

The goal of the patent system is to foster innovation, not inhibit it, and the public benefits when inventors disclose their innovations. Likewise, inventors benefit when they can secure rights to their innovations. But few benefit when a claim is made over subject matter that should be available to the public or already belongs to another patent owner.

In addition to the practical benefits to the marketplace, certainty over IP rights also leads to a decrease in litigation. Strong patents are obvious deterrents to frivolous lawsuits, whereas questionable patents invite risk taking and often set the stage for litigation. Furthermore, the cost alone of prosecuting and maintaining worthless paper assets can be significant.

Finally, the proliferation of weak patents covering minor unpatentable advances can lessen the pool of investment available for substantial innovations that truly have merit. This produces an added cost to our society when willing market participants avoid areas of technology ripe for evolution due to the inhibitive effect created by an onerous thicket of weak patents.

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AIA Changes the Ballgame

The AIA introduced many new changes that will likely impact common patent practice. One of the most significant changes is the migration of the U.S. Patent system from a First to Invent to a *First Inventor to File system*, effective March 16, 2013.

The new *First Inventor to File* provisions will likely require more expeditious patent application drafting, as the race to the office may evoke new standards of care. Factoring in undue delay, excessive drafting time and other such practicalities, we may well see an influx of malpractice cases for delays in filing. Interestingly, we can expect that a substantial number of patent applications are likely to be submitted before the *First Inventor to File* effective date to take advantage of the old law. Drafting efficiency and accelerated QA are likely to become universal practice considerations for patent lawyers.

In addition to *First Inventor to File*, the AIA introduced many new ways to challenge both pending and granted patents:

Pre-Issuance Submissions (effective 9/16/2012)

Under the new law, third parties will be able to submit pertinent prior art, along with a detailed accompanying explanation, suggesting how the submitted art is relevant to the patentability of a pending application. These pre-issuance submissions can be made before a first substantive office action or within six months after an application is first published, whichever is later, but before a notice of allowance. The submissions can also be made anonymously. It's likely that companies will soon be monitoring (if they aren't already) the published applications of their competitors in order to identify and consider problematic applications. Utilizing pre-issuance submissions, they might then effectively "knock out" these pending applications via early submitted prior art. This would allow companies to avoid the concerns associated with a possible later patent grant and the related uncertainties surrounding the infringement of a weak patent.

One point of caution, however, is that should a patent issue, it is presumptively valid, and any art considered by the examiner will be less amenable to use in a subsequent validity attack. If the unconsidered art borders on the cumulative, a pre-issuance submission would seem inappropriate and ineffective. Moreover, the submission might enable the applicant to tailor their claims to avoid the prior art, thus avoiding the submission altogether.

Post Grant Review (effective 3/16/2012)

Interested third parties will soon be able to challenge patents within nine months of the grant date. Unlike pre-issuance submissions or re-examination, post grant review petitions can assert *any grounds for invalidity, including §112 considerations*. Essentially, most invalidity arguments the petitioner could make in federal court will be available in post grant review, including novelty, non-obviousness, written description, statutory subject matter, etc.

Also, post grant review requires only a *preponderance of the evidence*, a lower standard than the clear and convincing standard encountered in federal courts. Post grant review hearings will typically conclude in one year (or in 18 months if accompanied by a showing of cause), providing an early mechanism for attacking the validity of competitor patents. This suggests that patent-dependent industries have one more reason to actively monitor the patenting activities of competitors, as is often already done in regard to European patents for possible opposition.

Similarly, companies should recognize that their own recently granted patents may face post grant review challenges and prepare accordingly. While European oppositions typically occur with approximately five percent of European grants, it is difficult to say how significant post grant review will become in the U.S. This is primarily due to new *estoppel* provisions that ban the petitioner from later asserting the same arguments, or those arguments that reasonably could have been made, in subsequent federal litigation.

With post grant review, practitioners have a more affordable and timely option, with lower standards of proof and proceedings conducted by perhaps a more patent literate and tech savvy tribunal (Patent Trial and Appeals Board). In addition, concerns over venue bias are obviated. However, the risk of *estoppel* may be inhibitive if it is believed the patent may not be invalidated. Regardless, patent drafters should be aware that there exists the very real possibility of early investigation of their work product by a competitor or interested party.

Practical Considerations

If you are a patent drafter, you need to understand that your applications may be subject to heightened scrutiny very early in the game. If you typically don't conduct preliminary searches of the prior art, you may want to consider them because what the examiner doesn't find, your competitors may well find. Also, identifying pertinent prior art will enable you to avoid overlapping subject matter, draft stronger claims, avoid early art-based rejections, locate threads of innovation for expansion and improve the overall "quality" of the filing.

Additionally, make sure your patents are internally consistent and well-tailored. Avoid common Section 112 problems and make certain that your application is structurally sound. The USPTO's Patents End-to-End (PE2E) Strategy includes an initiative called PATI (Patent Application Text Initiative) that offers algorithm-based analytics for identifying a variety of issues, including lack of support in the disclosure, claim anomalies, etc. As PATI is deployed, we'll likely see an increase in Section 112-based rejections, and what the USPTO doesn't find during prosecution, a competitor may find in a post grant review proceeding.

Use a tool such as LexisNexis® *PatentOptimizer*™ to validate the consistency of your part labels, find inappropriately repeated part numbers, identify antecedent basis problems and pinpoint claim elements lacking support in the disclosure. Proof your application carefully; it's much easier and faster to correct mistakes prior to the commencement of prosecution.

Finally, companies should actively monitor published applications and grants of their competitors and in areas of technology in which they operate. The coming availability of pre-issuance submissions and post grant review will enable them to challenge problematic claims in ways that may ultimately prove vastly more affordable and far more efficient than civil litigation.

It's no longer a question of good lawyering, it's a now-or-never consideration when it comes to securing valuable and defensible intellectual assets.

Conclusion

Every patent attorney has been schooled in the underlying legal drivers of patent quality. However, in the aftermath of the passage of the AIA, many may need to reassess their overall approach to prosecution and/or litigation.

In the process of moving from a "first to invent" to a "first inventor to file" system, and the transitioning to a text-based "patent end-to-end" paradigm, the USPTO has changed the game when it comes to how we think about patent quality. It's no longer a question of good lawyering, it's a now-or-never consideration when it comes to securing valuable and defensible intellectual assets.

Are you prepared?

- LexisNexis is the only company in the IP research space that provides end-to-end tools focused on patent quality.
- Created by patent attorneys for patent attorneys, *PatentOptimizer* helps you develop internally consistent, concise and well-tailored patent applications.
- TotalPatent allows IP practitioners to research and analyze patent data and protect intellectual property quickly with the world's largest collection of searchable full-text and bibliographic patent databases.
- For more information, go to www.lexisnexis.com/qualitymatters

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