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Written Description: A New Hole in the Presumption of Validity Ozone

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Special to the Legal

Few things are politically debated more in the patent area than the presumption of patent validity. The presumption of validity for a U.S. patent is derived from Title 35, Section 282 of the patent statutes. It is based on deference to the administrative correctness of the U.S. Patent and Trademark Office, or PTO, when granting a U.S. patent. A challenger to the validity of a patent, i.e., someone who wants to show that the patent does not meet all legal requirements, has the burden to demonstrate the patent is invalid by clear and convincing evidence.

General views on the presumption of validity fall into two basic camps. Some believe it creates stronger value in U.S. technological capital and encourages inventors to seek the limited period of exclusivity provided by a U.S. patent in exchange for giving an idea to the public domain upon expiration of the patent. This is also the primary foundation of the U.S. patent system: promoting technological advancement through public sharing of information. Others believe that the presumption introduces too high a burden of proof when challenging patents in litigation, such that it acts as a bar to attacking what some perceive to be a growing number of weaker U.S. patents that should not have been granted. As a result, “bad” patents may not be challenged, which negatively impacts business competition. There is a continued balancing act between promoting and rewarding innovation and open-market competition.



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The presumption of validity is one of the legal structures that sits somewhere in the middle of such competing interests.

It is virtually impossible to achieve 100 percent perfection when issuing patents due to the nature of the examination process and the many factors that affect the “rightness” of the decision to award a patent. Therefore, to some extent, patent quality has been and will always be an issue. There are alternatives to direct litigation challenges to what are viewed as “bad” patents, i.e., patents that do not meet all legal requirements, not to be confused with properly issued patents that create competitive issues for those who simply do not want to properly license the rights or change their designs. Examples include seeking advice of counsel and designing around an issued patent, finding a business resolution to the situation or filing for re-examination at the PTO.

Despite the growing amount of patent litigation, many still ask why it is not easier to challenge patents in litigation. While it is easy to view all patent holders as stereotypical big companies with many patents and large financial resources, driving small

companies out of the marketplace, that is only one extreme. Patent holders lacking large resources, after investing their limited funds in obtaining a patent as contemplated by the patent system, can later be just as easily held hostage by multiple challenges from those with seemingly unlimited resources in patent litigation — a situation most small company patent holders can rarely afford to fight. So opportunities for injustice occur on both extremes of the financial spectrum.

Regardless of these extremes, the balance is being slowly tipped in the challenger’s favor by the courts, which have become increasingly active in the patent area. Notably, in 2007, the U.S. Supreme Court in *MedImmune Inc. v. Genentech Inc., et al.*, and the Federal Circuit Court of Appeals (based on *MedImmune*) in later decisions, made challenging patents through the Declaratory Judgment Act easier. Other decisions narrowing the scope of patents through changes in the laws of patent interpretation have also contributed to a pro-challenger atmosphere. The thought, of course, is that giving more openings to challenge issued U.S. patents through legal channels would alleviate otherwise limited options faced by a challenger when a patent does not properly meet legal requirements.

Up until recently, the initial burden in challenging a patent’s validity has always remained the same; the challenger must prove invalidity of an issued patent by clear and convincing evidence to overcome the presumption of validity. The presumption remains a strong legal construct — like a patent ozone layer — protecting those

who give inventions to the public, and participate in the U.S. patent system.

At this point, your attention is taken back to the title of the article, which started out with “written description.” Written description is a pretty dry patent topic, such that written description cases tend to get less attention. They are difficult, and written description involves some reasonably confusing jurisprudence. The written description requirement derives from the patent act, specifically, the first paragraph of Section 112, which says:

“[t]he specification shall contain a written description of the invention, and of the manner and process of making and using it, in such clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.”

This paragraph lays out three main requirements for a written patent specification: a written description, enablement and best mode. The first two are often confused both in law and in practice. It is the former, a clear, concise and exact written description of the invention (implying what is actually in the patent claims), which is the subject of the April 11, 2008, decision of the Federal Circuit Court of Appeals in *PowerOasis Inc. v. T-Mobile USA Inc.*

PowerOasis involves a vending machine that allows customers to purchase telecommunications access. PowerOasis’s first patent application filing in a series of filings was filed in February 1997. In the original filing, the claims (the portion of the patent that defines the invention) included the term “user interface.” The patent disclosure showed various screens on the vending machine in which customers could interact with the system. Before this patent issued, PowerOasis filed a related, continuation application (having the same disclosure as the initial patent application, but different claims). That application ultimately was abandoned. While it was still pending, PowerOasis filed a continuation-in-part, or CIP, patent application, and then two

more related applications with the same disclosure as the CIP. These two later patent applications were the patents involved in the litigation.

A CIP application, by definition, includes information that was in the original filing, and information that is new. The significance is that when evaluating a patent for validity, references or “prior art” which can be applied against the patent must have a date before the earliest filing date in a series of related patent applications for which the patent claims at issue are entitled. Related U.S. filings sharing the same disclosure but different claims are entitled to rely on the filing date of the first application in the series. Information in a CIP application that is in the earlier filed application is entitled to reach back to the original filing date as the priority date, but new information in a CIP is only entitled to claim priority to the filing date of the new information. Patent claims relying on new information in a CIP can have a later priority date than other claims in the same application relying on old information.

During examination of the patents in *PowerOasis*, there was no determination made of what claims were entitled to what priority date. On appeal, the Federal Circuit upheld the district court’s assessment that the claims PowerOasis relied on to assert infringement by T-Mobile USA Inc. were supported only by written description that was “new” in the CIP chain. Specifically, the term “consumer interface” (interpreted to allow for interaction with a consumer through a laptop or other unattached interface instead of directly on the vending machine as in “user interface”) was held to be unsupported by the original disclosure filed in 1997. This allowed for prior art dated after February 1997 but before the CIP filings to be applied against the asserted claims to invalidate the patent. PowerOasis contended that its written description in its original filing supported the claims, but the court disagreed.

The significance of the analysis is that the court did not apply the presumption of validity when determining whether the claims were entitled to the earlier prior-

ity date. While the burden of proving the claims substantively invalid remained with challenger T-Mobile, the court held that “[w]hen neither the PTO nor the Board has previously considered priority, there is simply no reason to presume that claims in a CIP application are entitled to the effective filing date of an earlier filed application.” The court did note that the PTO does not routinely examine for this issue. It distinguished an earlier case on the subject, *Ralston Purina Co. v. Far-Mar-Co. Inc.*, by noting that in *Ralston*, a priority determination had been made and the challenger only relied on prior art already considered by the patent examiner at the PTO. The court noted that in *Ralston*, there was an “added burden” to overcome validity when only prior art considered by the examiner was used. The reasoning was that if something was considered at the PTO, the burden is tougher, and in *PowerOasis*, where the examiner did not consider priority the burden should be lower.

The court’s reasoning seems sound, but note that previously, the challenger has always had the burden of challenging patent validity by overcoming the presumption of validity by clear and convincing evidence. In this case, for at least one aspect of the challenge, the burden is now on the patent holder to show entitlement to priority. The court proceeds in *PowerOasis* as if its burden change is a natural conclusion, but it is a noticeable shift in the law. It is a hole in the protective ozone of the presumption of validity. It may also be just the beginning, and the ozone hole can grow. What seems an isolated issue not “typically” evaluated by the PTO in *PowerOasis*, can lead to precedent setting in other areas when an examiner does not consider a legal issue or when the PTO does not as a rule evaluate a particular issue. Such legal changes could increase the ozone hole to the point where the balance of competitive challenge and protecting patentees shifts significantly to the challenger in an unprecedented manner. Stay tuned and keep reading those otherwise not-so-provocative Section 112 cases. •