



Intellectual Property Law Section

State Bar of Texas

Winter 2013

Inside this newsletter...

Update From The Chair	1
Mark Your Calendar	2
In The Section	3
Call for Submissions	3
25th Annual Advanced Intellectual Property Law Course Reports	3
2012 IP Law Section Annual Meeting CLE Reports	5
2012 Women and Minority Scholarship Awards	6
2012 Inventor of the Year	7
2012 IP Law Section Annual Meeting Photos	7
Practice Points	8
Third Party Challenges under the AIA	8
What will the Dallas USPTO Satellite Office Mean for IP Practitioners in Texas?	13

Update From The Chair

By Scott Breedlove

The 2012-2013 year of the IP Law Section of your State Bar of Texas is well underway and our newsletter is the perfect way to highlight our Section's activities.



The newsletter is, as it should be, a source of pride for our Section. Get the most out of it: read it, offer articles, make announcements, and think outside the box. From the very first edition, our newsletter has flourished under consistently good leadership. On that note, a special thanks to Kristin Jordan Harkins. This is the final newsletter for her successful term as Newsletter Officer. Her successor, Neil Chowdhury, will no doubt hit the ground running, as the Patent Practice Committee he chairs contributed two of the articles in this edition. Thanks also to Mike Sebastian for designing the newsletter and to Matt Jennings for handling the website side of

things.

There's excitement in the Texas IP community. From AIA's changes to the USPTO Satellite Office announced for Texas, if you just woke up from a five-year nap you might be shocked (I mean, in addition to the shock of realizing you'd been able to sleep that long). This edition of the newsletter will clear it all up and report on a few Section events.

In the last few months, our Section hosted the 2012 Annual Meeting CLE in Houston and the Advanced Patent Litigation program in the Dallas area (Irving). The Annual Meeting IP program was highlighted by our business lunch, which included a number of awards reported in this edition of the newsletter, as well as the election of our new Officers and Council members: Chair-Elect Paul Morico; Vice Chair Kristin Jordan Harkins; Secretary Herb Hammond; Treasurer Marcella Watkins; Newsletter Officer Neil Chowdhury; Website Officer Matthew Jennings; and new Council members John Cone, Dyan House, and Bert

Jennings. Thanks to all for your service.

And then in Irving, the program that Shannon Bates directed put the “advanced” back in Advanced Patent Litigation: highly qualified speakers, substantial involvement from the judiciary, live jurors from a variety of real cases tried in the Eastern District, and cutting-edge litigation topics.

These successful events don’t happen by accident. Now is the time to roll up our sleeves. I encourage you to get involved in one of the Section’s committees: <http://texasbariplaw.org/committees/>. You can get to know your colleagues around the state and be involved.

Speaking of committees, welcome to our newest, the Women in IP Committee.

I am looking forward to a great year. If you have ideas about valuable Section initiatives or ways that the Section leadership can better serve our members, do tell! Please contact me or any other Officer or Council member. Godspeed as we continue on this year’s journey.



Mark Your Calendar

State Bar of Texas Intellectual Property Law Section

- The Advanced Intellectual Property Law CLE will be held at the Four Seasons Hotel in Austin on February 14-15, 2013. Prior to the two-day CLE, a half-day program, “Strategic Decisions Under the AIA: Now that We Know the Rules,” will be presented on February 13th.

- The IP Law Section Annual Meeting and CLE will be held at the Hilton Anatole Hotel in Dallas on June 21, 2013, in conjunction with the State Bar of Texas Annual Meeting.

For more information regarding the IP Law Section CLE events, go to www.texasbarcle.com.

Austin Intellectual Property Law Association will host its first CLE luncheon in 2013 on Tuesday, January 29 at the Westwood Country Club in Austin. For more information, go to www.austin-ipla.org.

American Intellectual Property Law Association

- The 2013 Mid-Winter Institute meeting will be held at the Tampa Marriott Waterside Hotel & Marina in Tampa, Florida on January 30–February 2, 2013. The topic is “Innovate & Protect ... or Get Left Behind”.
- The 2013 Spring Meeting will be held at The Westin in Seattle, Washington on May 1–3, 2013.

For more information, go to www.aipla.org.

The International Trademark Association will host its 135th annual meeting at the Dallas Convention Center in Dallas on May 4-8, 2013. For more information, go to www.inta.org.



In The Section

Call for Submissions

The IP Section Newsletter is a great way to get published! The Newsletter Committee welcomes the submission of articles for potential publication in upcoming editions of the IP Law Section Newsletter, as well as any information regarding IP-related meetings and CLE events. If you are interested in submitting an article to be considered for publication or add an event to the calendar, please email your submission to Newsletter@texasbariplaw.org.

Article Submission Guidelines:

STYLE: Journalistic, such as a magazine article, in contrast to scholarly, such as a law review article. We want articles that are current, interesting, enjoyable to read, and based on your opinion or analysis.

LENGTH: 1-5 pages, single spaced.

FOOTNOTES AND ENDNOTES: Please refrain! If you must point the reader to a particular case, proposed legislation, or Internet site, or credit another author, please use internal citations.

PERSONAL INFO: Please provide a one-paragraph bio and a photograph, or approval to use a photo from your company or firm website.

If you have any questions, please contact

Indranil Chowdhury, Newsletter Officer, at ichowdhury@cgiplaw.com.

25th Annual Advanced Intellectual Property Law Course Reports

The 25th Annual Advanced Intellectual Property Law Course was held March 22-23, 2012 in Houston at the Four Seasons Hotel. We were fortunate to have solid CLE sessions from which to choose, and below are reports on two of the CLE presentations.

Ms. Jamie Sullivan, attorney for Exxon Mobil, gave an excellent presentation of ***Therasense and Thereafter***. Ms. Sullivan's presentation focused initially on the evolution of the inequitable conduct standard, followed by a discussion of the standard ultimately set forth by the Federal Circuit in *Therasense Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276 (Fed. Cir. 2011) (en banc). Sullivan highlighted the two distinct doctrines at play within the U.S. patent system: (1) fraud ("unclean hands"); and (2) inequitable conduct, and how these doctrines have problematically morphed together.

After considerable criticism and commentary over time, the Federal Circuit clarified in *Therasense* the total loss of patent rights as a result of inequitable conduct as the severest of penalties to pay for a patentee, and so the standard for showing inequitable conduct should be compatible to that severity. As has now become known, *Therasense* provides for a heightened conduct standard that includes:

- 1) a "but for" materiality standard, where the party asserting inequitable conduct must show beyond a preponderance of evidence the non-disclosed

information was material in the sense that the patent office would not have allowed claims if it was aware of the information;

- 2) a *specific* intent to deceive, where the party asserting inequitable conduct must show by clear and convincing evidence that the patentee knew of the reference, knew it was material, *and* made a deliberate decision to withhold it; and
- 3) there is no longer a sliding scale between materiality and intent; they are separate requirements.

Therasense made sure to clarify that the new standard would not apply to cases having “affirmative egregious misconduct,” which may include acts such as perjury or bribery. The U.S. Patent Office has since proposed rulemaking changes to conform to the language of *Therasense*; however, to date current Rule 1.56 remains the standard within the Patent Office and practitioners are expected to comply. Moreover, Ms. Sullivan elaborated that regardless of *Therasense* there are other rules and codes to keep in mind in regard to conduct; namely Texas Disciplinary Rules 3.03 (candor toward Tribunal) and 8.04(a) (misconduct), and 18 USC 1001(a) (statements made to federal government).

Ms. Sullivan, along with Renuka Ganesh (also of Exxon Mobil), provided a paper in the course materials, *The Past, Present, and Future of ‘Therasense’*, that provides an outstanding review and explanation of inequitable conduct.

Ms. Marcella Watkins of Shell Oil Company gave a lively and thought-provoking presentation, ***Breaking the Glass Ceiling***, at the 2nd Annual Women in IP Task Force

Breakfast held during the Advanced IP Law Course. Ms. Watkins began by noting that she began her career as a skeptic for women’s groups, thinking that because people were aware of the issues, equality was surely inevitable. Over time, Ms. Watkins’ perspective changed.

In considering the progress women have made, some hard facts were presented, including that women hold only 7.5% of executive top-earning positions; more than a quarter of Fortune 500 companies have no female executives; and female lawyers earn only 75% of men’s salaries, even though, there is now almost no gap between men and women in earning bachelor degrees. Ms. Watkins presented evidence that through the deliberate actions of women, the gap is closing. The generation between the ages of 25 to 29 has a graduation rate of 45.9% women, compared to the generation of 65 years of age and older, in which 25% of those who earned degrees were women. The female percentage of U.S. patent attorneys and the number of female inventors are also increasing with time.

Ms. Watkins recognizes that in many areas women may never reach the glass ceiling (and not every woman may want to climb the ladder). Essentially, the ladder to the glass ceiling is sticky, with gender disparity issues increasing as women climb that ladder. Ms. Watkins suggested that women should remember and be inspired by the few pioneering women that made it through the specific barriers imposed on them by laws and society. A few ideas were presented to women wishing to break through the ceiling that they should be proactive in helping other women by serving as mentors and reaching down the sticky ladder to other women by befriending, lending an ear to, or recommending for promotion other capable women.

A special thanks to our contributing writers who shared their summaries for this edition of the SBOT IP Law Section Newsletter:



John M. DeBoer is an attorney with the Intellectual Property group of Porter Hedges LLP. Mr. DeBoer specializes in patent prosecution in the chemical and mechanical arts, and also provides assistance with trademark prosecution and copyright registration services.



Celina Orr is an attorney with Carstens & Cahoon, LLP. Ms. Orr's practice area is intellectual property, with an emphasis on patent prosecution and trademarks. She is a graduate of the University of Texas Law Center and concentrates on the field of food chemistry.

The above summaries express the views of the contributing writers and not necessarily those of the State Bar of Texas IP Law Section.

2012 IP Law Section Annual Meeting CLE Reports

The IP Law Section Annual Meeting was held June 14–15, 2012 in Houston at the Hilton Americas and George R. Brown Convention Center. We were fortunate to have solid CLE sessions from which to choose and below are summaries of a few of the many CLE presentations.

Mr. Steven Espenshade, an attorney with Perkey Barber LLP, gave an excellent presentation about the new Texas Trademark Act, HB 3141, signed into law by Gov. Perry on June 16, 2011, which replaced Chapter 16 of the Texas Business and Commerce Code. The act went into effect on September 1, 2012. This act was based on the Model State Trademark Bill drafted by the International Trademark Association. He highlighted many of the changes the new act implemented, such as reducing the term of registration from ten to five years for trademarks registered under the new law. The act makes Texas

trademark law more consistent with the Lanham Act and federal trademark law.

Ms. Dyan House, an attorney with Carter Stafford Arnett Hamada & Mockler, PLLC, reviewed several recent significant case law updates for trademarks. The most exotic case was *Christian Louboutin S.A. v. Yves Saint Laurent America, Inc.*, where Louboutin argued that the red lacquered sole of a shoe is a protectable trademark. (In September, the Second Circuit held that "Louboutin's use of contrasting red lacquered outsoles" had acquired secondary meaning and was entitled to trademark protection.) Ms. House also reviewed several precedential decisions covering a wide variety of issues from the Trademark Trial and Appeal Board.

Mr. Jeffrey A. Wolfson, an attorney with Haynes and Boone, LLP, gave a presentation titled ***IP Due Diligence War Stories***. Mr. Wolfson discussed many personal "war stories" relating to IP due diligence in the context of merger and acquisition deals. These experiences took on a "war story" character because the IP attorneys were usually called in at the last minute, almost as an afterthought, to look at the IP issues of the deal. Mr. Wolfson pointed out that intangible assets – the assets generally ignored by the M&A deal makers – constitute 80 percent of the value of the S&P 500. Issues of identifying IP ownership, doing the IP audit, looking for third-party IP claims, licenses, and the like. He also urged carefully planning the disclosure of technical trade secret data to avoid contaminating the technical people reviewing the material so that if the merger/acquisition is not completed, those people cannot later be sued for trade secret theft.

Ms. Wei Wei Jeang, an attorney with Andrews Kurth LLP, gave an interesting presentation titled ***IP in the Bargain Bin: Do It Yourself IP Protection - Traps for the Unwary***. Ms. Jeang's presentation addressed over two dozen lay-person misconceptions about IP law for patents, trademarks, and copyrights. Many of the

misconceptions were actually from questions asked by entrepreneurs trying to manage their expenses and protect their IP on the cheap. Ms. Jeang explained that it is important to help these people determine what it is they are trying to protect, encourage them to make IP protection a top priority, to not delay getting protections in place, and to consult with IP professionals to avoid the common pitfalls and lay-person misunderstandings about IP.

Mr. Kevin J. Meek, an attorney with Baker Botts, gave an entertaining presentation titled ***Ethics and the Modern Attorney-Client Relationship***. Mr. Meek's presentation took the tact of "All I really needed to know I learned in kindergarten." Many anecdotal examples taken from case law of unethical conduct by attorneys were juxtaposed with video interviews of kindergarten children answering questions about what they would do in analogous ethical situations. We learned to *share* adverse controlling authority with the court. Don't lie to the Disciplinary Commission. *Share everything* (act ethically) during discovery. *Play fair* by not using trickery to establish personal jurisdiction over a defendant. *Don't hit people* – words cause harm, including epithets directed at judges. *Put things back where you found them* – don't tamper with evidence during discovery. *Don't take things that are not yours* – don't commingle personal and client trust account funds. And, *wash your hands before you eat* – be very aware of the conflicts of interest that can arise from joint defense agreements.



Michael Sebastian is a Principal Software Engineer for Link Simulation & Training where he specializes in rehosting avionics software for flight simulators. He is a graduate of Texas Wesleyan School of Law, and an active member of the IP Law Section's Newsletter Committee.

The above summaries express the view of the contributing writer and not necessarily that of the State Bar of Texas IP Law Section.

2012 Women and Minority Scholarship Awards

By Bhaveeni Parmer

The IP Law Section awarded two \$2,500 scholarships to Lale Korkmaz and Priya Prasad, both attending the University of Houston School Law Center.

Ms. Korkmaz earned bachelor's degrees in both industrial and mechanical engineering and a master's degree in mechanical engineering. She is a named inventor on two issued patents (and on five pending patent applications), fluent in Turkish, a trained flamenco dancer, a guitar player, a charter Rotary Club member, a marathon runner, and serves as Chief Publications Editor of the Environmental & Energy Law & Policy Journal. Ms. Korkmaz will be graduating from the University of Houston Law Center in May 2013.

Ms. Prasad earned a bachelor's degree in chemical engineering with a biotechnology focus. She is fluent in Tamil, classically trained in Carnatic singing, a Toastmaster International crown winner, and a collegiate tennis champion. She received the University of Houston Law Center 2012 IP & Informational Law Award for Distinguished Accomplishments, and currently serves as the Chief Articles Editor of Environmental & Energy Law & Policy Journal. Ms. Prasad will be graduating from the University of Houston Law Center in May 2013.

Each year, the Intellectual Property Law Section of the State Bar of Texas awards scholarships to women or minority law students attending a Texas law school. The purpose of the scholarship is to facilitate and encourage women and minorities to enter the practice of intellectual property law in Texas and to become active members of the Section.

2012 Inventor of the Year

By Michelle LeCointe

The 2012 State Bar of Texas Intellectual Property Section Inventor of the Year was awarded to Dr. Kurt Schroder of Austin, Texas.

Dr. Schroder's award was presented for his invention in the field of printed electronics described in US Patent 7,820,097, titled "Electrical, Plating and Catalytic Uses of Metal Nanometal Compositions." Dr. Schroder's invention allows high-temperature processing of a thin film to be performed on a low-temperature material without damaging it. This allows the substitution of flexible, low-cost paper and plastic for high-temperature materials such as ceramic or glass used for many types of printed electronics. Dr. Schroder's invention is a key enabler of low-cost printed electronics fabrication, including that of inexpensive, flexible photovoltaic cells on plastic, flexible displays, RFID tags, flexible batteries, and disposable electronics.

Dr. Schroder was raised on a farm in Indiana, but he wanted to be a scientist and inventor from an early age. He attended the Massachusetts Institute of Technology and was awarded an SB in Physics in 1990 where he worked on controlled thermonuclear fusion and plasma confinement. Later, Dr. Schroder received a Ph.D. in Physics from the University of Texas at Austin, where he worked on magnetic confinement and transport of fusion plasmas. He also received a postdoctoral fellowship at the Institute for Advanced Technology in Austin.

Dr. Schroder was selected from numerous highly qualified nominees by the Inventor Recognition Committee of the IP Law Section. Future nominations may be submitted to the Committee by April of each year and are considered for at least two

years. The nomination form is circulated in the IP Law Section Newsletters and may also be found on the Section web site. The Inventor Recognition Committee is comprised of IP attorneys with a wide variety of experiences from both private practice and industry. Anyone interested in joining the committee or seeking further information about the nomination process may contact Michelle LeCointe at michelle.lecointe@bakerbotts.com.

2012 IP Law Section Annual Meeting Photos



Lale Korkmaz accepts one of the scholarship awards from Bhaveeni Parmer.



Priya Prasad accepts one of the scholarship awards from Bhaveeni Parmer.



Dr. Kurt Schroder, at right, accepts the Inventor of the Year Award.



Steve Malin presents the Chair Award to Ted Lee.



Steve Malin passes the Section Chair gavel to Scott Breedlove.



Practice Points

Third Party Challenges under the AIA

By: Joseph Lally

The Leahy-Smith America Invents Act (AIA), signed into law by President Obama on September 16, 2011, provides that a party may challenge a third party patent or patent application. The AIA makes numerous and significant changes and additions to the pre-AIA post grant procedures, but it does not render the third party challenge landscape entirely unrecognizable to those familiar with pre-AIA reexamination practice.

Most notably, the AIA replaces Inter Partes Reexamination with two distinct review procedures, the Post-Grant Review (PGR) and the Inter Partes Review (IPR), effective September 16, 2012. The AIA Committee Report states that “the Act converts inter partes reexamination from an examinational to an adjudicative proceeding.” Thus, for example, whereas an Inter Partes Reexamination includes one or more office actions, PGR and IPR do not. Instead, participants engage in discovery to submit evidence and arguments for or against patentability to a panel that passes judgment with respect to the patentability of challenged claims. To the extent that it is widely believed that patents receive far greater scrutiny during litigation than prosecution, this change of approach with respect to post-grant review seems reasonable.

The AIA also replaces the Board of Patent Appeals and Interferences (BPAI) with the Patent Trial and Appeal Board (PTAB), which conducts PGR and IPR proceedings. The PTAB will issue a final written decision that addresses the patentability of any challenged claim and any new claim added via amendment during the PGR.

Salient features of PGR and IPR under the AIA include: new standards of review for granting petitions, defined time limits for concluding the proceedings, limited discovery, and codified estoppel consequences and litigation implications. In addition to IPR and PGR, the AIA includes a Pre-Issuance Submission provision under which non-applicants enjoy a limited right to submit prior art references for consideration during examination and a special and temporary provision pertaining to post-grant review of business method patents that are the subject of litigation.

The AIA replaces the substantial new question (SNQ) of patentability for the Inter Partes Reexamination proceedings with a reasonable likelihood standard for IPR and PGR proceedings. However, the SNQ standard will remain in effect for all Inter Partes Reexamination proceedings that were pending on September 16, 2011. Inter Partes Reexaminations filed between September 16, 2011 and September 16, 2012 will be evaluated under the reasonable likelihood standard.

The names Post-Grant Review and Inter Partes Review are somewhat unsatisfactory in that both procedures are post-grant procedures, both procedures are inter-partes procedures, and neither of the names emphasize the most significant differences between the two procedures - timing and

scope. PGR recognizes more grounds for challenging a patent claim than IPR, but PGR is only available to challenge first-inventor-to-file (FITF) patents, *i.e.* patents issuing from applications filed on or after March 16, 2013, and only during the first nine months of a patent's term. IPR, in contrast, is limited to printed-publication-prior-art challenges, *i.e.* challenges under 35 USC §§ 102, 103 based on issued patents, published applications, and other printed publications, but can be invoked any time after the first nine months of patent term, unless a PGR proceeding is pending.

Post-Grant Review enables the petitioner to challenge a recently issued patent on any ground of invalidity recognized as a defense to patent infringement under 35 USC §§ 282(2) and 282(3), which includes challenges under 35 USC §§ 102, 103, and 112 (other than Section 112 best mode challenges which are expressly excluded). Thus, whereas IPR challenges must be

based on printed publication prior art, a PGR petition can challenge a claim on non-publication prior art grounds, including "on sale" and "public use" grounds, and on non-art grounds such as Section 112 enablement, specificity, and written description.

With respect to Section 101, many sources state that PGR encompasses Section 101 challenges. These statements are most likely based on the reasonable observation that accused infringers routinely plead Section 101 invalidity as a defense under Section 282(2) in patent infringement litigation and there is no record of any intent to construe Section 282(2) differently with respect to PGR. Nevertheless, a patentee responding to a PGR petition alleging Section 101 invalidity might argue that the

the AIA replaces Inter Partes Reexamination with two distinct review procedures, the Post-Grant Review and the Inter Partes Review, effective September 16, 2012.

reference to “any ground *specified in part II as a condition for patentability*” in Section 282(2) (emphasis added) refers specifically to Sections 102 and 103, which are the only two sections in part II whose subtitles include the words “Conditions for patentability,” and not to Section 101, which is subtitled “Inventions unpatentable.” Consistent with the argument that Section 101 does not set forth a “condition for patentability” as that term is used in Section 282(2) and does not, therefore, qualify as a

ground upon which a PGR petition may challenge a patent claim, the USPTO website pages dedicated to the AIA include a Frequently Asked Questions (FAQs) page (http://www.uspto.gov/aia_implementation/faq.jsp) with a link to some PGR FAQs including the following question and answer: *Question PGR5: On what grounds may a petitioner challenge a patent in a post grant review? A petitioner for post grant review may request to cancel as unpatentable one or more claims of a patent on any ground that could be raised under paragraph (2) or (3) of 35 U.S.C. 282(b) relating to invalidity (i.e., novelty, obviousness, written description, enablement, indefiniteness, but not best mode).*

Any person who is not the patent owner and who has not previously filed a civil action challenging the validity of a claim of a patent may petition for PGR of the patent, so long as the patent is FITF and the patent is still within the first nine months of its term. Applicants who believe that immunity from PGR may prove valuable can ensure that immunity by filing applications before March

16, 2013 while simultaneously avoiding the impact of the AIA FITF provisions.

A PGR petition must identify all of the real parties in interest, the claims challenged, and all grounds on which each challenge is based. The petitioner must provide copies of the evidence it relies on to the PTAB and the patent owner, including any supporting affidavits or declarations. A patent owner may file a preliminary response to the petition and provide reasons why no PGR

should be instituted. The PTAB must decide petitions within three months of the patent owner's preliminary response or within three months of the last day for the patent owner to file a preliminary response.

A PGR petition will be denied unless the petition and supporting evidence, when considered with any rebutting evidence, demonstrate a reasonable likelihood that at least one of the challenged claims is

unpatentable. Because the reasonable likelihood standard is believed to be a more difficult standard to meet than the SNQ standard, the “grant rate” for post-grant petitions under the AIA may be lower than the rate at which Inter Partes Reexaminations are currently granted. The AIA also gives the PTAB leeway to grant a PGR petition if it raises a novel or unsettled legal question that is important to other patents or similarly situated patent applications. A PTAB decision with respect to the grant or denial of a PGR petition is final and not subject to appeal.

If a PGR petition is granted, the patent owner may file a subsequent response. The patent owner may also cancel and/or amend

The AIA codifies estoppel consequences for Post-Grant Review petitioners. A PGR petitioner is estopped from requesting or maintaining a subsequent proceeding before the USPTO with respect to any challenged patent claim on any ground that was raised, or reasonably could have been raised, in the PGR.

challenged claims. Broadening amendments and amendments adding new matter, however, are not permitted. The petitioner will have at least one opportunity to contribute written comments. The AIA provides for discovery as part of a PGR proceeding, but limits discovery to evidence directly related to factual assertions. The AIA also permits either party to request an oral hearing.

The AIA codifies estoppel consequences for PGR petitioners. A PGR petitioner is estopped from requesting or maintaining a subsequent proceeding before the USPTO with respect to any challenged patent claim on any ground that was raised, or reasonably could have been raised, in the PGR. Moreover, a PGR petitioner may not subsequently assert, in a civil action or ITC proceeding, that a claim is invalid on any ground that the petitioner raised or reasonably could have raised in the PGR.

If a PGR petitioner files a civil action with respect to a patent after it files a PGR petition, the civil action is automatically stayed until the patent owner moves the court to lift the stay or files a civil action or counterclaim alleging infringement against the petitioner. If a party files a civil action with respect to a patent, the party cannot subsequently petition for PGR of the patent. A counterclaim challenging the validity of a patent claim does not constitute a civil action for purposes of determining whether an accused infringer may file a PGR petition.

Unless the PGR proceeding is settled or otherwise dismissed, the PTAB will issue a final, written decision no later than one year from the institution of the PGR, extendable by an additional six months upon a showing

of good cause. It remains to be seen whether this provision can be enforced without comprising the quality of the review. A party dissatisfied with the final decision in a PGR may appeal the decision to the Federal Circuit.

Inter Partes Review provides that any party who is not the patent owner and has not previously filed a civil action challenging the validity of a claim of a patent may petition for IPR of the patent. Unlike PGR, IPR may be requested for first-to-invent (FTI) patents as well FITF patents. However, an IPR petition cannot be filed until nine months after the patent is granted and cannot proceed until any pending PGR proceeding pertaining to the patent concludes.

With respect to civil litigation implications of Inter Partes Review proceedings, the AIA prohibits a party from petitioning for an IPR more than one year after the party was served with a complaint alleging infringement

An IPR petitioner can request cancellation of a patent claim, but IPR is expressly restricted to printed publication prior art challenges. Similar to PGR, IPR is intended to be a comparatively rapid proceeding for challenging the validity of a patent and the AIA mandates completion of

an IPR proceeding within a year, subject to good cause extensions for up to six months.

The AIA provisions for IPR proceedings largely mirror the provisions for PGR proceedings, with a limited number of exceptions. With respect to discovery, the AIA expressly refers to IPR discovery being limited to depositions of witnesses submitting affidavits or declarations, whereas the AIA is less specific with respect to the scope of discovery for PGR proceedings. With respect to civil litigation implications of IPR proceedings, the AIA prohibits a party from petitioning for an IPR more than one year after the party was served with a complaint alleging

infringement whereas no analogous provision would be applicable to PGR proceedings since PGR proceedings have to be initiated in the first nine months of a patent's term. Otherwise, the AIA provisions governing IPR and PGR petitions, standards of review, and the conduct of the proceedings are identical or substantially similar.

Preissuance Submissions provisions of the AIA, which generally expand upon the provisions of 37 CFR § 1.99, enable a third party to submit published prior art in any non-provisional utility, design, plant, continuing, or reissue patent application, whether pending, abandoned, published, or unpublished. Preissuance Submissions filed after a notice of allowance will not be considered. Moreover, Preissuance Submission must be filed within six months after publication or the date a first office action on the merits is mailed, whichever is later. Submitted materials are limited to patents, published applications, or other printed publications and must be accompanied by a fee.

However, whereas 37 CFR § 1.99 expressly prohibited the inclusion of a description of the submitted references, an AIA Preissuance Submission must include a concise description of the relevance of each document and the submitting party's acknowledgment that the submission includes a statement of relevance. The submitting party takes no further part in the prosecution.

Transitional Business Method Patent Review. As noted, the AIA also provides for a temporary transitional review program pertaining to Post-Grant Review of business method patents that are the subject of

litigation. Specifically, the transitional program for reviewing a covered business method patent can be used to initiate a collateral review of the validity of a patent that is the subject of district court litigation and/or to stay the district court litigation. The USPTO will accept new petitions for eight years, until September 16, 2020, after which time new petitions will be denied. The transitional review program seems to reflect a Congressional acknowledgment that there was a window of time during which the USPTO did not have a well articulated process for examining business method patents and that business methods patents issued within this window should be subjected to a review under current USPTO procedures.

...the AIA also provides for a temporary transitional review program pertaining to Post-Grant Review of business method patents that are the subject of litigation... The USPTO will accept new petitions for eight years, until September 16, 2020...

A covered business method patent is a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service. One object indication of whether a claim is a business

method claim is whether the USPTO assigned the application to an art unit in the 3600 series.

A party who is sued or is charged with infringement of a covered business method patent may petition for review of the patent and request the cancellation of one or more claims of a covered business method patent granted under the AIA's first-inventor-to-file provisions.

Generally, the AIA provides that covered business method reviews will employ the standards and procedures of a PGR, subject to certain exceptions such as the grounds

for challenging the patents and the scope of estoppel. A petitioner in a transitional review forfeits any subsequent actions in the USPTO for claims that were raised, or reasonably could have been raised, in the review. Moreover, a petitioner may not assert in a subsequent district court patent infringement action that a claim is invalid on any grounds that the petitioner raised, or could have raised, during the review.

In summary, the AIA replaces the examination-style Inter Partes Reexamination with a pair of litigation-style patentability review procedures, expands the ability of a third party to submit references pre-grant, and introduces a special and temporary procedure for reviewing business method patents that are the subject of litigation. By emphasizing the interested parties as the drivers of the new post-grant review proceedings, the AIA may provide a qualitatively different and hopefully more thorough and efficient post-grant review than Inter Partes Reexamination currently provides.



Joseph Lally is a partner in the Intellectual Property Practice Group of Jackson Walker L.L.P. in Austin. The primary focus of Mr. Lally's practice is the acquisition and evaluation of U.S. patents. He has prosecuted hundreds of patent applications in a wide variety of

technology fields including multimedia content delivery networks, microprocessor architectures, Internet search technologies, semiconductor devices and fabrication processes, and wireless and wireline telecommunication networks.

Mr. Lally wishes to thank University of Houston Law School student Irma Jacobson for her research and drafting assistance and Jackson Walker's Raman Dewan for his editorial efforts.

The above article expresses the view of the author and not necessarily that of the State Bar of Texas IP Law Section.

What will the Dallas USPTO Satellite Office Mean for IP Practitioners in Texas?

By John M. DeBoer

On July 2, 2012, the U.S. Patent and Trademark Office (USPTO) and the U.S. Department of Commerce formally announced the selection of new satellite offices to open in Dallas, Denver, and San Jose. The offices will join the now-opened Elijah J. McCoy Office in Detroit as the first-ever USPTO related agencies outside of the Washington D.C. area.

Now that the difficult decision of "which cities" is resolved, many new questions arise, including what these offices will do for the general public at large and, more particularly, for Texas IP practitioners.

As those that operate in a vocation dedicated to determining the meaning of words, it is worth noting some of the context of the July 2 announcement. First, the announcement states the office will be "in or around Dallas." "In or around" Dallas includes Plano, Richardson, Frisco, Carrollton, Mesquite, Duncanville, and everywhere in between.

Some observations of current USPTO office locations provide additional guidance as to the future Dallas location. For example, the Dallas office will most likely be located near easily accessible mass transportation hubs, such as airline, rail, bus, and major highway thoroughfares, much like the Alexandria, Virginia, and Detroit offices. Patrick Ross, Deputy Chief Communications Officer, stated that the USPTO will, in a general sense, look for a location that has the greatest economic impact on the region and is the most cost-effective, convenient location for its employees and the intellectual property community.

On July 11, Acting U.S. Commerce

Secretary, Rebecca Blank, and Under Secretary of Commerce for Intellectual Property and Director of the USPTO, David Kappos, visited Dallas and met with local city, bar, company, and university representatives to discuss the opening of the new office. Another USPTO official said that although the USPTO cannot commit to an exact timeframe for the opening of the Dallas office, the plan is to open the office “as quickly as we can.”

Although the America Invents Act (“AIA”), signed by President Obama on September 16, 2011, requires the USPTO to establish regional satellite locations by August 2014,

at this time, the USPTO has not committed to when and where the Dallas office will open. The opening of the Detroit office took longer than initially expected, and was hamstrung by lack of sufficient appropriation of funds from Congress. Given the state of the U.S. economy, there is reason to believe the office in Dallas could face similar delays. Indeed, the section of the AIA that pertains to the establishment of the satellite offices candidly disclaims: “Subject to available resources”

The impact of the Dallas USPTO satellite office will be nothing short of an economic positive to Texas, providing an estimated 125 new jobs for the Texas economy in its first year of operation. But just what does having a satellite office in Dallas mean for intellectual property practitioners in Texas?

Section 23 of the AIA provides the general purpose of the satellite offices to:

- (1) increase outreach activities to better connect patent filers and innovators with the Office;
- (2) enhance patent examiner retention;
- (3) improve recruitment of patent examiners;
- (4) decrease the number of patent applications waiting for examination; and
- (5) improve the quality of patent examination.

The USPTO’s selection of Dallas as a regional satellite office is a boon for Texas-based IP practitioners. The positive economic impact to the Texas IP community will be felt within the next few years, and the USPTO’s recognition of Texas as a geographic leader in the intellectual property industry is a tremendous compliment to the Texas IP community.

With more specificity, Director Kappos has said that it is logical that the regional offices will have some tailoring to the major industry and technology presence in those regions. It is not a far stretch to tie in Detroit with automotive related technology, San Jose with computer related technology, and so forth. Dallas (even Texas as a whole), on the other hand, is perhaps a bit more diverse, with a strong presence in the energy, oil, and gas

industries (including drilling and production), computer, telecommunications, medicine, and biotechnology fields, just as a few examples.

Mr. Ross agrees that the Detroit office sets the blueprint for Dallas, with anticipation of perhaps at least 100 Patent Examiners, twenty Patent Trial and Appeal Board (“PTAB”) judges, and administrative support staff in Detroit by the end of the first year of operations. Thus, a similar makeup of employees in Dallas will most likely be hired

from throughout Texas, including Texas engineering schools and practicing engineers and lawyers. Moreover, these Texas employees will be reviewing inventions conceived in Texas and the surrounding region.

At the patent litigation CLE in Irving, Texas, Mr. James Smith, Chief Judge of the current Board of Patent Appeals and Interferences (to be reorganized as the PTAB on September 16, 2012, under the AIA), corroborated that the Dallas office would be home to new Board judges, possibly with as many as twenty to thirty PTAB judges on staff *by the end of 2013*. He further indicated the USPTO would seek highly qualified lawyers to fill these judge positions.

The addition of so many judges is not without significance. The U.S. patent system is based on its examiners providing a “gate-keeping” function in a quasi-judicial capacity, the intent being that in most instances the examiner-level prosecution will be sufficient and cost-effective. But when patent practitioners disagree with an examiner’s legal conclusions, the due process mechanism of an appeal to the Board is problematic at best.

Practitioners might agree that the USPTO’s appeal process is most hindered by the substantial backlog of approximately 25,000 pending ex parte appeals. This backlog results in the appeal process lasting two to three years before the Board issues a final decision. With a significant reduction in this impediment, the option of appeal may be more justified. And instead of giving up subject matter to reach an allowance before an examiner, practitioners may be more inclined to appeal their cases to the Board.

The Dallas office will provide access to all of the USPTO’s domestic and international prior art databases at a publicly accessible library comparable to the public search

systems in Alexandria and Detroit. One potential impact is that file wrapper documents not otherwise accessible via the Patent Application Information Retrieval service (“PAIR”) might now be available through such a library, to the point that it may no longer be necessary to use a courier out of Alexandria to obtain file wrappers not accessible via PAIR. Moreover, more Texas patent practitioners may be more inclined to request in-person interviews with Patent Examiners that were previously impractical due to the travel costs to Alexandria, Virginia.

The USPTO’s selection of Dallas as a regional satellite office is a boon for Texas-based IP practitioners. The positive economic impact to the Texas IP community will be felt within the next few years, and the USPTO’s recognition of Texas as a geographic leader in the intellectual property industry is a tremendous compliment to the Texas IP community. Texas IP practitioners will also feel the benefits of the Dallas office presence, which includes an advantage over patent practitioners in forty-seven other states that do not have a satellite USPTO office. Moreover, the Dallas office will be filled with Texas-based IP professionals that will be reviewing Texas and regionally developed inventions.



John M. DeBoer is an attorney with the Intellectual Property group of Porter Hedges LLP. Mr. DeBoer specializes in patent prosecution in the chemical and mechanical arts, and also provides assistance with trademark prosecution and copyright registration services.

The above article expresses the view of the author and not necessarily that of the State Bar of Texas IP Law Section.