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The Innovator

A QUARTERLY NEWSLETTER



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Welcome



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New Rule/New Strategy

New Rule

The recent Oil States decision discussed by Thomas below is another ruling in favor of "the administrative state." In view of this decision an inventor must be prepared to keep on filing **continuation patent applications** and not rely only on the original patent. If only one patent covers a commercially successful invention, invalidating the claims of this single patent leaves the market wide open to competition.

U. S. patent law grants exclusivity under a U. S. patent for a twenty year term in return for disclosure of the invention, and the Federal Courts have sole jurisdiction to enforce this exclusivity. The Oil States decision allows the validity of the **claims** of a U. S. patent to be challenged in a post grant proceedings before a Patent Office panel of "experts," rather than in a Federal Court.

The Oil States decision places patent owners at a procedural disadvantage with respect to accused infringers. The new patent law permits anyone at any time to challenge the validity of the claims of an issued patent. Adequately protecting against infringement demands continued filing of patent applications over a major portion of the life of the original patent. It could be critical that one or more additional patent applications be pending in the U. S. Patent Office for as long as practical.

In many cases a patent will be granted before the commercial success of an invention is established. Indeed, such commercial success may require filing an infringement lawsuit. The accused infringer probably will attempt to stop the lawsuit in the Federal Court, and transfer the determination of claim validity to the Patent Office tribunal. At a hearing, arguments both written and oral are made for and against claim validity. Previously unconsidered, relevant and published documents that the accused infringer asserts discloses or suggests the claimed invention are the main focus discussion at the hearing. Some depositions and expert witness written testimony may be considered. So far accused infringers have been very successful in convincing the panel of experts that the claimed subject matter lacks novelty or is obvious.

The Oil States decision **holds** that these post patent grant proceedings are constitutional, notwithstanding made without a jury and very little testimony, if any.

New Strategy

Prior to issuance of the original patent file a continuation application with new claims of different scope than the allowed claims in the soon to be issued original patent.

Continuation patent applications are a way to prepare for a future attack on the claims of the original patent. Having a pending continuation patent application enables the inventor to present for examination new claims that clearly distinguish the invention from prior art considered in any post grant proceedings. These new claims can be submitted in the continuation patent application subsequent to or concurrent with any post grant proceedings. Consequently, even if the claims of the original patent are held invalid in the post grant proceedings, a new patent can be granted that overcomes any defects of the original claims.

This is a long-term strategy that requires continuing to file new claims throughout the life of the original patent as long as previously unclaimed, but disclosed patent-able subject matter, remains. This long-term strategy places an inventor in a position to counter attack, and eventually establish a wall of tested valid claims that are enforceable by a Federal Court.

Our objective as patent attorneys is to convince infringers that we are relentless on behalf of our clients. We believe we can eventually persuade a patent examiner that a valid claim should be allowed that is ultimately infringed. The unique advantage inventors and their patent attorneys have over any other litigant in a Federal Court is they get to write the facts supporting the patent claims. The "words" of the patent document are the "facts," including the new claims of the continuation application. Such additional claims can be presented for examination though out the life of the original patent by filing continuation patent applications that mature into a patent with valid and enforceable claims.

Caveat

One must consider carefully before filing a patent application that will eventually be published. It may be better to keep the invention secret, if possible. The new patent law gives a prior commercial user of an invention a special defense against someone who later obtains a patent. So maybe it is best to keep an invention secret, and use it commercially. After a year of such use, there is a defense limited to this secret prior user. But if an invention cannot be kept secret, be prepared to file several continuation patent applications over the life of the original patent covering a commercially successful invention.

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Status of Patent Law

The New Patent Law

At a talk by Joe Re, the soon to be president of the American Intellectual Property Law Association, he analyzed the arguments presented before the U. S. Supreme Court in the Oil States case. Based on the Court's questions posed during in oral argument, it appeared to Joe that several of the judges favored transferring greater judicial power to Federal Administrative Agencies, including the Patent Office panel of experts determining patent validity after the patent grant. Joe's reading of the Court was on target.

I also had an opportunity to discuss the new patent law with the retired Chief Judge of the Court of Appeals for the Federal Circuit, Judge Randal Rader. There has been some proposed legislation to modify the new patent law to make the post grant review

FROM THE DESK OF THOMAS CONNORS

**OIL STATES ENERGY SERVICES, LLC
v.
GREENE'S ENERGY GROUP, LLC, ET AL.**

SUPREME COURT OF THE UNITED STATES

Summary: Petitioner Oil States Energy Services, LLC, obtained a patent relating to technology for protecting wellhead equipment used in hydraulic fracturing. It sued respondent Greene's Energy Group, LLC, in Federal District Court for infringement. Greene's Energy challenged the patent's validity in the District Court and also petitioned the United States Patent and Trademark Office (USPTO) for an inter partes review. Both proceedings progressed in parallel. The District Court issued a claim-construction order favoring Oil States, while the Board issued a decision concluding that Oil States' claims were unpatentable. Oil States appealed to the Federal Circuit. In addition to its patentability arguments, it challenged the constitutionality of inter partes review, arguing that actions to revoke a patent must be tried in an Article III court before a jury. While the case was pending, the Federal Circuit issued a decision in a separate case, rejecting the same constitutional arguments raised by Oil States. The court then summarily affirmed the Board's decision in this case.

Issue: Whether inter partes review violates Article III or the Seventh Amendment of the Constitution.

Rule: The Leahy-Smith America Invents Act, 35 U. S. C. §100 et seq., establishes a process called "inter partes review." Under that process, the USPTO is authorized to reconsider and to cancel an issued patent claim in limited circumstances. Any person other than the patent owner can file a petition for inter partes review. The petition can request cancellation of "1 or more claims of a patent" on the grounds that the claim fails the novelty or nonobviousness standards for patentability.

Analysis: Article III vests the judicial power of the United States "in one Supreme Court, and in such inferior Courts as the Congress may from time to time ordain and establish." When determining whether a proceeding involves an exercise of Article III judicial power, this Court's precedents have distinguished between "public rights" and "private rights." The public-rights doctrine applies to matters "arising between the government and others, which

procedure more equitable. Judge Rader didn't think that was likely in the near future. Neither do I. So that's why I recommend the strategy discussed above when practical.

We continue to follow developments as the legislators, agencies and courts change the law, requiring new strategies to protect your intellectual property

Connors & Associates the Crew



Dylan Connors, John J. Connors, Thomas Connors, and Beth Ellison

from their nature do not require judicial determination and yet are susceptible of it." Ibid. (quoting Ex parte Bakelite Corp., 279 U. S. 438, 451 (1929)). Inter partes review involves one such matter: reconsideration of the Government's decision to grant a public franchise.

Conclusion: Inter partes review does not violate Article III. Congress has significant latitude to assign adjudication of public rights to entities other than Article III courts. Inter partes review falls squarely within the public-rights doctrine. The decision to grant a patent is a matter involving public rights. Inter partes review is simply a reconsideration of that grant, and Congress has permissibly reserved the USPTO's authority to conduct that reconsideration.

Networking



Joseph Re of Knobbe Martens, discussed with John Connors, the Oil States Supreme Court decision.



Retired Chief Judge of Appeals for the Federal Circuit, Randall Rader, and John Connors discuss the new patent law.

