

Patent Reform Act and Its Implications: Panel Overview

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Who is IPO?

- Trade association of **more than 200 companies, with involvement of more than 10,000 individuals**, from companies, law firms, and individual members. Established in 1972.
- Represents interests of IP owners from all major industries.
- Advocates greater legal certainty and more effective and affordable IP rights in the U.S. and abroad.
- Members file approximately 30% of the patent applications filed at USPTO by U.S. nationals.
- Monitors the courts, and especially the Federal Circuit, and submits *amicus* briefs (2 or 3 year) on significant IP issues.
- Provides education and CLE on basic and leading edge IP issues.
- Engages with foreign IP owners and associations to discuss cross-border IP management issues.



Companies on IPO's Board of Directors

3M Innovative Properties Co.
Air Liquide
Air Products & Chemicals, Inc.
Amgen, Inc.
AT&T Southeast
BASF Corp.
Boston Scientific Corp.
BP America, Inc.
Cargill, Inc.
Caterpillar Inc.
Coca-Cola Co.
ConocoPhillips
Dow Chemical Co.
E.I. du Pont de Nemours and Co.
Eastman Chemical Co.
Eastman Kodak Co.
Eli Lilly and Co.
EMC Corp.
ExxonMobil Corp.
Ford Global Technologies LLC
General Electric Co.
General Motors Corp.
GlaxoSmithKline
Henkel of America, Inc.
Hewlett-Packard Co.

IBM Corp.
Illinois Tool Works Inc.
Intel Corp.
Johnson & Johnson
Koninklijke Philips Electronics N.V.
Mars Incorporated
Micron Technology, Inc.
Microsoft Corp.
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Motorola, Inc.
Pfizer, Inc.
Pitney Bowes Inc.
Procter & Gamble Co.
Rohm and Haas Co.
Sanofi-Aventis
SAP Labs, LLC.
Seagate Technology, LLC
Shell International B.V.
Siemens Water Technologies Corp.
Sun Microsystems, Inc.
Symantec Corp.
United Technologies Corp.
ZymoGenetics, Inc.



A Multi-tiered Approach to Reforming the U.S. Patent System:



- ✓ **Administrative** – ensure funding and reforms at the patent offices to issue high-quality patents.



- ✓ **Judicial** – advocate through amicus briefs for certainty and consistency in legal opinions.



- ✓ **Legislative** – advocate for changes that: (1) improve the quality of patents; (2) increase legal certainty while decreasing costs; and (3) simplify the process. Changes should not undermine the value of patent rights.



- ✓ **IP Business Practices** – encourage practices that avoid abuse of the system. Enable a system to efficiently obtain and enforce protected property. Advocate the importance of the role IP rights play in developing new technologies.



Why is Congress Considering Patent Reform Legislation?

*..and why should they continue to care
in the 111th Congress.*





Most U.S. patent owners seek legal certainty.

Thus, they want:

- High quality patent examinations.
- Early determination of rights.
- Cost-effective determination of rights.
- Cost-effective ways to realize value of their rights (through enforcement or licensing).





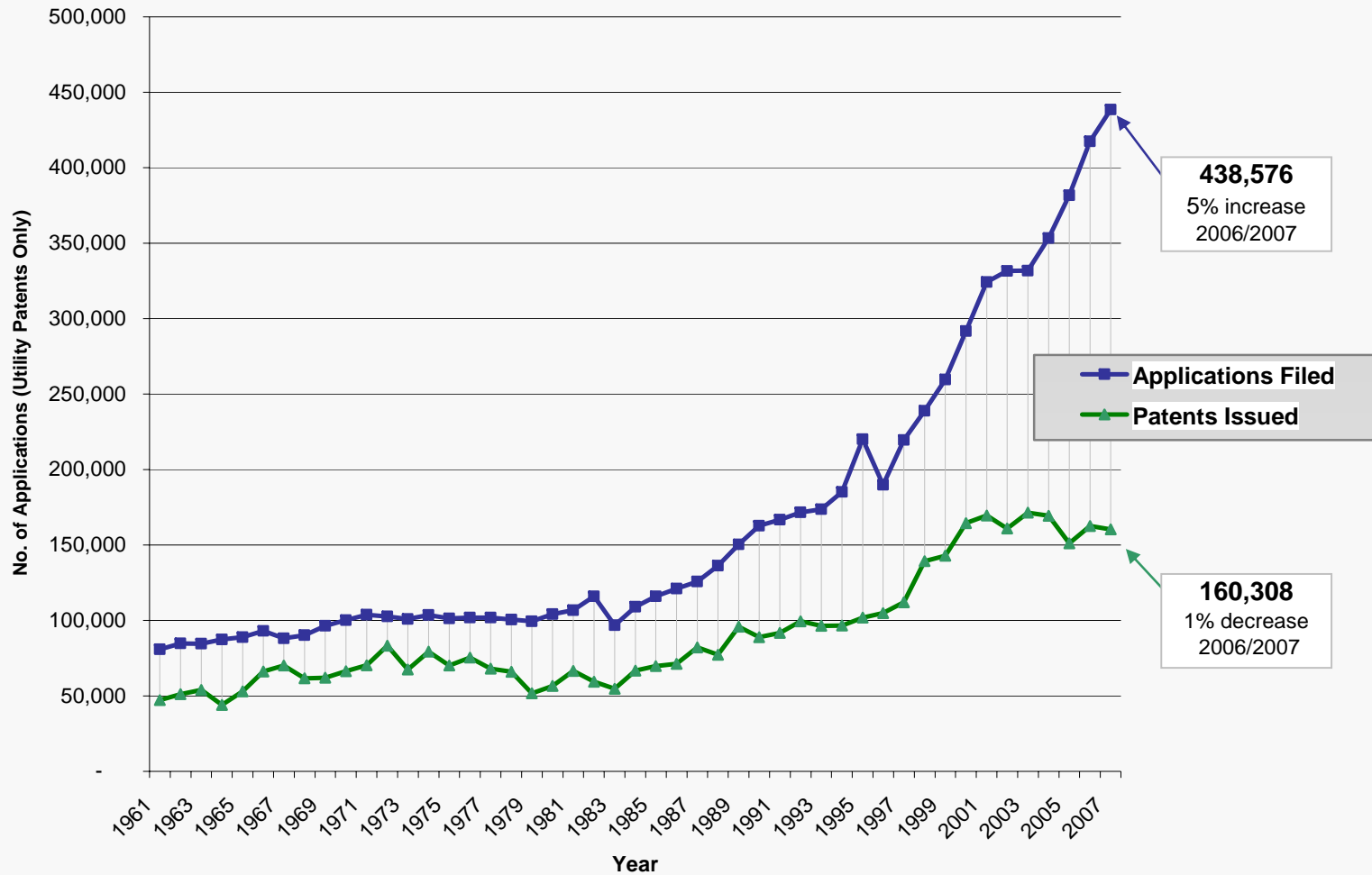
The Current Patent Environment in the US -- *Barriers to realizing these wants and desires:*

Over the last decade:

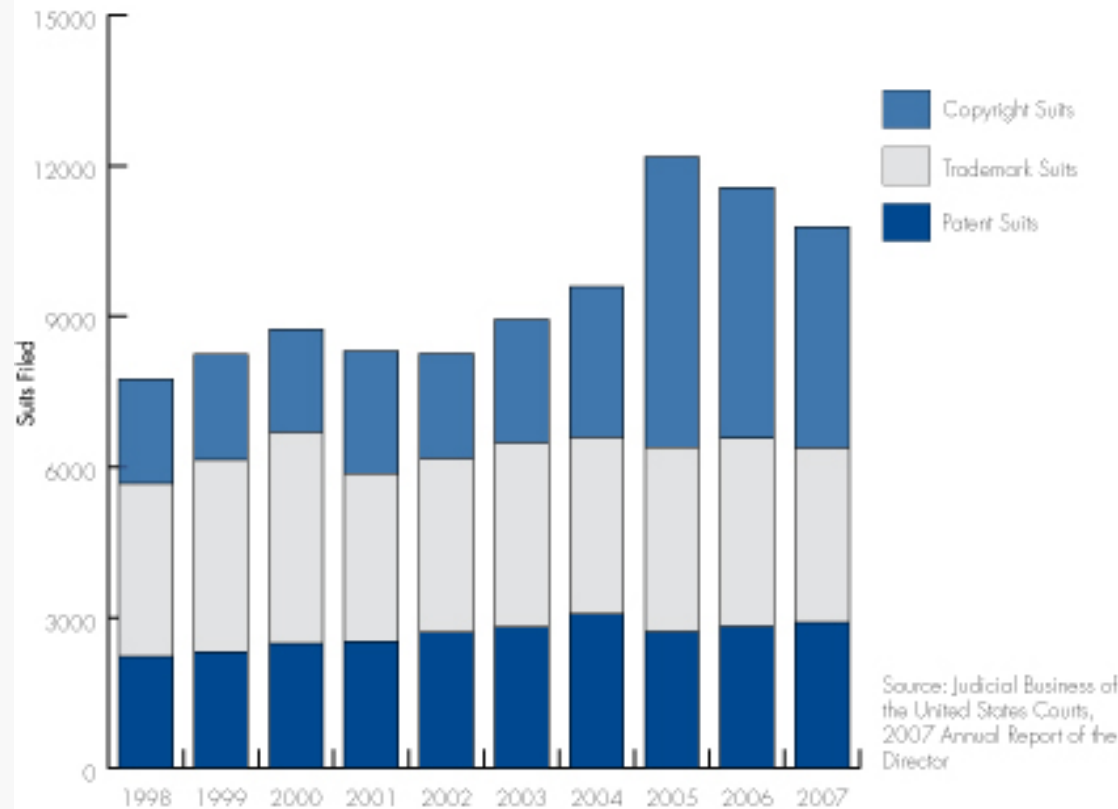
- Patent filings at the USPTO have doubled.
- Patent litigation has increased.
- Litigation and enforcement costs have increased significantly.



U.S. Patent Trends, 1961 - 2007



Patent, Trademark, and Copyright Suits in U.S. District Courts, by Year (1998 - 2007)



Source: IPO's 2008 IP Record. Data derived from the Annual Reports of the Director, Administrative Office of the U.S. Courts, 2006 – 1997, <http://www.uscourts.gov/judbususc/judbus.html>

U.S. DISTRICT COURTS WITH THE MOST PATENT SUITS

Patent Infringement Cases Initiated in 2006

	State	Court	Patent Infringement Cases 2006	% of Overall District Caseload
1	California	Central district	289	2.24%
2	Texas	Eastern district	262	7.16%
3	California	Northern district	174	2.00%
4	Delaware	--	153	14.21%
5	New Jersey	--	146	2.01%
6	Illinois	Northern district	132	1.63%
7	New York	Southern district	126	1.03%
8	Massachusetts	--	78	2.17%
9	Georgia	Northern district	76	1.67%
10	Florida	Southern district	69	0.81%
11	Minnesota	--	66	1.24%
12	Pennsylvania	Eastern district	66	0.20%
13	California	Southern district	58	0.85%
14	Michigan	Eastern district	58	0.91%
15	Florida	Middle district	57	0.69%
16	Colorado	--	51	1.50%
17	Utah	--	48	2.16%
18	Texas	Northern district	47	0.83%
19	Ohio	Northern district	46	0.88%
20	Washington	Eastern district	43	3.37%
21	Connecticut	--	40	1.63%
22	Missouri	Eastern district	37	1.07%
23	Oregon	--	37	1.11%
24	Nevada	--	36	1.21%
25	New York	Eastern district	36	0.44%

Congressional Action on Patent Reform: H.R.1908 & S.1145

H.R. 1908

- April 18, 2007** Bill introduced.
- May 16, 2007** House Judiciary, Subcommittee on Courts, the Internet and Intellectual Property Mark Up.
- July 18, 2007** House Judiciary Committee Mark Up.
- Sept. 7, 2007** Passed the House with a 220 – 175 vote
(*H. Rep. 110-314*).



S. 1145

- Apr. 18, 2007** Bill introduced.
- Jun. 21, 2007** Senate Judiciary Committee Markup; *amended and held over.*
- Jul. 12, 2007** Markup; *amended and held over.*
- Jul. 19, 2007** Markup; *reported out of committee.*
- Jan. 24, 2008** Committee Report Filed S. Rep. 110-259.



110th Congress Bill Provisions:

H.R.1908 / S.1145

Introduced April 2007

- First-Inventor-to-File (Sec.3)
- Assignee Filing (Sec.4)
- **Apportionment of Damages (Sec.5)**
- Willful Infringement (Sec.5)
- Prior User Rights (Sec. 5)
- **Post-Grant Opposition Proceeding (Sec. 6)**
- *Inter Partes* Reexamination (Sec. 6)
- Publication of Application after 18 Mos (Sec. 9)
- Submissions by 3rd Parties (Sec. 9)
- **Venue (Sec. 10)**

Issues added along the way...

- Tax Methods not Patentable
- Patent Marking
- PTO Funding and Fee-Setting Authority
- Limits on Remedies in Infringement Actions Related to Check Imaging Methods
- **Applicant Quality Submissions / Mandatory Search Reports**
- Authority of the Director to Accept Late Filings
- Residency Req. for Federal Circuit Judges
- Venue for USPTO
- Fees / “Loser Pays” Proposal
- **Inequitable Conduct**
- Repeal of Best Mode
- Various Studies (*workplace conditions at USPTO, damages, use of special masters, use of inter partes reexam.*)

More work needed.



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Property
Owners
Association

*Key public documents relevant to the current patent reform debate
are collected on the IPO website (www.ipo.org).*

