



# ***PATENT HAPPENINGS***

*during October 2007 (Part I)*

A publication by **LATIMER, MAYBERRY & MATTHEWS IP LAW, LLP**  
on judicial, legislative, and administrative developments in patent law.

## **HIGHLIGHTS**

1. *Substitution of known multiplexer obvious* ..... 1
2. *Evidence of long-felt need raised fact issue on whether there was an apparent reason to combine*..... 1
3. *Inequitable conduct arising from improperly paying small entity fees, falsely claiming priority to earlier applications, failing to disclose related litigation, failing to disclose declarant's financial interests, and withholding prior art*..... 2
4. *Failure to disclose Office Actions from copending continuation applications during reexamination proceeding was inequitable conduct*..... 3
5. *Equivalent foreseeable for prosecution history estoppel since it fell within scope of original claim* ..... 3
6. *Legal malpractice claims against patent attorneys held to arise under § 1338 where patent law is a necessary element of the malpractice claims*..... 4
7. *Summary contempt proceedings apply to ANDA litigations* ..... 4
8. *Phrase "obtained by the process of claim 1" held to make the claim a dependent claim*..... 5
9. *Whether prior art precludes scope of equivalents held to be a question of law for the court* ..... 6
10. *State university waived its sovereign immunity by agreeing to a forum selection clause in a license agreement* ..... 6
11. *Field of use licensee lacks standing to sue in its own name* ..... 6
12. *PTO issues guidelines for determining obviousness rejections in view of KSR*..... 6
13. *PTO revises implementation of new rules* ..... 7

## **JUDICIAL HAPPENINGS**

### **Substitution of Electrical Component Obvious**

Affirming an obviousness rejection issued in a reexamination proceeding, the Federal Circuit, in *In re Translogic Technology, Inc.*, No., 2996-1192, 2007 WL 2965979 (Fed. Cir. Oct. 12, 2007), agreed with the Board that substituting one type of a known multiplexer in a circuit that referenced another multiplexer was obvious. The claims at issue covered a multiplexer circuit made from multiple 2:1 transmission gate multiplexers (TGM) connected in series. The Board rejected the claims based on a prior art reference, Weste, disclosing a 2:1 TGM multiplexer and another reference, Gorai, disclosing connecting 2:1 multiplexers in a series arrangement to realize logic functions. The patentee argued that nothing in the Gorai reference disclosed using the TGM multiplexers to solve the problem solved by the patent, and therefore there was no motivation to combine the two references. Following KSR's instruction that the apparent-reason analysis covers any problem known in the art, and not just the problem that the inventor solved, the court rejected the patentee's argument. *Id.* at \*9. Instead, the Federal Circuit held that under the flexible motivation analysis, one of skill in the art would see a benefit in using a well known multiplexer, the TGM multiplexer, in the circuit disclosed in Gorai, and had the capability to make the substitution. Hence, the claimed invention was obvious. *Id.* As a consequence of affirming the PTO's rejection, the Federal Circuit, in an appeal of a related district court action, vacated a judgment upholding the validity of the patent and an \$86.5 million dollar infringement verdict for the patentee. *Translogic Tech., Inc. v. Hitachi, Ltd.*, No. 2005-1387, 2006-1333, 2007 WL 2973955 (Fed. Cir. Oct. 12, 2007).

### **Long-Felt Need Defeated § 103 SJ Motion**

Pulling in the reins on accused infringers running rampant on obviousness challenges merely because

each limitation of the claimed invention can be found in the prior art, the district court, in *Eaton Corp. v. ZF Meritor LLC*, 2007 WL 2901692, \*5-\*6 (E.D. Mich. Oct. 4, 2007)<sup>1</sup>, denied an accused infringer summary judgment of invalidity for obviousness, finding a fact issue of whether there was an apparent reason to combine the prior art references. The claims at issue covered a semi-automatic control of a transmission for heavy duty trucks that can work in a “rolling start” setting. Although agreeing with the accused infringer that two items of prior art plus other well known information in the prior art collectively disclosed all of the claim limitations, the district court noted that “*KSR* requires a reasoned basis for combining multiple teachings, such as *Dobson* and *IVECO* in this case.” *Id.* at \*5. The accused infringer had offered conclusory expert testimony that one of skill would have had a reason to combine the two prior art references. It further argued that, under the circumstances, “common sense” showed that one of skill would have been motivated to combine the two references. The patentee responded by providing evidence of a long-felt need in the industry for the solution achieved by its claimed invention. The accused infringer offered no rebuttal to the long-felt need arguments. The district court concluded that “[w]hile defendants’ argument in favor of finding motivation to combine the prior art references has merit, the lack of expert testimony in support, as well as the relevant issues raised by plaintiff, require the Court to deny summary judgment of invalidity based on obviousness. . . . There are issues of fact regarding whether it was reasonable for one skilled in the art to combine the prior art references, which must be presented to the jury in this case.” *Id.* at \*6.

### **Inequitable Conduct**

In *Nilssen v. Osram Sylvania, Inc.*, No. 2006-1550, 2007 WL 2937322, \*6-\*10 (Fed. Cir. Oct. 10, 2007), the Federal Circuit affirmed a judgment holding fifteen patents, mostly prosecuted *pro se* by the inventor, unenforceable for various acts of inequitable conduct including (1) preparing and submitting declarations of a technical expert to the PTO to overcome prior art rejections and not disclosing in the declarations the declarant’s financial interest in the patent application

<sup>1</sup> This is the fourth decision from the district court addressing obviousness arguments in the case. In some of its prior rulings the court held claims of other patents invalid under § 103 on summary judgment and denied other motions for summary judgment of invalidity under § 103.

and other patents of the inventor; (2) improperly claiming and paying fees as a small entity where the inventor had exclusively licensed its patents to a patent holding company who then licensed the patents to large entities; (3) improperly claiming priority dates in several patent applications to obtain an earlier date of invention to avoid prior art; (4) failing to disclose to the PTO related litigation involving the same subject matter as the pending patent applications; and (5) failing to disclose material prior art references to the PTO during the prosecution of several patent applications.

Addressing the failure to disclose the technical expert’s financial interest in the patent, the Federal Circuit ruled that “[e]ven though the examiner did not raise a question concerning any such relationship, it is material to an examiner’s evaluation of the credibility and content of affidavits to know of any significant relationship between an affiant and an applicant; failure to disclose that relationship violated Nilssen’s duty of disclosure.” *Id.* at \*5.

As to the improper paying of small entity fees, the Federal Circuit instructed that “[t]he PTO relies on applicants to accurately represent their fee status, and it is for a fact-finder to evaluate whether any intentional misrepresentations occur in doing so.” *Id.* at \*7. Consequently, “[w]hile a misrepresentation of small entity status is not strictly speaking inequitable conduct in the prosecution of a patent, as the patent has already issued if maintenance fees are payable (excepting an issue fee), it is not beyond the authority of a district court to hold a patent unenforceable for inequitable conduct in misrepresenting one’s status as justifying small entity maintenance payments.” *Id.* at \*6.

For the false priority claim, the Federal Circuit held that “a claim for priority is inherently material to patentability because a priority date may determine validity.” Accordingly, false statements to assert a claim of priority may constitute inequitable conduct even if the examiner does not rely on the priority claim or the applicant does not assert the priority claim to overcome prior art. *Id.* at \*8.

Regarding the failure to disclose related litigation, the Federal Circuit followed the MPEP and instructed that “the existence of the litigation itself is material information that an examiner needs to have . . . because it signals the examiner that other material information relevant to patentability may become available through the litigation proceedings.” *Id.* at \*9.

For the withheld prior art, the Federal Circuit

found sufficient evidence to support an inference of an intent to deceive arising from the repeated citing of the withheld prior art by the PTO to the applicant in other patent applications. The court noted that “[t]he fact that Nilssen had repeatedly cited or had cited to him the prior art references in question makes it highly likely that a reasonable examiner would have wanted to consider the information in the withheld patents in determining patentability. Given that these material references were repeatedly before Nilssen, and his failure to offer any good faith explanation for withholding them other than mere oversight, we find an inference that Nilssen intended to deceive the PTO not unreasonable.” *Id.* at \*10.

Rejecting the patentee’s argument that the inventor’s numerous failures were all inadvertent, the Federal Circuit held that the totality of the misconduct fully supported the finding of inequitable conduct. It noted that “[m]istakes do happen, but inadvertence can carry an applicant only so far.” *Id.*

#### **Failure to Disclose Office Action in Reexam**

Applying the *Dayco* rule that an applicant has a duty to disclose office actions in one application that reject claims substantially similar to a claim in a copending patent application,<sup>2</sup> the district court in *Larson Mfg. Co. of SD, Inc. v. Aluminart Products Ltd.*, 2007 WL 2822341, \*11-\*13 (D.S.D. Sept. 26, 2007), held that a patent attorney committed inequitable conduct by not disclosing two office actions issued in a copending continuation application to the PTO during the course of a reexamination proceeding. Specifically, the court found that the reexamination proceeding involved claims substantially similar to the claims pending in the continuation application. In the reexamination proceeding, the panel had relied on the absence in the cited prior art showing a particular claimed feature. But in the continuation application, the Examiner rejected the pending claim based on prior art that showed that particular feature. The patent attorney failed to disclose to the reexamination panel the prior art cited in the continuation application or the office actions rejecting the claims over this prior art. The district court found this constituted inequitable conduct. It rejected the patentee’s argument that

because the reexamination panel had knowledge of the continuation application based on the applicant’s disclosure to the panel of an earlier office action, the applicant had no duty to disclose the two subsequent office actions. The court ruled that since the disclosed office action did not involve the same art used to reject the claims in the two later office actions, the disclosure of the earlier office action did not relieve the applicant of its duty to disclose the two later office actions to the reexamination panel. On the issue of intent to deceive, the court stated that it would not infer bad faith from the mere fact that the patentee had a commercial motive to enforce the patent. Additionally, the court stated that it would not draw an adverse inference based on the patentee’s invocation of its attorney-client privilege and its refusal to have its prosecuting patent attorney testify. Nonetheless, the court held that it found an inference of an intent to deceive in view of the patentee’s failure to present any legitimate explanation for why its patent attorney did not disclose during the reexamination proceeding the two office actions of the continuation application and the prior art cited therein. The court noted that while the patent attorney failed to disclose the office actions to the reexamination panel, he immediately disclosed the reexamination panel’s notice of an intent to issue a reexamination certificate to the examiner examining the continuation application in an effort to persuade the examiner to allow the claims of the continuation application.

#### **Foreseeability for Prosecution History Estoppel**

Addressing issues of foreseeability and tangentialness in prosecution history estoppel, the Federal Circuit affirmed a summary judgment of no infringement in *Schwarz Pharma, Inc. v. Paddock Labs., Inc.*, No. 2007-1074, 2007 WL 2963935 (Fed. Cir. Oct. 12, 2007). The claims at issue covered a pharmaceutical composition requiring “an alkali or alkaline earth metal carbonate” to act as a stabilizer and inhibit cyclization and discoloration. Originally claiming a “metal containing stabilizer,” the inventors narrowed their claim by adding the “metal carbonate” limitation to overcome an obviousness rejection. The accused product used magnesium oxide as its stabilizing component, which the patentee alleged was equivalent to magnesium carbonate. Agreeing with the district court, the Federal Circuit held that the narrowing amendment was made for purposes of patentability, and therefore presumptively surrendered all equivalents. In an effort to rebut the presumption of

<sup>2</sup> *Dayco Prods., Inc. v. Total Containment, Inc.*, 329 F.3d 1358, 1368 (Fed. Cir. 2003); see generally Robert A. Matthews, Jr., ANNOTATED PATENT DIGEST § 27:12 — Attorney’s Duty to Disclose Co-pending Applications of Another.

surrender, the patentee argued that magnesium oxide was not a foreseeable equivalent to the “metal carbonate” since at the time of the amendment, one of skill allegedly did not know that magnesium oxide could inhibit cyclization and discoloration. Following its recent holding that “[a]n equivalent is foreseeable if one skilled in the art would have known that the alternative existed in the field of art as defined by the original claim scope, even if the suitability of the alternative for the particular purposes defined by the amended claim scope were unknown,”<sup>3</sup> the Federal Circuit rejected the patentee’s argument. Since the original claim broadly claimed a pharmaceutical composition having a metal stabilizer, the Federal Circuit held that it was improper to only consider pharmaceutical stabilizers that specifically inhibit cyclization in ACE inhibitors as foreseeable equivalents. Rather, the correct analysis looked to equivalents of pharmaceutical compositions with metal stabilizers, i.e., the original scope of the claim. *Id.* at \*6. Consequently, because magnesium oxide was known as a stabilizer in the field of pharmaceutical compositions and was within the scope of the original claim, the court concluded that the patentee failed to rebut the presumption of surrender by demonstrating that magnesium oxide was not a foreseeable equivalent. *Id.*

The patentee further argued that the reason for the amendment should be deemed tangential to the asserted equivalent because the inventors allegedly could have distinguished their claims in a manner that did not involve the narrowing amendment. Rejecting this argument, the court stated that “[t]he fact that the inventors may have thought after the fact that they could have relied on other distinctions in order to defend their claims is irrelevant and speculative[.]” *Id.* at \*7.<sup>4</sup> The record evidence showed that, whether or not necessary, the inventors had narrowed the scope of the claim to distinguish over prior art showing stabilizers disclosed in the prior art reference and other stabilizers. Hence, the patentee failed to prove that the amendment was no more than tangentially related to the equivalent at issue. *Id.*

### **Legal Malpractice Claims Arising Under § 1338**

In two opinions handed down the same day, the

<sup>3</sup> *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 493 F.3d 1368, 1382 (Fed. Cir. 2007).

<sup>4</sup> See also APD § 14:10 Estoppel Not Limited to Relinquishment Necessary to Avoid Prior Art.

Federal Circuit threw itself and the federal district courts into the arena of hearing state-law based legal malpractice claims against patent attorneys where patent law is a “necessary element” of the malpractice claim. In *Air Measurement Tech., Inc. v. Akin Gump Strauss Hauer & Feld, L.L.P.*, No. 2007-1035, 2007 WL 2983660, \*4-\*6 (Fed. Cir. Oct. 15, 2007), the court affirmed the removal to federal court of a legal malpractice action asserted against a patent attorney, who prosecuted and then began litigating the subject patent, and his former firm. Applying the Supreme Court’s decision in *Grable & Sons Metal Prods., Inc. v. Darue Eng’g & Mfg.*, 545 U.S. 308 (2005), the Federal Circuit held that the malpractice claims arose under patent law for purposes of asserting § 1338(a) federal question jurisdiction since the district court would have to adjudicate, hypothetically, the merits of the underlying patent infringement claim, and therefore the patent infringement question was a necessary element of the patentees’ malpractice claim. The court held that the patent infringement issue alone was a sufficient jurisdictional basis for the case. *Id.* at \*6. It did note, however, that “[i]f there is a theory upon which [the patentees] can prevail on their malpractice claim that does not involve a substantial patent law question, then patent law is not essential to the malpractice claim, and § 1338 jurisdiction is lacking.” *Id.*

In the second case, *Immunocept, LLC v. Fulbright & Jaworski, LLP*, No. 2006-1432, 2007 WL 2983673, \*2-\*4 (Fed. Cir. Oct. 15, 2007), the Federal Circuit held that a legal malpractice action against a prosecuting patent attorney arose under § 1338 where it was based on allegations that the attorney allegedly drafted the claims too narrowly and as result a potential licensee refused to license the patent. Because the sole basis for the negligence claim was the contention that the prosecuting patent attorney negligently drafted the claims too narrowly, the court found that the issue of claim construction raised a substantial question that was necessary to the patentee’s theory of malpractice. It instructed that when the “determination of claim scope is a necessary, substantial, and contested element of a malpractice claim stemming from patent prosecution, there is ‘arising under’ jurisdiction under § 1338.” *Id.* at \*7.

### **Contempt Proceedings in ANDA Litigations**

The Federal Circuit rejected a generic manufacturer’s argument that violations of a permanent injunction issued in an ANDA litigation

under 35 U.S.C. § 271(e)(4), based on the generic manufacturer causing a second ANDA to be filed, should not be subject to the contempt rules applicable to acts of infringement under § 271(a) in *Abbott Labs. v. Torpharm, Inc.*, No. 2007-1019, 2007 WL 2948555 (Fed. Cir. Oct. 11, 2007). The generic drug manufacturer, Apotex, had been found to have infringed a patent by filing a first ANDA. Entering a permanent injunction, the district court enjoined Apotex from commercially manufacturing its drug product until the patent expired. Further, the district court had ordered the FDA to delay its approval of Apotex's ANDA until the patent expired. Thereafter, outside of the U.S., Apotex prepared a redesigned drug product that it contended avoided infringement. Apotex then contracted with a third party, Nu-Pharm, to submit an ANDA to the FDA on the redesigned product and to handle any related litigation arising from the filing of the second ANDA. Upon discovery that Apotex was the real party in interest for the Nu-Pharm ANDA, the patentee brought contempt proceedings against Apotex. Finding by clear and convincing evidence that the redesigned product described in the second ANDA was no more than colorably different from the drug product previously adjudicated to infringe, the district court held that Apotex was in contempt of the injunction. The district court further extended the original injunction to order that the FDA could not approve the second ANDA until the patent expired.

Apotex argued on appeal that since the act of filing an ANDA was an "artificial" act of infringement, the district court lacked subject matter jurisdiction to conduct the contempt proceeding. Following the principle that, where possible, patent claims should be treated the same as any other case, the Federal Circuit rejected Apotex's argument that special rules apply to injunctions under the Hatch Waxman Act. Noting that the statutory scheme of the Hatch Waxman Act did not provide for special treatment as Apotex urged, the Federal Circuit stated that "Apotex errs by looking only to the district court's authority under the Hatch-Waxman Act when well-settled principles of equity govern injunctions in patent disputes just as in disputes in other areas of law." *Id.* at \*4. Accordingly, the district court was well within its discretion to entertain contempt proceedings. *Id.* The Federal Circuit further affirmed the district court's finding that clear and convincing showed that the product covered by the second ANDA was no more than colorably different

from the product found to have infringed. *Id.* at \*5. Consequently, the district court acted properly in extending the scope of the original injunction to cover the second ANDA. *Id.* at \*6.

A different result applied to the issue of whether Apotex's act of submitting a second ANDA through a strawman violated the injunction. Noting that the specific terms of the injunction only prohibited Apotex from commercially manufacturing or selling the product in the U.S. and did not expressly prohibit Apotex from filing additional ANDAs, and that injunctions must be narrowly construed, the Federal Circuit held that the district court erred in finding that Apotex's acts in causing the filing of the second ANDA violated the injunction. *Id.* at \*7.

### Defining Dependent Claims

The Federal Circuit set forth a standard for determining when a claim should be characterized as a dependent claim in *Monsanto Co. v. Syngenta Seeds, Inc.*, No. 2006-1472, 2007 WL 2874217 (Fed. Cir. Oct. 4, 2007). Rejecting a contention that format alone controls whether a claim is a dependent claim, the court instructed that a claim is a dependent claim if it has the following two elements: 1) the new claim refers to an earlier claim, and 2) the new claim "further limit[s] that referent." *Id.* at \*4. Applying these criteria, the Federal Circuit affirmed a judgment that a claim reciting "A process comprising obtaining progeny from a fertile transgenic plant *obtained by the process of claim 1* which comprise said DNA" was a dependent claim. The patentee had argued that the claim was an independent claim that recited a one-step process that used a starting material obtained from practicing the process of claim 1. Rejecting this argument, the Federal Circuit explained that "[a]lthough in a somewhat unusual format, claim 4 is dependent from claim 1 because it only stands if all three steps recited in claim 1 have been performed. In other words, the additional fourth step of obtaining progeny depends on the performance of the process comprising the three steps recited in claim 1 for obtaining a fertile transgenic plant." *Id.* at \*5. The court further noted that had the patentee intended to claim a one-step process that used the product obtained from claim 1 only as starting material it could have done so through clearer drafting. *Id.* But since it did not, the court construed the claim to be a dependent claim, and therefore it could only be infringed if the accused infringer performed all the process steps recited in claim 1 and the additional step recited in the

dependent claim. Since there was no dispute that the *patentee* had performed the steps of claim 1 before the patent issued, and the accused infringer only performed the additional step recited in the dependent claim, no liability for infringement could arise under § 271(a) or § 271(g). *Id.* at \*6.

### **Ensnarement Held to be an Issue for the Court**

In *Depuy Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, 2007 WL 2852594, \*1 (D. Mass. Oct. 3, 2007), the district court held that the issue of whether a patentee has impermissibly asserted a scope of equivalents that “ensnares” the prior art,<sup>5</sup> is a question of law that should be tried to the court, and not the jury. Relying on Federal Circuit case law instructing that “ensnarement” should be adjudicated in a manner analogous to prosecution history estoppel, the court ruled that it would determine the issue of ensnarement in a bench trial without relying on the jury for any underlying fact findings.

### **University Waived Sovereign Immunity**

In *Baum Research and Development Co. v. University of Massachusetts at Lowell*, No. 2006-1330, 2007 WL 2937300, \*2-\*3 (Fed. Cir. Oct. 10, 2007), the Federal Circuit affirmed a district court’s finding that a forum selection clause in a patent license agreement executed by a state university waived the university’s Eleventh Amendment sovereign immunity for claims related to breach of the agreement. More specifically, the patent license agreement executed by the Massachusetts university contained a governing law clause reciting “This Agreement will be construed, interpreted and applied according to the laws of the State of Michigan and all parties agree to proper venue and hereby submit to jurisdiction in the appropriate State or Federal Courts of Record sitting in the State of Michigan.” Agreeing with the district court, the Federal Circuit ruled that this provision provided an unambiguous mutual obligation for the parties to submit to the jurisdiction of the state and federal courts of Michigan. Consequently, the provision operated to waive the university’s sovereign immunity.

### **Field-of-Use-Licensee May Not Sue in Own Name**

As an issue of first impression, the Federal Circuit held in *Int’l Gamco, Inc. v. Multimedia Games, Inc.*, No. 2007-1034, 2007 WL 2983662, \*5-\*6 (Fed. Cir. Oct. 15, 2007), that an exclusive field-of-use license

<sup>5</sup> See generally, APD § 13:66 Scope of Equivalents Cannot Ensnare the Prior Art.

does not grant the licensee all substantial rights in the patent, and therefore such a licensee lacks prudential standing to sue in its own name, but must join the patentee.

### **ADMINISTRATIVE HAPPENINGS**

#### **PTO Examination Guidelines on Obviousness**

On October 10, 2007, and effective the same date, the USPTO published new obviousness examination guidelines in view of the Supreme Court decision in *KSR Int’l. Co. v. Teleflex Inc.* See 72 Fed. Reg. 57526-57535. The guidelines do not constitute substantive rule making and do not have the force and effect of law.<sup>6</sup> They are intended to assist USPTO personnel to make a proper, and properly supported, determination of obviousness.

Obviousness remains a question of law based on underlying factual inquiries, including: (1) determining the scope and content of the prior art; (2) ascertaining the differences between the claimed invention and the prior art; and (3) resolving the level of ordinary skill in the pertinent art, which were first enunciated by the Court in *Graham v. John Deere Co.* In the guidelines, the USPTO instructs its personnel to evaluate “secondary considerations,” *i.e.*, objective evidence relevant to the question of obviousness, including evidence of commercial success, long-felt but unsolved needs, failure of others, and unexpected results. USPTO personnel are further instructed to “ensure that the written record includes findings of fact concerning the state of the art and the teachings of the references applied” and in certain circumstances “include explicit findings as to how a person of ordinary skill would have understood prior art teachings, or what a person of ordinary skill would have known or could have done.”

In making an obviousness rejection, USPTO personnel must in the Office Action clearly set forth the findings of fact and the rationale supporting the rejection. The guidelines instruct Office personnel to focus on determining what a hypothetical person of ordinary skill in the art would have known and would have been reasonably expected to do with that knowledge at the time of the invention. Several exemplary rationales that can be used for supporting an obviousness rejection are listed in the guidelines and include the following: (A) combining prior art elements with known methods to yield predictable

<sup>6</sup> See APD § 2:4 MPEP and Other Patent Office Publications.

results; (B) simple substitution of one known element for another to obtain predictable results; (C) use of known technique to improve similar devices (methods, or products) in the same way; (D) applying a known technique to a known device (method, or product) ready for improvement to yield predictable results; (E) choosing from a finite number of identified, predictable solutions, with a reasonable expectation of success (*i.e.*, “obvious to try”); (F) known work in one field may prompt variations for use in any field based on design incentives or other market forces if the variations would have been predictable; or (G) some teaching, suggestion, or motivation to modify or combine prior art teachings to arrive at the claimed invention.

The guidelines include a discussion of each rationale, along with specific examples of how the rationales may be used to support an obviousness rejection. For example, the guidelines instruct that with respect to the “obvious to try” rationale, examiners must: (A) resolve the *Graham* factual inquiries and then (B) articulate four rationales, including: (1) a finding that at the time of the invention there was a recognized need to solve a problem, such as a design need or market pressure; (2) a finding that there were a finite number of identified, predictable solutions to that problem; (3) a finding that the proposed known solutions could have been pursued with a reasonable expectation of success; and (4) other additional findings based on the *Graham* inquiries that may be necessary to support the obviousness conclusion. The guidelines caution that “[i]f any of these findings cannot be made, then this rationale cannot be used to support a conclusion that the claim would have been obvious to one of ordinary skill in the art.” Each example in the guidelines is treated in a similar manner, first identifying the required findings to support the rationale and then indicating the circumstances under which a particular rationale is not adequately supported.

Rebuttal evidence is then considered by Office personnel where the *Graham* findings and conclusions of obviousness have been established by the Office. As rebuttal evidence, applicants can submit evidence of secondary considerations and/or evidence of unexpected results. The Office expects that in response to the specific findings of fact enunciated by Office personnel with respect to the exemplary rationales now provided in the guidelines, applicants “will be likely to submit evidence to rebut the fact

finding made by Office personnel.” Office personnel are then instructed to reconsider the obviousness determination in view of the entire record and, in an Office Action, clearly communicate the Office’s findings and conclusions, articulating how the conclusions are supported by the findings.

### Clarification of New PTO Rules

The USPTO is clarifying certain provisions of the new claims and continuations rules and making some procedural adjustments. An *Official Gazette* notice describing these changes can be found at [www.uspto.gov/web/offices/pac/dapp/opla/preognotice/clmcontclarification.pdf](http://www.uspto.gov/web/offices/pac/dapp/opla/preognotice/clmcontclarification.pdf) and will be published in the *Official Gazette* on November 6, 2007.

The transitional “one more” continuing application provision is being modified to permit applicants to file a divisional application without destroying their opportunity to file “one more” continuation application. Likewise, the filing of another continuing application, *e.g.*, continuation or continuation-in-part (CIP), will not prohibit the filing of a subsequent divisional. Thus, in situations where an applicant has already exhausted the continuing application limit (original or divisional application plus two continuation applications) by August 21, 2007, such applicants will be allowed “one more” continuation or CIP without a petition and showing, regardless of whether a divisional was filed, and such “one more” continuation will not prevent the filing of a divisional, if otherwise appropriate under Rule 78(d)(1).

The compliance date for the Rule 78(d)(3) requirement for identifying written description support for CIP applications has, in certain circumstances, been waived or delayed. For any CIP in which a first Office Action on the merits has been mailed before Nov. 1, 2007, no identifications under Rule 78(d)(3) are required. The USPTO, however, has clarified that it retains its authority under 37 C.F.R. § 1.105(a)(1)(ix) to request this information in appropriate situations. For CIPs filed before Nov. 1, 2007 in which a first Office Action on the merits was not mailed before Nov. 1, 2007, applicants have until Feb. 1, 2008 to comply with Rule 78(d)(3).

The USPTO is waiving the “or within two months of” provision of Rule 78(f)(1) for all applications filed before Nov. 1, 2007 and in certain instances for applications filed on or after Nov. 1, 2007. Specifically, for applications filed before Nov. 1, 2007, applicants must identify commonly owned applications

(or applications subject to obligation of assignment to the same person) that name at least one inventor in common, only if the commonly owned application and the subject application share the *same* actual filing date or the *same* benefit or priority filing date. For applications filed on or after Nov. 1, 2007, other such commonly owned applications need be identified only if: (1) the subject application has a benefit or priority filing date before Nov. 1, 2007 that is the *same* as the actual filing date or the benefit or priority filing date of the other pending or patented application, or (2) the subject application has an actual filing date or benefit or priority filing date on or after Nov. 1, 2007 that is the *same as or within two months* of the actual filing date or the benefit or priority filing date of the other pending or patented application. In summary, for all applications filed before Nov. 1, 2007, and for all applications filed on or after Nov. 1, 2007 that have a benefit or priority date before Nov. 1, 2007, the “or within two months of” provision of Rule 78(f)(1) has been waived. For these applications, only commonly owned, common-inventor applications having the same actual filing date or the same benefit or priority filing date need be identified to the USPTO.

Also clarified in the Notice is the meaning of the term “examined” as used in 37 C.F.R. § 1.78(d)(1)(ii)(B). Specifically, the USPTO states

that “examined” in this context does not include the international phase examination under PCT Article 31 that occurs as a result of the filing of a Demand for international preliminary examination. Thus, the filing of a Demand and the examination of all the inventions in Chapter II in and of itself would not preclude an applicant from filing a divisional application for each invention not elected for examination.

#### **FIRM HAPPENINGS**

On October 19, 2007, Bob Matthews will give a presentation entitled “*KSR’s Impact in the Courts – Expect the Need to Show the Unexpected*” to the AIPLA Patent Litigation Committee during the AIPLA annual meeting in Washington D.C. Bob was the primary author of one of the amicus curiae briefs on the merits submitted to the Supreme Court in *KSR*. In his presentation Bob will discuss how *KSR* changed the obviousness analysis and how the Federal Circuit and district courts have been applying *KSR’s* principles. Bob will also present some eye-opening unofficial statistics showing the significant impact *KSR* already has had in litigation. Send Bob an e-mail if you would like a copy of his presentation materials, which also include an appendix categorizing and summarizing the fifty or so federal cases substantively applying *KSR* over the last five and half months.

**LATIMER, MAYBERRY & MATTHEWS IP LAW, LLP**, an “AV®” rated law firm, provides legal services to corporations and law firms in the area of U.S. patent law including: consulting services for patent infringement litigation; patent application and prosecution services; investigation, analysis, and opinions of counsel for issues of patent infringement, validity, and enforceability; and patent licensing and portfolio management. Our attorneys have years of dedicated experience in patent litigation and procurement, and have authored numerous articles and publications on the subject, including the seven-volume patent-law treatise *Annotated Patent Digest*, available on Westlaw. We maintain offices in Blacksburg, VA and Herndon, VA, but assist clients nationally. For questions regarding our patent litigation consulting services or the content of *Patent Happenings* or the *Annotated Patent Digest*, please contact **Robert A. Matthews, Jr.** (434.525.1141; robert.matthews@latimerIP.com). For further details on the firm, please visit our website at [www.latimerIP.com](http://www.latimerIP.com) or contact any of our lawyers: **Matthew Latimer** (703.463.3072), **Michele Mayberry** (540.953.7075), or **Timothy Donaldson** (703.463.3073).

This newsletter is for informational purposes only and is a marketing publication of LATIMER, MAYBERRY & MATTHEWS IP LAW, LLP. It is intended to alert the recipients to developments in the law and does not constitute legal advice or a legal opinion on any specific facts or circumstances. The contents are intended as general information only. This newsletter may be copied by and/or transmitted to others freely by its recipients, but only in its entirety so as to include proper recognition of the authors. The information presented in this newsletter is, to the best of our knowledge, accurate as of publication. However, we take no responsibility for inaccuracies or other errors present in this newsletter. The information in this newsletter does not necessarily reflect the opinions of the firm, its lawyers or its clients. This newsletter may be considered ADVERTISING MATERIAL in some jurisdictions.

“AV®” peer-reviewed rating given by Martindale-Hubbell. According to Martindale-Hubbell: “An AV rating is a significant accomplishment — a testament to the fact that a lawyer’s peers rank him or her at the highest level of professional excellence.” “Martindale-Hubbell is the facilitator of a peer review rating process. Ratings reflect the confidential opinions of members of the Bar and the Judiciary. Martindale-Hubbell Ratings fall into two categories — legal ability and general ethical standards.” “CV, BV and AV are registered certification marks of Reed Elsevier Properties Inc., used in accordance with the Martindale-Hubbell certification procedures, standards and policies.”