

White House Announces Task Force on High-Tech Patent Issues

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All of the recent talk about patent trolls has not escaped the attention of the Obama Administration. The White House recently announced a task force on high-tech patent issues.

The plan includes both legislative and executive action “designed to protect innovators from frivolous litigation and ensure the highest-quality patents in our system,” according to a [White House statement](#). It cites both patent assertion entities (often referred to as patent trolls) and the so-called “Smartphone Patent Wars” as particular issues of concern.

The [legislative actions to address high-tech patent issues](#), some of which have already been proposed in Congress, include:

- **Require patentees and applicants to disclose the “Real Party-in-Interest,”** by requiring that any party sending demand letters, filing an infringement suit or seeking PTO review of a patent to file updated ownership information, and enabling the PTO or district courts to impose sanctions for non-compliance.
- **Permit more discretion in awarding fees to prevailing parties in patent cases,** providing district courts with more discretion to award attorney’s fees under 35 USC 285 as a sanction for abusive court filings.
- **Expand the PTO’s transitional program** for covered business method patents to include a broader category of computer-enabled patents and permit a wider range of challengers to petition for review of issued patents before the Patent Trial and Appeals Board (PTAB).
- **Protect off-the-shelf use by consumers and businesses** by providing them with better legal protection against liability for a product being used off-the-shelf and solely for its intended use. Also, stay judicial proceedings against such consumers when an infringement suit has also been brought against a vendor, retailer, or manufacturer.
- **Change the ITC standard for obtaining an injunction** to better align it with the traditional four-factor test in *eBay Inc. v. MercExchange*,

to enhance consistency in the standards applied at the ITC and district courts.

- **Use demand letter transparency to help curb abusive suits**, incentivizing public filing of demand letters in a way that makes them accessible and searchable to the public.
- **Ensure the ITC has adequate flexibility in hiring** qualified Administrative Law Judges.

President Obama also announced five executive actions that his administration will take. They include:

- **Making “Real Party-in-Interest” the New Default.** The USPTO will begin a rulemaking process to require patent applicants and owners to regularly update ownership information when they are involved in proceedings before the USPTO, specifically designating the “ultimate parent entity” in control of the patent or application.
- **Tightening Functional Claiming.** The USPTO will provide new targeted training to its examiners on scrutiny of functional claims and will, over the next six months develop strategies to improve claim clarity, such as by use of glossaries in patent specifications to assist examiners in the software field.
- **Empowering Downstream Users.** The USPTO will publish new education and outreach materials, including an accessible, plain-English web site offering answers to common questions by downstream users facing demands from a possible patent troll.
- **Expanding Dedicated Outreach and Study.** The government will expand outreach efforts, including six months of high-profile events across the country to develop new ideas and consensus around updates to patent policies and laws. This includes the USPTO Edison Scholars Program, which will bring distinguished academic experts to the USPTO to develop — and make available to the public — more robust data and research on the issues bearing on abusive litigation.
- **Strengthen Enforcement Process of Exclusion Orders.** U.S. Intellectual Property Enforcement Coordinator will launch an interagency review of existing procedures that Customs and Border Protection and the ITC use to evaluate the scope of exclusion orders and work to ensure the process and standards utilized during exclusion order enforcement activities are transparent, effective, and efficient.

So far, the patent industry has reacted positively to the White House announcement. Of course, as with any changes to the patent system, the devil

will be in the details. We will continue to monitor both legislative and executive development and provide updates as they become available.

If you have any questions about how the proposals may impact you or your company, we encourage you to contact one of our experienced patent lawyers for a free-30 minute consultation.

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