



The Attack on American Innovation, Inventors, and the American Economy

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The Attack Begins

- The attack began in 1999 with the American inventor act
 - Lots of promises, all repealed in the salami method
 - Since then several changes, none for the benefit of small inventors.
 - Courts, USPTO and Congress all respond to the money behind the attack
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Reasons for the Attack

- ❑ Many large corporations decided that market dominance is more important than what patent protection gives them
 - ❑ They do not want to be disturbed by small inventors telling them they can not do as they please
 - ❑ Exception: Pharma companies and certain biotech companies.
 - ❑ Exception 2: any small or medium size innovation company, any small inventor
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Current status

- ❑ USPTO published rule set Aug. 21, 2007
 - ❑ House passed “patent Repeal Act”
 - (aka patent reform act)
 - HR 1908 Sep. 7, 2007
 - ❑ Senate slated to vote on their version
 - S.1145
 - Vote in coming weeks
 - ❑ Rep. Howard L. Berman (d-CA.): “This bill is merely the first step in a process”
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How the House Votes

- ❑ Two weeks ago all in the know said bill is dead for this year
 - ❑ Tuesday Sep. 4, bill is slated for vote by full house Friday Sept. 7
 - ❑ Bill amendment unknown – finished Thursday night Sept. 6
 - ❑ Debate limited to one hour on the most extensive patent reform since 1952
 - ❑ On the floor – every few minutes Mr. Conyers stated that the issues raised will be “fixed in conference”
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How the House Votes

Affiliation	Ayes	Nays	No vote
Democrat	160	58	13
Republican	60	117	24
Total	220	175	37

Tom Allen – voted for the bill

Mark Michaud – Voted against the bill



Interesting Tidbits

- ❑ About 1.5% of patents are litigated
 - ❑ Companies that pushed the legislation include Intel, Microsoft, Boeing, GE, CA, Dell and others
 - ❑ Total patent royalties paid: less than 0.4% of their revenue
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The Patent Repeal Bill

- First to file
 - Post grant opposition
 - Reduced burden of proof
 - Apportionment of damages
 - Death of willful infringement
 - Free hand to the USPTO director to do as he wish
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First to file

- Maintain one year grace period, but the US will be a first to file system
 - Provides a level of protection against “derivation”.
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Post grant Opposition

- ❑ One year from issue – anybody can file request for post grant review
 - ❑ Post grant review may include discovery (protective order possible)
 - ❑ ONE amendment to patent (more by petition)
 - ❑ Standard of proof for invalidating:
PREPONDERANCE OF EVIDENCE
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Apportionment

- ❑ “Reasonable royalties” awarded according to **“Patent specific contribution over the prior art”**
 - ❑ Patentee has to show that the **contribution over the art is the reason** for the entire market when calculating damages
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The death of licensing

- *“(3) LIMITATIONS ON WILLFULNESS- (A) A court may not find that an infringer has willfully infringed a patent under paragraph (2) **for any period of time during which the infringer had an informed good faith belief** that the patent was invalid or unenforceable, or would not be infringed by the conduct later shown to constitute infringement of the patent.*
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The death of licensing

- *`(B) An informed good faith belief ... may be established by--*
 - *`(i) reasonable reliance on advice of counsel;*
 - ***`(ii) evidence that the infringer sought to modify its conduct to avoid infringement once it had discovered the patent; or***
 - *...*
 - *`(C) The decision of the infringer not to present evidence of advice of counsel is not relevant to a determination of willful infringement under paragraph (2).*
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Other “goodies”

- Micro entity – an individual whose gross income does not exceed 2.5 times the median household income
 - Relief from certain minor requirements
 - Tax planning methods not patentable
 - Don't steal – the government hates competition
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Rest assured.
You are in “good hands”

- Giving the USPTO Director the authority to pass whatever rules he pleases as long as not against the law: necessary for governing and operation of the organization of the Office”.
 - Most specifically – as to rules passed, which is our next topic.
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The Vile Rule package

- ❑ Proposed in 2006
 - ❑ Received over 500 comments from many organizations
 - ❑ Final rule published Aug. 21, 2007
 - ❑ Final rule has little to do with the proposed rule
 - ❑ Thus, The USipto avoided required public comments
 - ❑ Objected to by most patent practitioners
 - ❑ Less devastating than the patent reform, but bad enough
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The vile rules package

- 2 continuations, one RCE
 - More allowed upon granted petition
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The 5/25 rule

- Current law: 35 U.S.C. 112
 - The specification shall conclude with one or more claims particularly pointing out and distinctly **claiming the subject matter which the applicant regards as his invention.**

 - New rules: as long as his invention can be protected within the 5/25 rule
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The 5/25 rule of evil

- ❑ Maximum of 5 independent and 25 total claims, **IN A PATENT FAMILY**
 - ❑ Across multiple applications
 - ❑ PTO operates under **presumption that the inventions are indistinct**
 - If applications contain overlapping subject matter, commonly owned and claiming same priority
 - ❑ If more – require Explicit Suicide Document
 - (aka Examination Support Document)
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The vile rule package

- Applicant must inform the office of all applications that:
 - are commonly owned
 - Filed within 4 month of each other
 - Regardless of subject matter
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Explicite Suicide Document

- Currently required only for applications that exceed the 5/25 rule
 - Requirements
 - Conduct a search, report the specific classes and sub classes
 - Include US patents, published patent applications, foreign patents, and non patent documents
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Explicit Suicide Document

- For each reference cited:
 - Identify each place where any of the claim limitations (elements) appear in the reference
 - Detailed explanation pointing out for each independent claim how it is patentable over the cited reference
 - Showing where each claim element finds support in the specifications
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Explicit Suicide Document

- ANY translation to English required for all cited documents not originally in English, if “readily available”
 - Supplementary ESD for any filed IDS in the application
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Explicit Suicide Document

- ❑ Risks: missing any document will open patentee to inequitable conduct and to invalidation of the patent
 - ❑ Saying too much will ease the job of whomever opposes the patent
 - ❑ Saying too little is inequitable conduct – invalidate the patent
 - ❑ For the patent practitioner – guaranteed malpractice
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Explicit suicide document

□ Costs

- Searching in foreign language will require translation (remember – applicant must point out where any claim element exists for each document)
 - Interpreting the search and preparing ESD
 - Liability for agent/attorney – unlimited. Remember - each ESD filed is an automatic invitation to malpractice
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Explicit Suicide Document

□ Costs:

- Expect costs in the tens to hundreds of thousands for each ESD

□ Coming Soon To a Patent near you



AN ESD FOR EVERY APPLICATION

- ❑ The USipto already hinted this is the direction they are heading in
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- In short, United States Patent and Trademark Office (USPTO) is turning into the

United States

Intellectual Property
Theft Office (USipto)



What You Can Do

- Call, Write and e-mail (all three) your US Senator
 - Demand that they vote against
 - I enclosed a sample letter
 - Ask everyone you know to do the same
 - Talk to people about it – call in radio talk shows, write to papers, **FIGHT!**
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BECAUSE IF YOU
DO NOT FIGHT,
YOU DESERVE
WHAT YOU GET
