

Judicial:

Case	Issue	Prior Law	Holding	Effect
<i>eBay v. MercExchange</i> , 547 U.S. 388 (2006)	Permanent Injunctions	Irreparable damage is presumed in cases of patent infringement, and a permanent injunction is warranted absent exceptional circumstances.	The general four-factor test for determining whether a permanent injunction should issue outside the patent infringement context is applicable to patent infringement cases. The factors courts consider are: (1) irreparable injury, (2) insufficient remedies in law, (3) balance of hardships, and (4) public interest.	It is more difficult to obtain a permanent injunction following a finding of patent infringement. Lower courts have interpreted the case as eliminating the presumption of irreparable damage, and some courts have refused to issue permanent injunctions unless the patent owner manufactures a product and the infringer is a competitor.
<i>MedImmune v. Genentech</i> , 549 U.S. 118 (2007)	Declaratory Judgment Suits by Licensees	In order to bring a declaratory judgment action concerning the validity or enforceability of a patent, a licensee must first terminate or breach the license agreement.	A licensee is not required to terminate or breach a license agreement prior to bringing a declaratory judgment action.	Allows licensees to “pay and sue” and may encourage litigation. Because of the low bar, patentees should be aware that a claim of infringement is likely sufficient to afford the alleged accused declaratory judgment jurisdiction.
<i>KSR v. Teleflex</i> , 550 U.S. 398 (2007)	Obviousness	Obviousness is determined by application of the Teaching, Suggestion, and Motivation (TSM) Test.	Although the TSM Test is relevant, obviousness is to be considered in light of the more flexible <i>Graham</i> factors, and requires: (1) a determination of the scope and content of prior art, (2) ascertainment of the differences between the prior art and the claims, (3) a determination of the level of ordinary skill in the pertinent art, and (4) consideration of secondary factors such as commercial success, long felt but unresolved needs, and failure of others.	<i>KSR</i> lowers the burden that a PTO Examiner must meet to establish obviousness, which makes it more difficult to both obtain a patent in the first instance and defend against invalidity challenges after issuance.

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<i>Microsoft v. AT&T</i> , 550 U.S. 437 (2007)	Extraterritorial Enforcement of U.S. Patents	§ 271(f) of the Patent Act provides that, in derogation of the general rule, infringement occurs when one supplies a patented invention's <i>components</i> from the U.S. for combination abroad.	Software, in the abstract, is not a <i>component</i> under § 271(f), although copies of software are. Therefore, because Microsoft only supplied a master disk from which copies were made for installation, it did not infringe on AT&T's patent.	By narrowing the scope of §271(f), the Court has made it more difficult for holders of U.S. patents to allege infringement for uses in foreign jurisdictions in which the U.S. patent holders do not hold patent rights. This decision may increase the need for U.S. patent holders to apply for patent rights abroad.
<i>Quanta Computer v. LG Electronics</i> , 128 S.Ct. 2109 (2008)	Scope of Patent Exhaustion Defense	The doctrine of patent exhaustion, which provides that a patented item's initial authorized sale terminates all patent rights to that item, does not apply to method patents.	The patent exhaustion doctrine applies to method patents when either of the following occurs: (1) an authorized license is agreed upon or (2) a sale of items that substantially embody the patent occurs.	By eliminating the exception of method patents from the patent exhaustion doctrine defense, the ability of method patent holders to enforce their rights against downstream infringers is reduced. Method patent holders must rely on robust protections through contracts for the sale or license of products embodying their patents.
<i>In re Seagate</i> , 497 F.3d 1360 (Fed. Cir. 2007)	Willfulness Standard	When a potential infringer has actual notice of another's patent rights, he has an affirmative duty to exercise due care, including the duty to obtain competent legal advice from counsel prior to the initiation of the activity, to determine whether he is infringing.	Willful infringement requires a showing of "objective recklessness," such that a patentee must show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent.	By raising the standard for willful infringement and eliminating the need to obtain an infringement opinion, the court made it more difficult for patent holders to prove willful infringement.
<i>In re Bilski</i> , 88 USPQ2d 1385 (Fed. Cir. 2008) ¹	Patentable Subject Matter	A process is patentable under § 101 of the Patent Act if it produces a "useful, concrete, and tangible result."	A process is patentable under § 101 of the Patent Act if it: (1) is tied to a particular machine or apparatus or (2) transforms a particular article into a different state or thing.	The court narrowed the scope of patent-eligible software and business methods, but does not categorically deny protection for such inventions.

¹ The Supreme Court heard arguments in *In re Bilski* on November 9, 2010 but, as of April 19, 2010 has not issued its ruling.

Legislative:

The following are key changes that are included in the Patent Reform Act of 2010, S.B. 515:

- **First to File** – Moving from a first-to-invent to first-to-file system would grant patent rights in a particular invention to the first applicant to file a patent application for that invention, as opposed to that invention’s original inventor. This change would bring the U.S. system in line with most of the rest of the world and eliminate, in most cases, the current one-year grace period. A “Derivation Proceeding” would replace Interferences.
- **Damages**
 - **Calculation** –Judges will serve a “Gatekeeping” function to identify the methodologies and factors that are relevant to the determination of damages, and the court or jury, must consider only those methodologies and factors. May reduce the likelihood of a jury assessing unreasonable damages, but does not set forth a clear rule on damages calculation. **Treble Damages** – The bill would codify the willful recklessness standard of *In re Seagate*, such that knowledge alone does not constitute willfulness.
- **Expanded Reexamination Proceedings** – Reexaminations would be allowed based on published prior art or evidence of prior public use or sale in the U.S.
- **Post-Grant Review** – Within 9 months of issuance, a third party may challenge on any grounds of validity, as opposed to only prior art.
- **Pre-Issuance Submissions** – Third parties would be allowed to submit prior art and a statement regarding its significance during the examination itself.
- **Venue** – Requires transfer of venue to jurisdictions that are “clearly more convenient,” but does not limit the ability of plaintiff’s to file in “friendly” courts, such as the Eastern District of Texas, as in prior versions. **Micro-Entity** – A new type of entity defined as a "micro entity" that has fewer than 5 patent applications that would qualify for even further reduced fees.
- **Best Mode Requirement** – The best mode requirement would remain as part of the law. However, failure to fulfill the best mode requirement would no longer be an invalidity defense nor could it serve as a basis for holding a patent unenforceable.
- **False Marking** – The proposed reform would eliminate the right of "any person" to file a false marking claim. Rather, those claims would be limited to individuals who have "suffered a competitive injury." This change would apply to eliminate standing of already-filed cases.

Patent Reform Acts were introduced in both 2005, 2007, and 2009. Given its contentious nature and previous failures to pass legislation, it is difficult to predict what form, if any, that the legislation will take.

Administrative:

In 2007, the USPTO adopted several rules with the intent of reducing the current application backlog:

- **2+1 Rule** – As a matter of right, an applicant may file two continuation or continuation-in-part applications, plus a single Request for Continued Examination (RCE), after an initial application. If the applicant wants to engage in further prosecution, she must file a petition explaining why the amendment, argument, or evidence could not have been presented previously.
- **5/25 Rule** – This rule permits an applicant to present a total of five independent claims and twenty-five total claims for examination without providing any further information about those claims. An applicant who wishes to exceed either limitation must provide an Examination Support Document (ESD) containing information about the claims that may assist the examiner in determining the patentability of the claimed invention.
- **Rule 265** – This rule requires an applicant to conduct a pre-examination prior art search, provide a list of the most relevant references, identify which limitations are disclosed by each reference, explain how each independent claim is patentable over the references, and show where in the specification each limitation is disclosed.

UPDATE: PRIOR TO IMPLEMENTATION, SEVERAL PARTIES SUED TO ENJOIN THE USPTO FROM ENACTING THE RULES. AS OF THE FALL OF 2009, THE LITIGATION HAD BEEN DISMISSED AND RULES WERE WITHDRAWN WITH THE CONSENT OF THE USPTO. In August, 2009, David Kappos was sworn in as the new Director of the USPTO. He has made it clear that patent reform is needed. This theme is echoed by the new administration, although what form it will take is unclear.

Information provided on this handout is intended to be general information only, in the nature of advertising. You should consult your attorney when making legal or business decisions and should not rely upon the content of this handout. Alan Singleton is licensed to practice law in the state of Illinois and is a patent attorney registered to practice before the U.S. Patent and Trademark Office.



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Mr. Singleton provides legal services to business clients in corporate, intellectual property, securities law, and real estate areas. He has frequently assisted entrepreneurs select and organize an appropriate entity and obtain capital. He has formed limited liability companies, subchapter S corporations, subchapter C corporations, professional corporations, and not-for-profit corporations, including publicly supported organizations and private foundations. Mr. Singleton has also assisted clients with mergers and acquisitions and with implementing stock option programs.

A member of the patent bar, Mr. Singleton has represented clients in patent prosecution, trademark registration, negotiation of licenses, research and development agreements and joint development agreements. He is familiar with the University of Illinois policies on technology transfer and has negotiated licenses of University technology. Mr. Singleton's real estate law experience includes purchases and sales, leases, installment contracts, like kind exchanges, and zoning and land use issues.

Mr. Singleton is active in both the business and educational communities. He has served on the Advisory Councils of numerous technology companies and served on the list of advisors at the Illinois Technology Center. He is a member of the business plan review group Second Saturday and has served as a judge for the Academy for Entrepreneurial Leadership Innovation Teams Competition and V. Dale Cozad Business Plan Competition.

Mr. Singleton maintains an adjunct faculty appointment with the University of Illinois College of Medicine. He has given guest lectures for the University of Illinois MBA course on technology commercialization, the senior Capstone Design Course in the Department of Agricultural and Biological Engineering, the Academy for Entrepreneurial Leadership Idea to Enterprise Workshop, the Technology Entrepreneur Center, the Advanced Invention to Venture workshop, the University of Illinois College of Veterinary Medicine and for medical residency programs throughout the state.

The recipient of the 2008 Entrepreneur Advocacy Award, and of the Chemical Rubber Company Chemistry Award as an undergraduate student, Mr. Singleton earned a Bachelor of Science Degree in Geology from the University of Illinois in 1988 and a Juris Doctorate from the University of Illinois College of Law in 1991. Following law school and prior to founding Singleton Law Firm, P.C., he practiced with Webber & Thies, P.C. as an associate and then shareholder.

Mr. Singleton is currently a member of the American Bar Association Sections on Business Law, Intellectual Property Law and Science and Technology Law, the Illinois State Bar Association Sections on Corporation and Securities Law (Member, Section Council) and Intellectual Property Law (Member, Section Council), the American Intellectual Property Law Association, the Intellectual Property Law Association of Chicago, and the Midwest Business Brokers and Intermediaries.

Mr. Singleton has chaired the EDC/techCommunity Mentoring Program, has served on the board of the Don Moyer Boys and Girls Club, and serves on the boards of the Mahomet Area Kids Endowment Foundation and the Mahomet Area Youth Club.

Mr. Singleton is married to local family practice physician Deborah Singleton, M.D. They have three children.

Singleton Law Firm, P.C. is dedicated to serving the legal needs of business and individual clients of east central Illinois and beyond with an emphasis in the areas of corporate, intellectual property (including patent) and real estate law. The firm was founded by attorney Alan R. Singleton and paralegal Elizabeth C. Kellner following Mr. Singleton's practice at another local firm as an associate and then shareholder. Ms. Kellner's experience includes work at the University of Illinois business incubator and then service as the coordinator and then executive director of techCommUnity. Both Mr. Singleton and Ms. Kellner are active in their efforts to grow the local business community. Both maintain contacts in the local business community and beyond which allow them to serve as a team to meet the needs of business and individual clients through the provision of value added quality legal services.