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INTELLECTUAL PROPERTY

Publication Before Patent Can Offer Some Protection

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Special to the Legal

Prior to the year 2000, upon filing a U.S. patent application, the invention was held in confidence by the U.S. Patent and Trademark Office until a patent was issued, publishing the invention. Patent rights cannot be enforced until the patent issues. This practice gave rise to the “submarine” patent, i.e. a pending application that remained “below the surface” until an industry matured, so the issued patent could “surface” from the PTO and the patentee could bring suit against competitors that were practicing in the same area of technology.

The U.S. was essentially alone in its patent application secrecy practice prior to 2000, since most countries published pending applications. In an effort to harmonize U.S. patent laws with other countries’ laws, in November 2000, the United States began to publish pending applications. Since then, and taking advantage of Internet-based technology, not only are pending applications published electronically, but the entire examination process is viewable on the Internet using the PTO’s Patent Application Information Retrieval system.

Publication in other countries, aside from giving public notice, also yielded the benefit of provisional rights. While the time an application is pending before the U.S. PTO is now significantly longer than it used to be, there are many other countries where pendency is much longer than in the United States. However, in most such



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countries, publication initiates the ability to collect “back” damages for infringement of granted patents, where damages date back to the publication date. Provisional rights are the ability to collect damages for infringing acts occurring prior to a patent grant based on a publication. When publication was introduced in the United States, many also lobbied for “provisional rights” in the United States consistent with rights given overseas. Without such rights, publication could allow infringers to review published pending applications, copy technology without concern about damages for infringement until a patent issues. Public invention disclosure without the possibility of any right of enforcement would have discouraged U.S. inventors from filing patent applications where important trade secrets will be disclosed.

As a result, a new provisional rights provision was also added to the patent statutes. These rights should not be confused with “provisional” patent applications, which are initial, more informal patent applications that expire in one year if a more formal U.S. (nonprovisional) application is not

filed. This unfortunate use of duplicative terminology for different aspects of patent law can, in my experience, create confusion in explaining such concepts to new inventors. Confusing terminology aside, the provisional rights section is found in Section 154(d) of the Patent Act, reproduced in relevant part below:

“(d) Provisional Rights

(1) ... a patent shall include the right to obtain a reasonable royalty from any person who, during the period beginning on the date of publication of the application for such patent under section 122(b) ... and ending on the date the patent is issued —

(A) (i) makes, uses, offers for sale, or sells in the United States the invention as claimed in the published patent application or imports such an invention into the United States; ... and

(B) had *actual notice* of the published patent application....

(2) ...The right ... to obtain a reasonable royalty shall not be available ... unless the invention as claimed in the patent is substantially identical to the invention as claimed in the published patent application.

Referencing the italicized language, provisional rights require actual notice and that the claims in the issued patent are “substantially identical” to those in the publication of the application.

In view of the length of time it takes to get a patent, publication can be an avenue for an applicant, prior to getting a patent, to obtain some degree of protection. The publication announces that someone is seeking a patent, and the claims portion of the publication

explains what the applicant wants to cover in the patent. The publication can provide a deterrent effect, warding off competitors from a possible later-issued patent. However, some are not easily dissuaded and may want to play the odds and see if a patent with “substantially identical” claims actually issues.

The legislative history behind Section 154(d) indicates “actual notice” means the applicant must indicate what actions give rise to the asserted provisional rights. There is no case law squarely addressing the required content of such notice letters, but based on the legislative history, and prior analogous law, it has been generally suggested that such notice letters should be like those used when giving actual notice for issued patents under Section 287(a) of the patent statutes. Such notice requires the patentee to identify the patent number, the activity that may incur liability and a suggestion of how the infringer may ameliorate or otherwise cease the infringing activity. Therefore, in the publication context, one can expect that a notice letter might also need to have the publication number, the nature of the activities at issue (consistent with the legislative history) and what the applicant wants the competitor to do in response to the notice letter (cease activity, change the product, etc.)

While similar law does not yet exist with respect to what happens when enforcing provisional rights, in the issued patent context, there have been changes in the law with respect to the potential impact of infringement notices. Most significantly, a more lenient declaratory judgment standard has evolved in the patent infringement context in cases such as *MedImmune Inc. v. Genentech Inc.* and *SanDisk Corp. v. STMicroelectronics Inc.* Infringement notice letters can now easily trigger a declaratory judgment litigation brought by a competitor receiving such notice under these new standards. By analogy, the more lenient standard could also reasonably apply in the publication context. However, the triggering event is likely the issuance of the patent after receiving a publication notice letter conveying actual notice, if patent claims are “substantially identical” to the published application giving rise to the patent, since there is no real threat absent such issuance. An argument could also be

made in support of the notice of allowance as a triggering event.

There has been little to guide the practitioner regarding “substantially identical” in Section 154(b). The legislative history and commentators have suggested “substantially identical” is analogous to the standard used to evaluate intervening rights when a patent is “reissued” and claims were changed in the reissue proceeding. However, until now, no cases have actually taken on, analyzed and applied that theory. However, a published opinion has finally been released, albeit at the federal district court level, concerning the meaning and application of “substantially identical.” That case is *Pandora Jewelry LLC v. Chamilia LLC*.

U.S. Patent No. 7,007,507, also known as the ‘507 patent, in *Pandora* involves a piece of jewelry, such as a necklace or bracelet, in which there are “keepers” attached that allow for the hanging of beads without bunching of beads on the strand. This allows the user to select beads to be placed on the jewelry and determine how to space the beads.

Pandora asserted provisional rights against Chamilia for royalty damages from the publication date through issuance of the ‘507 patent. The court’s decision arose in the summary judgment context. With respect to infringement, two types of jewelry sold by Chamilia were at issue: Type A and Type B. Summary judgment of noninfringement was granted to Chamilia based on the Type B jewelry, although an issue of fact remained with respect to the Type A jewelry. In addressing the provisional rights issue, the court, based on existing legislative history and arguments by both parties, started with the notion that “substantially identical” in Section 154(b) was based on the same language used in Section 252 of the patent statutes involving reissue, such that claims which are “substantially identical” are those which after issuance of the patent lack a “substantive change,” determined by evaluating whether claim scope remains identical even if words were altered. The court also drew on prior reissue case law to note that, while not a hard line rule, if a claim is amended to obtain allowance, it is difficult to envision when such a change is not substantive.

In *Pandora*, the claims were amended, and the amendment was held to be necessary for allowance and “critical” to the invention. The court denied provisional rights. In a footnote, the court also noted that even if the amendment in question was not substantive, the claims were also broadened during examination to refer to a “strand jewelry device” whereas the publication referred instead to a claimed “necklace.” Since Chamilia sold bracelets, the footnote suggested that provisional rights may also not be available because Chamilia did not have actual notice of infringement of the broader issued claim based on the narrower published claim. Therefore, it is possible that a broadening amendment creating new infringement liability post-publication is also important in evaluating provisional rights.

As the PTO examination pendency time grows, provisional rights have the potential to become increasingly important. However, amending claims substantively impacts provisional rights. Applicants can take steps to protect provisional rights. First, even if trying for the broadest possible scope to which an applicant may believe it is entitled at filing, it is a good idea to also include, within the originally filed claims, narrower claims that may be more easily allowable over existing prior art. Secondly, if a claim is amended after actual notice is given to an infringer, an applicant should give further actual notice of the amended claims to the infringer and request a voluntary republication under 37 C.F.R. 1.221.

Finally, in examination, alternatives to immediately amending in response to a rejection should be carefully considered in responding to PTO rejections. Alternatives can be adopting strong legal arguments, using data or other evidence in support of patentability and examiner interviews if the examiner appears not to understand the invention or its points of novelty in view of the prior art. While cost is always an issue, applicants should work closely with counsel to ensure that their patent applications accurately reflect the scope of the invention (in broad and narrower terms) and that the prior art and the scope of the prior art is well understood prior to drafting the patent application. •