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## NEW ENGLAND ROUNDTABLE SERIES 2010

Rafael Rosado, the intellectual property counsel for the Fire & Security division of United Technologies Corp., moderates a timely discussion of patent law with three other noted IP attorneys.

This GC New England Roundtable focuses on a variety of topics, including patent protection, nuisance litigation, the role of non-practicing entities in the patent process, litigation and costs, international protection, and how IP issues are handled by federal courts. The participants are: Pamela J. Curbelo, partner at Cantor Colburn in Hartford; Brian Moriarity, partner at Hamilton, Brook, Smith & Reynolds in Concord, Mass.; and Jerry Stanton, partner at Harrington & Smith in Shelton, Conn.

Photos by Gary Lewis



**RAFAEL ROSADO/MODERATOR:** Do you see today's economy affecting your clients' patent filings? If so, how is it affecting your practice?

**JERRY STANTON:** Our clients have definitely cut back some, but it's not a wholesale cutback. They're making decisions a lot earlier in the process. For instance, in the past we did a fair number of provisional applications and afterwards clients would make the decision whether to convert, whether to file a regular application in the U.S. or worldwide.

We're seeing fewer provisional applications now and on those we are seeing more decisions not to convert than we have in the past. In general, it appears the decision whether to patent and whether to continue with an existing application is made earlier in the process than in the past.

**BRIAN MORIARTY:** Things are decent now, and I think in the first half of 2009 there was a real paralysis among in-house counsel about where their budget was going, where their revenue was going, and where their stock prices were going. And that caused people to really postpone things, but I think now companies are back to a regular patent prosecution practice. I don't think it's on the upswing or the downswing, but I think it's where it was pre-2009.

**MODERATOR:** Are you starting to see more pressure from a financial standpoint, i.e., do you believe clients are starting to commoditize patent preparation and prosecution?

**MORIARTY:** We're not at the point where we've been commoditized. I'd say that there's been somewhat of an upswing in litigation, which often happens as economies go south. But at the same time, there's more cost pressure in litigation to do things more efficiently and to do things at a lower cost.

**PAMELA CURBELO:** On the patent side, patent budgets have either shrunk or not grown. With the tight budgets, the smaller companies continue to file very strategically. Previously, larger companies may have filed to reach number goals, but now they pursue cases based upon a concrete commercial business benefit. Further, larger clients tend to try to work from set budgets. In the present climate, everyone is more mindful of and motivated by seeking better protection while controlling costs.

**MODERATOR:** At UTC we strive to get outside counsel "off the clock" and on an alternative billing arrangement, such as set fees. Is there a concern in terms of how much pressure outside counsel can take before it gets to the point of a "you-get-what-you-pay-for" mentality. How do you counter that approach when you bid on work? Do you eat a lot of those costs, or do you just become more efficient?

**STANTON:** We've seen some cost pressures from clients with a large European-based revenue stream. Behind the scenes we're guessing a lot of that is because of the exchange rate fluctuation. They're paying in U.S. dollars, but their revenue stream is in euros, and that's hurting them. So they want to set a fixed-cost structure, whether it's based in hours or dollars per incident. And for our more established clients, we've eaten a good amount of our billing to help get through the downturn together.

And as things have loosened up, like Brian had mentioned, those clients have loosened up also on their budget pressures; they're aware that we've not billed a lot of our hours.

**MODERATOR:** How about the economy's effect on litigation?

**MORIARTY:** The prior model of litigation which was along the lines of a free-for-all, where companies would spend a lot of money on litigation, I think is one of the casualties of this last recession. Companies now want to spend less. And much like the patent prosecution that we were discussing, they're more strategic about the motions they want to file, the positions they want to take, and I think the result of all this is that the clients are focusing more on the merits of the litigation rather than procedural tactics and delaying tactics.

**MODERATOR:** Do you see a difference on that between offensive and defensive side, or is it strictly both sides of it are just trying to get through litigation as quickly as possible these days?

**MORIARTY:** If the party that has more money also has a weak case on the merits, then they might resort to delaying tactics and cost-increasing tactics as a settlement approach. But if the merits are more or less equal, and the economic status of each company is more or less equal, I think there's much more focus on the merits.

**CURBELO:** Brian, are you seeing any movement towards alternative dispute resolution or cases at International Trade Commission instead of a court as a low-cost resolution?

**MORIARTY:** In my practice, I actually see less dispute resolution. Most clients pass on the courts' offers for dispute resolution because most of the clients we represent are business people or are in-house lawyers. They usually feel that they don't need a mediator or an ADR person to bring the parties to settlement. They can usually have the settlement discussions themselves without help from the court.

Spinning off that, I do see settlement discussions usually not handled as much by outside counsel anymore. It's usually either the in-house counsel or more likely the in-house business people are having principal-to-principal discussions to try to settle litigation.

**CURBELO:** What about choices of venue? Are you noticing any difference in the states that have local rules of patent procedure that are moving along these cases in a more organized fashion?

**MORIARTY:** In December of 2008, there was a big decision in the federal circuit about venue which induced people to think that the Eastern District of Texas would see far less patent litigation. That was true for part of the year. So it seems that in 2009 companies moved from filing in Texas to filing cases in Delaware.

But Delaware has gotten very, very slow because they've been overrun with cases. Delaware is also down a judge.

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– *Jerry Stanton*

Harrington & Smith

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I think there's been an uptick in litigation in Massachusetts because they have local patent rules. New Jersey also has new local patent rules.

The trend of local districts trying to adopt patent rules to streamline their litigation was largely a response to the success of the Eastern District of Texas. And I think everyone who's going to make rules has made them already.

**MODERATOR:** If you're filing a case, where do you want to file?

**MORIARTY:** Ideally, you'd like to file in the plaintiff's home territory if there's jurisdiction against a defendant.



A lot of people, before they file suit, they get these very detailed statistical reports about which jurisdictions are better for defendants and which are better for plaintiffs. I find those statistics are not that helpful because they are not statistically significant.

**MODERATOR:** What do you think about patent reform legislation currently pending on the issue of venue? Is it going to help or hurt?

**MORIARTY:** I don't really put too much stock in draft legislation. Every year there's always five or six pieces of draft legislation, and I'd say every year none of them get passed.

**STANTON:** The movement to go to a first-to-file system in the U.S. has been ongoing for probably ten years or more. I don't see that happening in the next couple of years either.

**MODERATOR:** The new inter partes review and the supplemental review legislation that's currently up before Congress, do you think that's going to have an effect, if it ever passes?

**STANTON:** I like the idea of a third-party review just because litigation is so expensive for patent holders as well as patent challengers. Third-party review gives patent challengers an opportunity, short of litigation, to kind of test the waters. A third party can throw a patent and reexamination without there being any underlying litigation.

**MODERATOR:** What about lawsuits by non-practicing entities, a.k.a. "NPEs"?

**CURBELO:** By obtaining a patent, the NPE – the same as a practicing entity has advanced the arts and has been granted the rights associated with being a patentee. NPEs that merely seek to extract money from companies by bringing law suits that border on nuisance litigation are a real problem. However some NPEs add value, such as universities. Hence the problem of the NPE is very complex. There is no easy way to differentiate between various NPEs or even between NPEs and "practicing entities." Actually, "practicing entities" also obtain patents that they don't practice. Although a company is not practicing a patent doesn't mean that the company is willing to allow their competitors to practice patented technology. The non-practiced patents could be the fence around the technology that is practiced. Alternatively, the technology might still be in the developmental stage. A requirement to practice a patent, therefore, could be detrimental not only to the NPEs but to everyone.

**MODERATOR:** But are you seeing an uptick in arguably marginal patent infringement claims aimed at only extracting a settlement fee that is priced a point that is less than having to defend a litigation?

**MORIARTY:** I think that has been going on for decades.

**CURBELO:** And I agree with Brian. It's nuisance litigation. You know, if you're willing to pay the nuisance fee, then people are going to be bringing more. An example is Texas Instruments which was enforcing everything, and no one went after them because they knew that they weren't going to get any-

where. They were going to bring it all the way, whereas a lot of companies will look at something and say, litigation's so expensive; that it's a lot easier to pay the \$100,000 just to make these people go away.

The inventor of the intermittent windshield wiper is an example of an NPE who sued many companies for alleged infringement.

**MORIARTY:** Right, and they made a movie about him.

**CURBELO:** There you go. He got money many ways.

**MODERATOR:** Do you put a bull's-eye on your back when you opt to pay these types of, to use a phrase that was used previously, nuisance settlements?

**MORIARTY:** I don't think so.

**MODERATOR:** — or do you just enforce them?

**MORIARTY:** You know, every company that is a non-practicing entity that wants to monetize a particular patent estate finds out who is infringing or who they have evidence of infringement against, and they are considering a license program or lawsuit against those companies that might infringe regardless of what their past history is.

**STANTON:** I think there is some merit as to whether you have a bull's-eye on your back though. They may not look at specifically who is willing to settle easier than others, but over time, reputations are built. And if Texas Instruments in Pamela's example has a reputation for going to the mat and all the way up to at least the courthouse steps at trial, they're going to have less of a bull's-eye on their back for these non-practicing entities who, as Rafael said, their business model is extracting settlement fees.

**MORIARTY:** But if the corporation is sued by a non-practicing entity, they need to get the file history, they need to study the patent, and study the merits of the case, and then make an initial decision as to whether the matter is worth litigating or whether settlement discussions are appropriate.

It's the normal approach to litigation whether the person that sues you is your direct competitor or is a non-practicing entity. The company sued — the defendant — needs to make a frank and unflinching assessment of the merits as the first thing to do in order to develop a strategy to get the case to end.

**STANTON:** But my point was if you're the non-practicing entity, the equation is changed a bit depending on who is your potential target of litigation, your potential infringer. If it's somebody like Texas

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Cantor Colburn LLP

Instruments whom you know has a reputation for fighting hard on infringement litigation, then your calculus as the non-practicing entity is going to be different than if the target of your litigation is somebody who has a reputation for settling early on.

**MODERATOR:** I think the fear from a general counsel in-house approach is the feeling of extortion.

**MORIARTY:** I used to be a federal prosecutor, and extortion is a far different thing concerning patents. Extortion means using force or blackmail, and if you have the perspective that a non-practicing entity is a form of criminal, that's a terrible way to approach the case because you're not looking at the merits; you're looking at the litigants.

**MODERATOR:** I think that's the point though. When you look at the merits, many of these cases are not likely to win at trial.

**MORIARTY:** Well, look at some well-known patent assertion companies.

There are a lot of these companies now. There are also companies that go out and buy patents in a particular area.

**MODERATOR:** So should we be pushing or lobbying for a loser-pay type of system in patent litigation?



**MORIARTY:** No, I don't think that follows from it at all.

**MODERATOR:** But wouldn't it take away all the doubt as to these non-practicing entities' approaches?

**MORIARTY:** Patent litigators and patent prosecutors often view the world as this little oyster they're in. And, you know, it's just a world of patents, and they don't necessarily see the bigger picture.

As far as loser pays, what about ERISA litigation? What about securities class action litigation? What about personal injury litigation or product liability litigation? Why should there be a loser-pay system in a patent system as opposed to these other ones? People have proposed this and it's always been rejected.

So I don't see why patent litigation should be singled out for a loser-pays system.

**STANTON:** Rafael, you obviously see the huge litigation costs when you're accused of infringement by one of the patent assertion firms, but maybe there's also a benefit that you get on the corporate side for the patents that are issued but that you don't practice. The fact that there are these patent assertion firms means a much bigger market for these issued patents that you don't practice yourself, but those are not multi-million dollar revenues on the revenue side like your expenses are on the litigation side. But there's a huge number of them that otherwise might not have any kind of a liquid market in the absence of patent assertion firms, so maybe it's not so one-sided to the corporate view of things as you might be thinking.

**MODERATOR:** I think you're raising a good point in terms of an international property marketplace, where there's a free flow of IP across the board. And I think that is one of the business arguments we hear from organizations that buy these patents and try to generate revenue in that form. From my perspective, however, it's tied to the litigation. It's tied to the enforcement/settlement, the monetary side of it. And I think what's missing is a key component that we're normally used to, and that is the protection of the competitive marketplace that you are in.

**MORIARTY:** I think one of your premises is that the majority of patent assertion companies which settle for the cost of litigation fees, I don't think that that's an accurate premise. Most patent assertion companies, like any other company, first tries to settle a patent matter without litigation, if that's possible given the legal rules.

If you're suggesting that patents have to be enforced by a competitor because patents are part of the competitive landscape, that's just not the case.

Patents are assets to be bought and sold in our commercial system. If patents could only be asserted by companies with a product, then the marketplace for patents would be much, much smaller, and, they, of course, would be worth less.

**STANTON:** I think Japan has a requirement that you practice your patent within three years of grants. Is anybody else familiar with that?

**CURBELO:** Actually many countries, including China, Japan, Germany, and others, require that you practice your invention in that country or they can force compulsory licensing. Although the requirements for the statement as well as compulsory licensing had not been enforced in the past, countries must understand that granting compulsory licenses will adversely affect their efforts to partner with companies in the future. So even though many countries can force compulsory licensing, such an outcome is very unlikely.

**MODERATOR:** Is there any value to having specialized District Courts to go into as well, or is that kind of the default mode that we're in now anyway?

**MORIARTY:** You mean because people tend to pick courts that have certain patent saviness?

**MODERATOR:** Yes, either Delaware and now Eastern District of Virginia or the Eastern District of Texas, these courts which are these rocket docket, if you will.

**MORIARTY:** Well, Boston has a very accomplished patent bench. New Jersey and Delaware each have very experienced patent benches. The Northern District of California is very experienced. The District of Illinois is, as well. So there are many districts that are not necessarily rocket docket that have strong capabilities in the patent area. And I think plaintiffs do tend to want to pick a district where the courts are strong in the patent areas to add to the level of predictability.

So yes, there are de facto patent courts. I think you're right about that. In New England, for example, we don't see too many cases being filed in Maine or New Hampshire or Vermont because they don't have a long history of patent litigation there but we do see many cases filed in Massachusetts.

**STANTON:** But all of these same courts have been favored for patent litigation for years, and you are saying that they're still kind of erratic in their decisions. Does that go down to the fact that this is maybe too complex for a jury?

**MORIARTY:** Well, that's a whole other kettle of fish. A properly charged jury has only limited number of questions to decide. They don't have to have the level of expertise as the patent office to make decisions.

So I would be very pro jury, and I think the more cases we can get to have jurors hear, the better. I don't think any patent case is too complex for a jury to decide.

**STANTON:** What might be the source of the inconsistent decisions over all of these years when the court structure has been relatively constant?

**MORIARTY:** Well, I think it's the Federal Circuit. I think that they tend to change standards too often.

**MODERATOR:** So taking a step back to the District Court level then, are we seeing differences in the summary judgment standards that would help predict these outcomes a little bit better, or is that not a help either?

**MORIARTY:** I think courts are now starting to demand that only really good motions for summary judgment be made. In the past, people filed tons of summary judgment motions, kind of motions that

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Hamilton, Brook, Smith & Reynolds, P.C.

might win or could win. And now courts aren't as receptive to those.

The other thing is claim construction. District courts still have difficulty with claim construction. And the difficulty courts have with grasping technology also adds to the uncertainty because the District Court may not have familiarity, enough familiarity with the technology to give the right claim construction.

And if the claim construction is wrong when it goes to the Federal Circuit, it's going to get reversed, so that adds to the uncertainty, too.



**STANTON:** Do you find in general that claim construction issues arise because the text of the patent itself is not sufficiently clear or because you're trying to stretch the language of the claims to wrap or to encompass something that wasn't anticipated at the time it was drafted?

**MORIARTY:** I think the difficulty in claims construction is that the courts need to understand that you don't read claims from the point of view of a judge. You don't read them as you would read normal English. You have to read them from the point of view of a person skilled in the art at the time of the invention.

So if your invention is 10 years old and it was written for an audience of electrical engineers, the courts sometimes have difficulty understanding how broadly or how narrowly an electrical engineer of a decade past would understand language. And I think that's part of the difficulty.

**STANTON:** Well, from the preparation and prosecution perspective, we're always trying to write claims that are broader than what the inventor says his invention is about. We look at those as the embodiments, but we want to claim the concept.

**MORIARTY:** My main advice to patent prosecutors is write lots of dependent claims. That's your invalidity insurance?

**MODERATOR:** Let's switch gears a bit to the topic of false marking. Companies are faced with the decision of either marking their products with the patent number and hope that they remember several years later to remove it or take it off when it expires, or be subject to a false marking suit, or forego some damages by not marking.

Have any of your clients ever been exposed to these types of cases in the past, and what advice do you give your clients in this regard?

**CURBELO:** We tend to advise our clients that, where possible, to rely upon putting the patent number on stickers or packaging, as opposed to putting the patent number in the mold. This is much easier and less expensive to change. Also companies, or their maintenance fee or annuity agency, can docket the expiration date of the patent so that the company is reminded when the patent expires and marking must be removed.

**MORIARTY:** We've had clients that have had these issues. And the first thing to keep in mind is that the plaintiff has to show that there was an intent to deceive the public.

If the company's acting in good faith, they're not going to have liability. And what Pam was saying, part of that good faith can be a level of diligence that you have a regular established procedure where you go over the marking of patents.

**MODERATOR:** The pending patent reform legislation has a proposal to amend Section 292 of the Patent Act to show that the claimant or the person making the false marking allegation show competitive

injury from the false marking going forward. Is that something that would be useful or not necessary in light of the good-faith defense?

**MORIARTY:** That could be a valid approach. It might not be a valid approach. It's hard to say. If Congress' goal is to make companies not falsely mark products, the more people who can enforce it, the better we'll be in reaching the congressional goal of not having improper marking.

**CURBELO:** I don't know if that's really a viable approach. Could competitive disadvantage be refuted by showing that the claimant could have merely gone to public PAIR and seen the patent had expired? If a patent marking is keeping a company from proceeding with a product, wouldn't the company determine whether or not the patent has expired and look at the patent claims to determine if they are even relevant?

**STANTON:** I think the more relevant situation would be not that the patent is expired, but that the patent claims don't cover the product.

**MORIARTY:** If you have a good faith belief that you think it covers it, you should be okay.

The other thing to keep in mind is that the damages that a company is faced with for not marking is up to \$500 per unit, but the damages are not economic damages. It's more in the nature of a penalty or a fine.

**STANTON:** I think if you look at the way courts decide copyright infringement damages, it's a little bit of an economic impact, what they end up giving instead of statutory copyright damages per occurrence.

**MORIARTY:** The real issue with marking is if you're a company that has a product that's covered by your patents, you want to make sure you appropriately mark your patent so you can preserve your right to get damages against competitors.

**MODERATOR:** What are you seeing in terms of trends towards patent prosecution? Are you doing more due diligence these days to avoid the obvious rejections of the PTO? Are you seeing different standards?

**STANTON:** Well, I think since the Examiner Corps was expanded a couple of years back, you don't really see the quality issues from the examiners so much. The newer guys are getting good training and good supervision in general.

There are always exceptions. But from our client's perspective, we're always looking toward how to make these as resistant to challenge and litigation as possible. So we'll have essentially identical claim elements and different claim categories. You'll have a processor, a memory storing a program configured to do following Y and Z, and those are like the method claims steps. And then you've got the method claims themselves and separately there might be software claims written as a memory storing a computer program that, when executed, perform what is essentially the same method claim steps.

The idea is you want these different categories for different infringers, but also as courts change the underlying law, like *Bilski*, might have done, maybe the software claims might be thrown out under some change of law in the future, but you've got the exact same invention covered in some other claim category.

**MODERATOR:** Speaking of *Bilski*, any thoughts on the recent Supreme Court ruling?

**STANTON:** There's little change for patent practitioners. The Federal Circuit's machine-or-transform test is confirmed as a valid test of patentable subject matter; *Bilski* just said it's not the exclusive test and left the Federal Circuit to work out any other test that might set the actual boundaries. Probing those boundaries isn't for the patent prep-and-pros side though, except in an already-filed application whose disclosure isn't enough to support claims that satisfy the machine-or-transform test. The subtext of *Bilski*, I think, was to revisit *State Street* and whether business methods are patentable subject matter. A bare majority said they are not categorically excluded, but [Justice] Scalia declining to join one section of the majority opinion I think indicates business method patents hang by a thread. That matters little for applications not yet drafted because we can almost always make business-type method claims satisfy the machine-or-transform test. The Supremes just unanimously agreed that the test is good law, just not the exclusive test.

**CURBELO:** I, too, agree that there is little change for patent practitioners. Actually the decision in *Bilski* was a little disappointing. Although the court had the opportunity to establish a clear test, it instead said that the "machine or transformation" test is an important clue but not the sole test.

**MODERATOR:** I keep hearing it's taking a little bit longer to get through the PTO these days. Are you seeing that in practice?



**STANTON:** It depends on the technology. Some high-level optics inventions will sit there for three years before they get the first office action. More and more electronics related applications are getting through faster. I'm seeing about a year and a half or so for the first action. Mechanical applications, those are coming back typically in 12 months or so.

**CURBELO:** Yes, in the chemistry and chemical engineering groups, we generally receive the first action after publication of the application

**MODERATOR:** It seems difficult to avoid a prosecution history estoppel issue with all this going back and forth. Do you find that problematic?

**CURBELO:** Absolutely. And there's a lot of back and forth and a lot of RCEs. Even when you talk to the examiners, they tend to either do an additional search or with further thought, they seem very reluctant to just move things along. Additionally, over the past few years in particular, examiners seem to take "giving reasonable breadth" to the claims to extremes. Such that there are a lot of office actions and file wrapper devoted to explaining terms that seemed plain on their face.

Therefore, absolutely, the file histories seem larger than before.

**MODERATOR:** What's your preference, Brian, from the standpoint in terms of when you're enforcing a patent, do you like to see that nice, thin prosecution history in there, or does it help to have a little bit more history to define terms with the risk of the prosecution history estoppel? Is there a difference in your mind?

**MORIARTY:** Well, if you're the plaintiff and you're enforcing the patent and the patent clearly reads on the product, thin is better. The bigger the file history, the more room there's going to be for argument, which will add to uncertainty and doubt as to the scope of the patent.

**STANTON:** And that's hard to really get through to some new associates that you're training. They have to be very careful about what they say in their argument because it's going to come back to bite them. During prosecution we don't know what's going to be the focus of litigation and what's going to be the real nexus of validity or infringement when the big money of litigation is at stake.

**CURBELO:** It is difficult for practitioners. The concern regarding how arguments may be interpreted in litigation must be balanced against responding sufficiently to explain terms to an examiner and gain allowance of the case. Even terms that seem to have a plain, well understood meaning in the art are often contested by examiners and in order to overcome the rejection an explanation of the term is necessary.

**MORIARTY:** I'm interested in asking the people that do prosecution, are you still writing means plus function claims?

**STANTON:** Occasionally, I'll include them for smaller clients who sometimes have a thinner disclosure and less than a full claim set. With the downturn in the economy, clients are restricting excess claim fees and so means plus function claims are the first ones to go out the window.



**MORIARTY:** I should add there's been a lot of case law throwing many aspects of those claims into doubts, and they've become very difficult to enforce in the courts.

**MODERATOR:** It's interesting because one of my pet peeves – and [those of] many of our attorneys over at UTC as well – is that we don't accept means plus function claim. It's an extremely rare case that we would allow those types of claims to stay in there. And it's because of the very reasons Brian mentioned in terms of enforceability.

**STANTON:** Typically I'll include them in a parent application as support for later use in the EP and China, but cancel them from the U.S. application very early to avoid incurring extra fees for them.

**MODERATOR:** Have you heard about paying for accelerating prosecution at the PTO?

**CURBELO:** I have heard about that process. There are three tracks, the standard track, an accelerated track, and a delayed examination track. It will be interesting to understand the costs and restrictions once they are better defined.

**STANTON:** I could see the accelerated examination being valuable in very limited circumstances when you're just waiting on the patent to be granted before you litigate. For example, if there's some extended prosecution, maybe a continuation or divisional, or the application has been pending for years and there's no office action, but the client has identified infringers so he knows exactly what he wants the claim language to look like.

In that case, the prosecuting attorney will generally be working with the litigating attorney to get the claims that the litigator finds favorable. From there it's just the typical issues of getting through the patent office. Other than those limited circumstances, I really don't see many clients wanting accelerated examination.

**MODERATOR:** How are you dealing with the duty of having some due diligence before you actually file? How are you addressing that in terms of filing your invention disclosure statements?

**STANTON:** We'll file IDS's on what the inventors disclose to us. Occasionally, if it's a new technology we're not familiar with, we'll do a little background research, familiarity for ourselves in drafting, but generally clients do not want us to do any kind of independent due diligence and prior art searches.

**CURBELO:** I agree. A lot of times the clients understand the patent landscape fairly well. Therefore, they are generally not interested in us performing additional searching. Clients often perform some initial searching themselves during the development of a product. However, in a new area of technology, as Jerry said, we will do a little searching, partially for our own background and to make sure we fully understand the technology.

**MODERATOR:** Strategy when it comes to PCT filings versus country-by-country in terms of trying to save money for larger clients, do you have a preferred approach?

**STANTON:** Typically, if the client is asking my input, I'll suggest a U.S. and a PCT parallel applications rather than a PCT only filing that then enter the U.S. via national stage.

**MODERATOR:** Why?

**STANTON:** The U.S. examiner will generally return examination results before the EP examiner examining the PCT application, particularly the PCT is filed later with priority to the U.S. parent. We respond in the US, and if the PCT search report is different art then we'll tailor the claims for what gives us arguments to avoid all of the cited art and so the multiple national stages are generally more straightforward. It's a little bit more expensive up front though.

**CURBELO:** My recommendation would be based upon the initial intent of filing. If it is known that the case will be filed internationally, but a decision on which countries has not been made, or if the number of countries is more than three, I would recommend the PCT. If the intent is just the U.S. and a few other countries, the PCT may not make a lot of sense because it will cost more money. Another consideration is timing – whether or not a delay is desired. Filing PCT delays national and regional filings for at least thirty months from the priority date. If the decision to file a PCT, the other thing to consider is which search authority to use. Through the PCT, a Korean search is now available. This allows searching a lot of Asian art may be not have been as thoroughly searched by a U.S. or European searching authority.

For example, if the competitors are in the Asian marketplace, the Asian art may be some of the most relevant art. A Korean search may discover art that wouldn't necessarily have been discovered even using the EPO searching authority. Therefore, the decision as to whether or not to file PCT

and, if filing PCT, which searching authority to use, depends on the particular product, and where the international filing is intended.

**MODERATOR:** So what's your advice in terms of globalization? For example, there used to be this perception that getting a patent in China may not be worth it because of the perceived inability to enforce. Is that still the case, or are you seeing increased enforcement by foreign entities in those jurisdictions?

**CURBELO:** China has changed a lot over the past 10 years or so. If China is a key market, I think you should be seeking Chinese patents. The same can be said for Japan and Korea. I believe that, at least for important inventions, patent protection should be sought in these countries if your competitors are in these countries.

However, if you're going to be marketing, manufacturing, and selling in the U.S. only, then only a U.S. patent should be sought. Competitors can be stopped at the border. There is no need to file applications in their home country.

We work closely with our associates in the individual countries. India is a particular issue because there can be criminal penalties on the inventors if filing permissions are not obtained. In China, however, if you're not going to file into China, you don't have to obtain filing permissions outside of China. The rights lost in China by failing to obtain the filing permissions is the right to obtain a patent in China.

**STANTON:** I think China's reputation respecting IP has changed a lot in the last decade. They used to be a net importer of IP, just like United States was 150 or so years ago, and so it didn't enforce its IP laws that much. And now they're becoming much less of a net IP importer, maybe even an exporter, and so the balance isn't so one sided.

**MODERATOR:** Are we seeing anything significant on the horizon in the past year that's going to affect trademark law or the way we practice trademark law these days?

**STANTON:** I wouldn't say in the past year, but getting back to the China discussion, for the case of worldwide trademark rights there's still a fear out there that once you file anywhere, it's going to be filed in China by somebody who wants to pirate your rights. So for new trademark protection that's to be international there's really a strategy concerning where to file first and how soon you need to file in these other places where there's a risk of somebody pirating your mark.

**CURBELO:** Pirating can be a problem; however, it's a lot easier nowadays to file simultaneously, thereby avoiding the issue.

**STANTON:** Let me ask you, from the corporate side, for countries like China, you can also file a transliteration mark. For example, if the mark is Tide detergent, you can file the Chinese characters that spell out Tide meaning the ocean tide coming in, or you can get another mark to the Chinese characters that sound like the word "tide." Have you come across that?

**MODERATOR:** We actually have a case where we have our U.S. mark, which was filed, and we did not do the Chinese characters, the literal translation of it. And we had somebody file for the literal translation of it, and we had the version that actually gives you the pronunciation in English of it. So we missed one of those three, and we're faced with a situation where we're kicking ourselves a little bit for that, and we're pushing back on that now.

**MODERATOR:** What are you seeing in terms of electronic discovery? Is it becoming a major issue?

**MORIARTY:** It is a big issue in a lot of cases. I think the first thing to say about ESI is the world of discovery has changed radically in the last 10 years. Ninety percent of the discovery is probably electronic these days.

What is really important in litigation, actually, is agreeing on appropriate key words that need to be searched for electronic discovery so that a fair number of documents are collected, not too many and not too few. So you'll find lawyers fighting about key word searching. And that's one of the battlegrounds in ESI.

**CURBELO:** An interesting twist on this is that many people work from home now, and do so on their personal computers. How would this be addressed?

**MORIARTY:** That hasn't been an issue yet.

## PANELIST BIOS

PANELIST BIOS



**PAMELA CURBELO** is a partner and co-chair of the chemical, material and life sciences department at Cantor Colburn LLP. Ms. Curbelo's intellectual property practice is both domestic and international. She concentrates her practice on counseling clients regarding product clearance, patent strategies, and portfolio analysis, including patent landscapes, invalidity and non-infringement opinions, agreements, and US and International patent preparation and prosecution. Prior to joining Cantor Colburn, Ms. Curbelo was an Intellectual Property Attorney at United Technologies Corporation, responsible for intellectual property strategies, non-infringement and invalidity opinions, agreements (including government contracts, research and development agreements, licensing agreements, technology transfer agreements, and acquisitions and divestitures), as well as patent preparation and prosecution.

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**JERRY STANTON's** experience includes patent preparation and prosecution in the following fields: wireless communication including 3G to 4.5G, WLAN, WiFi and M2M, signal processing, RF chip architecture, antennas, IC and transistor design, testing & manufacture, comm-sec/encryption, light valves & optical addressing systems, optical engines, spin valves, nano-sensors and their manufacture, software, cognitive networking, and data storage. Beyond prep and prosecute, Jerry also provides product clearance, validity and infringement opinions in those same technical fields. He is admitted to the bars of both Connecticut and Massachusetts, and is registered to practice before the U.S. Patent and Trademark office. Attorney Stanton has over a decade of experience in the field of patent law and works with clients worldwide ranging from Fortune 500 companies to start-up tech companies. J.D. University of Connecticut School of Law; B.S. Physics/Electrical Engineering United States Air Force Academy; and M.S. Environmental Science, New Jersey Institute of Technology.

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