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THE UMBRELLA[®]. AN INTELLECTUAL PROPERTY LAW UPDATE.

INSIDE THIS ISSUE:

Solving Alice.....1

Hague Agreement Provides Smoother Path to International Design Pattern.....2

PTAB Grants Motion to Amend Patent Claims in IPR, Finds Patent Valid with Substitute Claims.....2

IPR's Approaching Third Birthday.....3

Firm Updates.....3

Professional Profile.....4

patent eligibility¹, it remains difficult to determine whether a particular computer-implemented invention will ultimately be deemed patent eligible. The *Alice* decision has led to dramatic changes in how 101 issues are resolved by lower courts and the USPTO. For example, observers have witnessed an alarming increase in the invalidation rate of patents on computer-implemented inventions.² Overcoming 101 rejections at the Patent Office has become unprecedentedly difficult, with some art units rejecting over 80% of all patent applications under 101,³ and some even retracting previously allowed claims.

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Solving Alice



Austin C. Teng

Associate

The Supreme Court's abstract ideas exception to categorical subject-matter eligibility under 35 U.S.C. § 101 has become the bane of computer-implemented inventions. In June of 2014, the Supreme Court, in *Alice Corp. Pty. Ltd. v. CLS Bank International*, affirmed the framework for patent-eligibility initially set out in *Mayo Collaborative Services v. Prometheus Laboratories*, which includes the following two steps:

Laboratories, which includes the following two steps:

Step 1: Determine whether the claim is directed to an abstract idea.

Step 2: Examine the elements of the claim to determine whether it contains an "inventive concept" sufficient to "transform" the claimed abstract idea into a patent-eligible application.

Despite the *Alice* Court's clarification of the proper test for



Hague Agreement Provides Smoother Path to International Design Protection



James R. Gourley

Partner

Beginning on May 13, 2015, a new and potentially cost-effective process for obtaining design protection in multiple countries became available. Under the Hague Agreement Concerning International Registrations of Industrial Designs (the “Hague Agreement”), a single application filed in a Hague Agreement contracting state can be used to obtain design protection in any other contracting state. If an applicant

desires protection in multiple contracting states, the benefits can be significant.

Before the Hague Agreement, applicants were generally required to hire local counsel in each and every country where design protection was desired. Local counsel would prepare the design application and related documents according to local law and practice, and pay the filing fees associated with the registration in their local currency. Although it was possible to claim priority to earlier filed applications in most countries under the Paris Convention, it was not possible to avoid paying local counsel to prepare and file the application.

Hague Agreement contracting states, including the United States, will set up a central receiving office that will allow applicants to file a single design application and pay the filing fees for all contracting states where protection is desired at the time of filing. The filing fees are paid in the applicant’s local currency.

The United States Patent and Trademark Office published its final rules implementing the Hague Agreement on April 2, 2015, and published the forms for applicants to use on May 13, 2015. U.S. applicants can now simultaneously seek U.S. design patent protection and register the design in any other Hague Agreement contracting state. One other change for US applicants under the Hague Agreement is that US design patents that issue from applications filed on or after May 13, 2015 will get an extra year of term – 15 years from the issue date instead of 14 – regardless of whether the applicant seeks design protection outside the US.

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PTAB Grants Motion to Amend Patent Claims in IPR, Finds Patent Valid with Substitute Claims



Vincent J. Allen

Partner

The Inter Partes Review (IPR) procedure enacted by Congress in the America Invents Act (AIA) a few years ago has quickly become a favorite tool for use by those accused of infringement of a patent as well as those seeking to expand the freedom to operate prior to product launch. A successful IPR results in some or all of the claims of the patent being invalidated. Some

have commented that IPRs are “where patents go to die” due to the relatively high percentage of patents that have been invalidated to date.

As a fallback to a challenge of invalidity in an IPR, it is important for the patent owner to consider potential substitute claims that might help avoid a finding of invalidity. Patent Owner Neste Oil discovered how important this is in a recent decision by the Patent Trial and Appeal Board (PTAB) finding that all of the claims of its original patent were invalid based on obviousness. However the PTAB went on to hold that the substitute claims presented were not invalid, allowing the patent to survive to see another day.

During examination of a patent application, the claims that define the scope of the invention claimed can be freely amended. This is not the case in an IPR, where historically the PTAB has been reluctant to grant motions for amendment of the claims. *REG Synthetic Fuels v. Neste Oil* is one of a handful of cases where amendment has been allowed.

The reluctance by the PTAB to amend a patent is due in part to the restrictions placed on amendments by Congress and the subsequent regulations implementing the AIA. The AIA provides for the opportunity to file a motion for amendment to the patent to 1) cancel a challenged claim, 2) propose claims to be substituted for challenged claims; and 3) effect changes to the claims pursuant to a settlement agreement between the parties.

Where substitute claims are proposed in an attempt to avoid a charge of invalidity, the patent owner’s motion must show 1) that the amendment is responsive to a ground of unpatentability;

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IPR's Approaching Third Birthday



Theodore G.
Baroody

Partner

An "IPR" (a/k/a "Inter Partes Review") is a relatively new procedure at the USPTO to challenge the validity of a U.S. Patent. It has proven to be a very effective tool that can be used in response to litigation, and also to assist in obtaining leverage in licensing negotiations with competitors.

The IPR procedure originated with the America Invents Act ("AIA") which ushered in the era for "first inventor to file" that became effective for U.S. patent applications on March 16, 2013. The IPR is unquestionably the most popular of the new AIA post-grant proceedings available to challenge U.S. patents. To date, over 2,400 Petitions for an IPR have been filed at the USPTO which must decide the case within 12 months from initiating the administrative trial. In those cases for which final decisions have been issued, reportedly over 80% have invalidated patent claims. This led the USPTO Patent Trial And Appeal Board ("PTAB") Chief Administrative Judge James Smith to remark at a panel discussion in March, 2015 that "too many" patents are being invalidated when the IPR petitioners win, but that the PTAB judges are following the AIA as written.

There are several facets unique to the IPR procedure that partially explain its popularity. An IPR can be used to challenge any U.S. patent. The challenge is not heard by patent examiners, but are decided by APJs ("Administrative Patent Judges") at the new PTAB ("Patent Trial and Appeal Board"). Initially, a panel of 3 APJs will hear the case. Discovery is significantly limited compared to federal district court patent cases, but depositions of experts that provide declarations in the case and certain limited document requests are allowed.

An IPR is initiated by a person or company that is not the patent owner filing a "Petition" with the PTAB seeking to challenge at least 1 claim of a U.S. Patent. The petition may be supported by the declaration of an expert. The grounds for an IPR are limited to essentially obviousness and anticipation arguments based on prior art: (1) patents; or (2) printed publications.

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Firm Updates

AWARDS

> Partners David Carstens, Colin Cahoon, and Vincent Allen were voted by their peers to D Magazine's Best Lawyers in Dallas 2015.

SPEAKING ENGAGEMENTS, PRESENTATIONS, & Other News

> Partner Colin Cahoon sat in live on the Mark Davis show on 660 AM on May 5th as a result of a charitable donation he made to Food for the Poor, Inc.

> Partner Shaukat Karjeker and Associate Austin Teng presented to the Society of Hispanic Professional Engineers at UNT about patents and patent ownership issues.

> Partner Colin Cahoon presented, *Subject Matter Conflicts - The Next Wave in IP Malpractice Claims?*, at this year's annual CLE hosted by Minnesota Intellectual Property Lawyers Association, on May 18th.

> Of Counsel Greg Marcum attended the 2015 Offshore Technology Conference in Houston, Texas. Presentations were given on various topics throughout the conference, including talks by industry representatives on specific technology advancements and innovations and panel discussions by politicians and government representatives regarding the outlook for the global and domestic oil and gas industries.

> Partner Ted Baroody played in Dallas Bar Associations charity pro-bono golf tournament at Brookhaven golf course. His team won first of the flights.

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Professional Profile



Austin C. Teng

Associate

Austin Teng practices in the area of intellectual property. He is a registered patent attorney before the United States Patent and Trademark Office and a member of the State Bar of Texas. He has prosecuted patents and trademarks, drafted settlement agreements, and prepared infringement reads and invalidity analyses in support of litigation. Mr. Teng also has extensive experience in software engineering, having spent several years at Siemens Industry.

Mr. Teng received his law degree from Southern Methodist University, where he served as President of the Board of Advocates and Managing Editor of

the Science and Technology Law Review. He was a National Semifinalist in the 2013 Thomas Tang Moot Court Competition and a National Quarter finalist in the 2012 competition. Prior to law school, Mr. Teng graduated cum laude from the University of Texas at Arlington with a Bachelor of Science degree in Computer Science.

Mr. Teng was a Pupil Member of the Hon. Barbara M.G. Lynn American Inn of Court as well as a Committee Member & Web Administrator of the Dallas Bar Association Home Project.