

The Basics

What is a patent:

- Right to exclude others from making/using/selling claimed invention
- Must be eligible, novel, non-obvious, and sufficiently described
- Patent Office examines applications, grants patents
- 20 year term

What can happen after a patent issues:

- *Use*: Some patent owners will make/use/sell their invention
- *License*: A patent owner can give a third party permission to make/use/sell patented invention, often in exchange for a fee
- *Infringement*: A third party uses a patented invention without the owner's permission
- *Invalidity*: A patent might have been incorrectly granted

Eligibility & Abstract Ideas

- Section 101 of the Patent Act **prohibits patents on abstract ideas**
 - E.g.: classifying and storing data, filtering mail, scheduling appointments are not patent eligible
- *Alice v. CLS Bank* – Most recent SCOTUS case interpreting § 101, confirms abstract ideas cannot be patented and that mere implementation of an abstract idea on, e.g., a computer or generic processor is also not eligible
- Patent eligibility is unique, because if a startup is accused of infringing an abstract idea patent, the company can file an early motion to dismiss

Standard Essential Patents (SEPs)

- A patent that (purportedly) covers some aspect of a technical standard (e.g., WiFi, 5G)
 - SEP owners volunteer their patents to be part of the standard
- SEP owners are usually required to agree to license patents on **fair, reasonable, and non-discriminatory terms (FRAND)**
- In any patent suit where a valid patent is infringed, courts can award:
 - **Damages**, where infringer pays a lump sum or running royalty
 - **Injunction**, where court orders defendant to stop making/selling a product

Inter Partes Review (IPR)

- Second-look patent review created as part of America Invents Act (AIA) in 2011
- **More efficient, affordable alternative** to challenge low-quality patents before panel of expert judges, the Patent Trial and Appeal Board (PTAB)
 - IPR costs less than \$450,000
 - District court costs \$1.5 million or more
- The two stages of IPR:
 - PTAB first decides whether to **institute** IPR, based on there is a reasonable likelihood challenged claims are invalid
 - If instituted, PTAB makes a **final written decision** of patentability
- **Fintiv & discretionary denials** refer to recent policy where PTAB looks to factors outside the statute and can decide to deny meritorious IPR petitions, leaving invalid patents in force

Patent Venue

- Venue refers to where a patent lawsuit can happen
- There are 94 federal district courts
- **“Forum shopping”** can occur when some courts structure rules, etc., in a way that is friendly to patent plaintiffs, as seen in parts of Texas
- **Supreme Court decision in TC Heartland clarified that patent suits can only be filed in:**
 - Defendant's state of incorporation, or
 - Where the defendant has committed infringement and has a regular, established place of business
- Other factors also matter, e.g.: location of evidence, witnesses, local interests, efficiency