



The 101 on Section 101 (& more):

Unpacking Today's Hot Patent
Policy Topics



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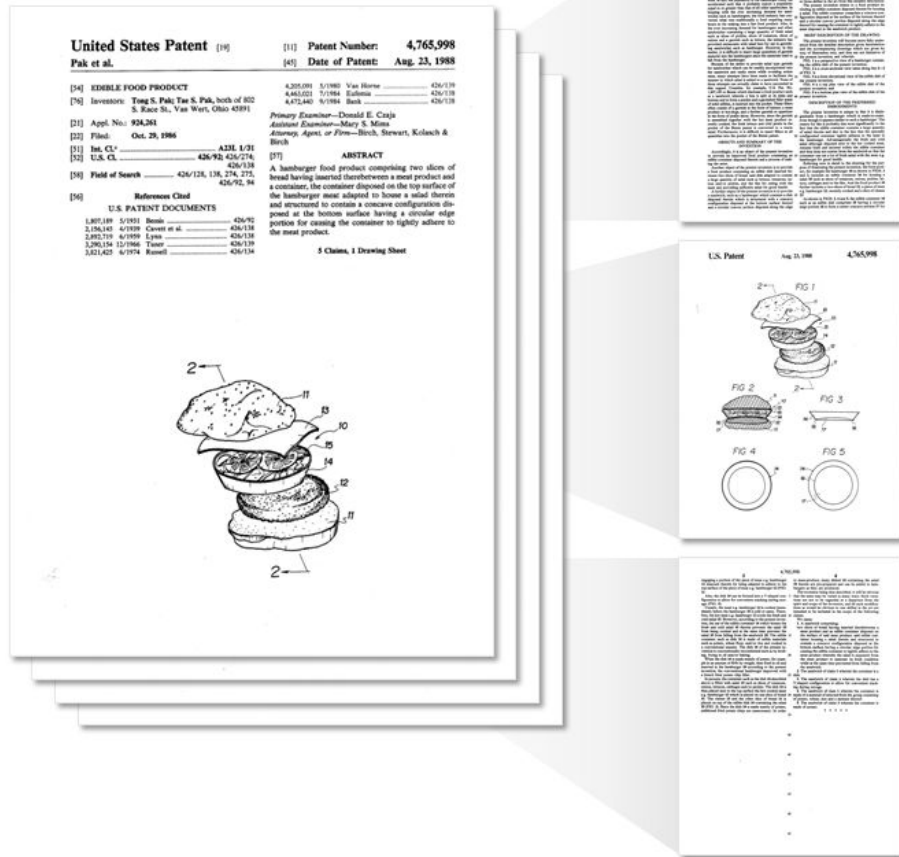
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What is a patent?



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

See, e.g., *General Information Concerning Patents*, <https://www.uspto.gov/patents/basics/general-information-patents> (last visited May 28, 2022).

What can happen after a patent issues

- **Use** → Some patent owners make/use/sell their invention
- **License** → When patent owner gives a third party permission to make/use/sell patented invention, often in exchange for a fee, a royalty
- **Infringement** → If a third party makes/uses/sells a patented invention without the owner's permission
 - Even accidental or innocent infringement, independent invention is not a defense
- **Invalidity** → A patent might have been incorrectly granted

Patent policy basics



- **Congress** → writes law, monitors patent office, approves budget



- **Courts** → adjudicates disputes (like infringement suits), interprets laws



- **Patent and Trademark Office (PTO)** → examines patents, develops regulations



- **Patent Trial and Appeal Board (PTAB)** → conducts post-grant patent reviews, hears appeals from patent examination

Patent eligibility: key concepts

- § 101: Abstract ideas, laws of nature, natural phenomena are not patentable, e.g.,
 - classifying & storing data
 - analyzing data & displaying results
 - filtering mail
 - scheduling appointments
- *Alice v. CLS Bank*
 - Step 1: Is the claim directed to an abstract idea?
 - Step 2: If so, is there an inventive concept? Or just generic, functional, computer implementation?
- Motions to dismiss

See, e.g., 35 U.S.C. § 101; *Alice v. CLS Bank*, 573 U.S. 208 (2014); *TLI Commc'ns*, 823 F.3d 607 (Fed. Cir. 2016); *Elec. Power Grp. v. Alstom*, 830 F.3d 1350 (Fed. Cir. 2016); *IV v. Symantec*, 838 F.3d 1307, 1313 (Fed. Cir. 2016); *Am. Well v. Teladoc*, 191 F. Supp. 3d 135 (D. Mass. 2016); Fed. R. Civ. P. 12.



Patent eligibility: what's happening?

- **Congress** →

- [2019 Senate hearings](#) on patent eligibility

- **Courts** →

- Supreme Court may take up questions about § 101 in [American Axle](#) case

- **PTO** →

- 2019 PTO [guidance](#) to examiners and applicants, which is [inconsistent](#) with case law
- Upcoming [PTO study](#) on patent eligibility and investment, innovation

Standard essential patents (SEPs): key concepts

- Technical standards (e.g., WiFi, Bluetooth, 5G) are developed by standard-setting orgs
- SEP → a patent that (purportedly) covers some aspect of a technical standard
 - SEP owners volunteer their patents to be part of the standard
- FRAND → SEP owners are usually required to agree to license patents on fair, reasonable, and non-discriminatory terms
- Remedies → in lawsuits where a valid patent is infringed, court can award damages (infringer pays \$) or injunction (order to stop making/selling a product)

SEPs: what's happening?

- **PTO, Department of Justice, National Institute of Standards & Tech. →**
 - 2021 [draft policy](#) statement → “provides a framework to facilitate good-faith licensing negotiation between SEP owners and potential licensees” and discusses remedies, noting agreement to license on FRAND terms generally weighs against injunction

Inter partes review (IPR): key concepts

- Second-look patent review created as part of America Invents Act (AIA), 2011
- More efficient, affordable alternative to challenge low-quality patents before panel of expert PTAB judges
 - IPR: less than \$450k
 - District court: \$1.5M +
- Two stages →
 - Institute IPR review if there is a reasonable likelihood challenged claims are invalid
 - Final written decision cancelling unpatentable claims, upholding patentable ones

IPR: what's happening?

● PTO →

- [Fintiv](#) & discretionary denials, where PTAB looks to extra-statutory factors and denies IPR regardless of the merits, which risks leaving invalid patents in place for litigation
- For example, if a district court sets an initial trial date for an case involving the same patent, then PTAB might deny IPR, even if the patent is likely invalid and knowing that the trial dates almost always change
- Considering [comments](#) about *Fintiv* and whether to adjust policy, [majority opposes](#) discretionary denials

● Congress →

- [Restoring the America Invents Act](#) - proposed legislation to limit PTAB's ability to ignore meritorious petitions, ensure transparency, encourage courts to stay duplicative litigation

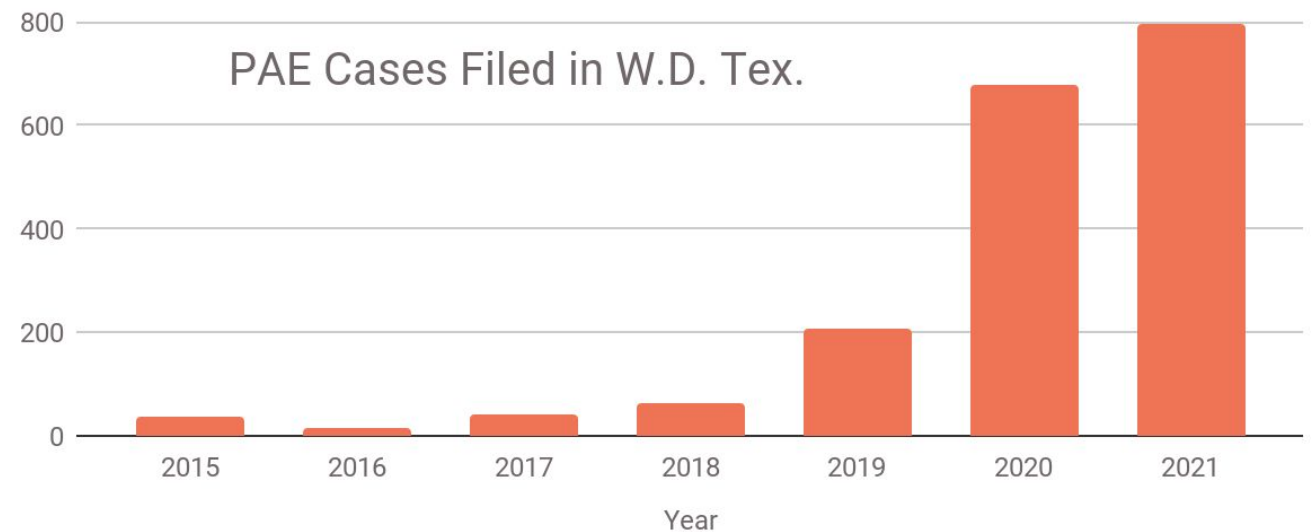
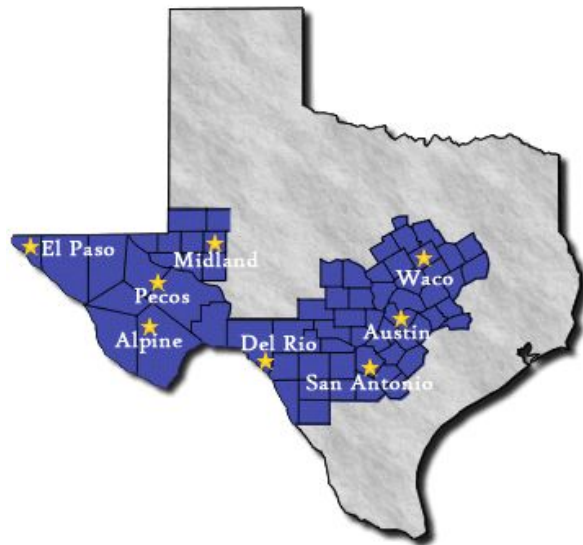
Patent litigation venue: key concepts

- Venue refers to where a patent lawsuit can happen - which court, which state
 - Some federal district courts are more friendly to patent plaintiffs - wrt schedules, rules, etc.
- *TC Heartland* → patent suit can be filed:
 - where defendant resides, meaning the state of incorporation, or
 - where the defendant has committed infringement & has a regular, established place of business
- Other factors also matter, e.g.:
 - where is evidence
 - where are witnesses
 - local interest
 - judicial efficiency

Patent litigation venue: what's happening?

● Courts →

- Federal Circuit mandamus, ordering transfer of cases from W.D. Tex. to other venues
- Federal Judicial Conference [to review patent venue rules](#)



Sources: <https://www.justice.gov/usao-wdtx/offices-western-district-texas>; <https://portal.unifiedpatents.com/litigation/analytics>.

Questions?

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