

EXAMINATION CHANGES IN VIEW OF BILSKI

This summer the U.S. Supreme Court decided that there is no single test for determining whether a claimed invention is patentable subject matter under 35 USC §101. The Court of Appeals for the Federal Circuit and the U.S. Patent Office (PTO) had been using the “machine-or-transformation” test exclusively. In *Bilski v. Kappos*, the Supreme Court said that there is more than one test but did not specify what tests are required or how to apply them.

In response, the PTO initially provided examiner guidelines essentially instructing examiners to apply the machine-or-transformation test as they would have before the Supreme Court’s decision in *Bilski*, but to give an applicant the opportunity to argue why their claim was patentable even though it did not pass the machine-or-transformation test.

Later this summer, the PTO provided more detailed guidelines to examiners. Now examiners are expected to evaluate each claim under a multiple factor test, rather than merely applying the machine-or-transformation test. Each factor weighs toward or away from patent eligibility. The factors provide some bright-line rules and allow for new factors to be developed, “particularly for emerging technologies.” Examiners are instructed that it

is improper to make a conclusion based on one factor while ignoring others.

One example indicating that a claim covers patentable subject matter is when the claim is directed toward a particular application of a law of nature. One example factor weighing against patent eligibility is: “the claim is a mere statement of a general concept.” The remaining factors can be found in the [Interim Bilski Guidance](#).

When rejecting a claim under the factor test, an examiner is supposed to provide the applicant with an explicit list of the factors used and how the examiner has interpreted them with regard to the rejected claim. The explanation is required to “allow the applicant to make specific arguments in response to the rejection if the applicant believes that the conclusion that the claim is directed to an abstract idea is in error.”

Responses to §101 rejections will likely change. For example, applicants will now be able to rebut the examiner on a particular rationale and to show rationales that the examiner failed to consider. The examiner has to consider more than one point of view and can no longer mechanically apply the machine-or-transformation test.

FEDERAL CIRCUIT DISCUSSES INTENT & STANDING REQUIREMENTS FOR FALSE MARKING STATUTE

Under the “false marking” statute, a party that marks an “unpatented article” with an indication that the article is patented “for the purpose of deceiving the public shall be fined not more than \$500 for every such offense.” (See 35 U.S.C §292.)

In *Pequignot v. Solo Cup Co.*, Solo Cup Co. (“Solo”) did not remove patent markings

from its plastic drinking cup lids after patents that previously protected these lids expired. Instead of removing the expired patent numbers, Solo began marking the lids’ packaging with the following language: “This product may be covered by one or more U.S. or foreign pending or issued patents.”

Patent Attorney, Matthew Pequinot, sued Solo in a *qui tam* action for false marking 21 billion articles, seeking damages of \$500 per article for a total award of \$10.8 trillion, half of which would have gone to the United States government.

The District Court ruled in favor of Solo, finding that Solo lacked the requisite intent to deceive the public. The Federal Circuit affirmed this decision on appeal.

In its holding, the Federal Circuit stated that that the lids, which were previously covered by a patent, now qualified as “unpatented” articles under §292.

Regarding the intent requirement of §292, the Federal Circuit applied the rule that the combination of a false statement and knowledge of its falsity creates a rebuttable presumption of intent to deceive the public.

For several reasons, the Federal Circuit found that Solo successfully rebutted this presumption. For example, Solo demonstrated that they acted under “good faith reliance on the advice of counsel and out of a desire to reduce costs and business disruption,” and that the “may be covered” language was truthful and evidence of no intent to deceive. Solo also showed that they had replaced worn out molds with unmarked molds and were phasing out

those with expired patent numbers. Additionally, Solo argued that replacing all of their current molds would have been financially burdensome.

In another false marking case, [*Stauffer v. Brooks Bros.*](#), the Federal Circuit overruled a District Court holding that a *qui tam* plaintiff lacked standing to sue under §292. The Federal Circuit held that §292 statutorily defines an injury in fact to the United States, and that to establish standing under §292 a *qui tam* plaintiff only needs to allege an injury to the United States, and that the plaintiff need not suffer any individual harm.

These cases serve as a reminder of the importance of accurately marking patented products. Given the recent clarification that the \$500 per offense means per item sold, not simply per product line, there are many attorneys who currently see these *qui tam* actions as potential large windfalls. Therefore, it is important to have a process in place for removing patent numbers from products as they expire. As in the case of Solo, it may not be necessary to remove the expired patent numbers immediately, but having some process or plan in place can negate the intent requirement of the statute.

THE BOARD OF PATENT APPEALS REVISES RECAPTURE ANALYSIS

A patentee may seek reissue that broadens their patent if the reissue application is filed within two years of the original patent’s issue date. The recapture rule limits the ability of patentees to broaden their patents by preventing the “recapture” of material that had previously been committed to the public.

In a recent opinion, [*Ex Parte Youman*](#), the BPAI held that a reissue claim with a so-called “intermediate scope” was broader than the corresponding issued claim and thus constituted impermissible recapture of surrendered subject matter.

In *Youman*, the patentee received a patent on a television programming guide that allows a user to input alphanumeric characters with a non-alphanumeric remote control. (See U.S. Patent No. 5629733, claim 1). During

prosecution of the patent, the Examiner rejected the originally filed claims under § 103 as obvious. The Examiner’s primary reference was an alphanumeric remote control.

To overcome this rejection, the claim was amended and the claim in the issued patent requires that each alphanumeric character is selected by “**cycling forward and backward** through **a plurality** of alphanumeric characters.”

In the reissue application, the patentee claimed “**changing from a first character to a second character**,” instead of claiming “cycling forward and backward through a plurality of alphanumeric characters.” The BPAI held that, the patentee could not make that change. In the BPAI’s view, the patentee was trying to recapture some of the claim scope

that was surrendered when trying to get the patent, initially.

The patentee argued that the “broadening” did not impermissibly recapture surrendered subject matter because the new claim language was not broader than the original claim rejected by the Examiner.

In *Eggert*, the Board had held that the broadening of a reissue claim did not impermissibly recapture surrendered subject

matter when the scope of the reissue claim was between that of the issued patent claim and the originally filed but rejected claim. In *Youman*, the BPAI states that *Eggert’s* standard is “no longer viable” in light of the Federal Circuit’s holding in [North American Container](#).

Based on *Youman*, a reissue claim that has “intermediate scope” between that of the **issued claim** and the **claim rejected during prosecution**, can constitute an impermissible recapture of surrendered subject matter.

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