

# **PATENTQUARTERS™**

The Newsletter of O'CONNOR & COMPANY • First Quarter, 2007

## **Intellectual-Property Resolutions for 2007**

The New Year is a time to look forward, envision new opportunities, and create visionary plans. Your intellectual property (IP) can benefit when you write resolutions targeted to your organization. To help you get started, consider the following IP resolutions for 2007:

**1. Make IP management a top priority.**

Don't let IP be an afterthought. Capture the full value of your intellectual assets by developing a strategy, as well as a tactical plan for execution. Strategy without execution won't help much.

**2. Facilitate communication between all relevant parties.**

Key decisions should involve inventors, patent agents/attorneys, and business managers.

**3. Review your portfolio on a regular basis.**

Which invention disclosures deserve to be patented? Which patents justify the maintenance fees? Which could be sold, licensed, or abandoned? Are trade secrets being kept secret?

**4. Pursue licensing opportunities that advance your business.**

Consider licensing part of your portfolio. Also, in-license IP assets owned by others if they can help you achieve your business objectives faster or cheaper than developing the IP in-house.

**5. Review your competitors' patents on a regular basis.**

How are others capturing multiple aspects of a technology? Also consider your freedom to practice.

**6. Be engaged in the patent-prosecution process.**

In addition to participating in the initial drafting stage, ask your patent practitioner to review responses to Office Actions with you to prevent claim amendments with which you might not agree.

**7. Educate your inventors.**

Provide education that teaches inventors how to protect IP rights through their work practices.

**8. Remain objective.**

Think through financial justifications before making decisions. Remember that IP is a business tool.

**9. Be proactive, not reactive.**

Be specific about what IP you would like to pursue this year. Create your own future.

**10. Stop procrastinating!**

Write your plans down and get going. We can help you achieve your 2007 IP resolutions. *PQ*

O'Connor & Company announces the launch of our new web site:

**[www.oconnorcompanyllc.com](http://www.oconnorcompanyllc.com)**

Download past and current editions of this newsletter, and learn more about us.

## A Coin Flip?

Statisticians and gamblers alike often refer to a “coin flip” when the chances of a certain event are about 50%. Of course the actual flipping of a coin in an attempt to land heads or tails is one such event. In poker, players in a heads-up hand with similar probabilities of winning will often announce they are in a coin-flip situation. Many everyday things also tend to be characterized by even odds.



So when the U.S. Patent and Trademark Office recently announced that in fiscal year 2006, the odds of getting a patent granted were about 50%, one cannot help but wonder about the statistical significance, and practical importance, of this statement. Is the prosecution of a patent application before the USPTO so unpredictable, that inventors can never know whether they will receive an issued patent? *Is even odds really the current situation at the Patent Office?*

Patent examiners completed 332,000 patent applications in 2006, the largest number ever. At 54%, the patent allowance rate was the lowest on record. Patent allowance rate is the percentage of applications actually reviewed by examiners that are approved. “The USPTO has spent the last four years concentrating on meeting or exceeding objective measures,” noted Under Secretary of Commerce for Intellectual Property Jon Dudas. “I am proud that fiscal year 2006 was a record-breaking year for the USPTO.”

We at O’Connor & Company do *not* believe that the process of prosecuting a patent application before the USPTO is a series of random events. It is true that the reduction in the overall rate of allowance can impact you, because the USPTO is trying to improve patent quality with stricter standards. Furthermore, one can never guarantee that a patent will ever be granted. However, to increase chances of obtaining a patent for an invention—beyond a coin flip (50%)—inventors and patent practitioners can follow these guidelines.

**Specify.** Start with a good description of the invention from the inventors and others associated with the development, if appropriate. If the application is a national phase of a PCT application, or a continuation/divisional of a parent U.S. case, clearly specify what subject matter is being pursued (claimed) in the new patent application.

**Search.** While there is generally no requirement that an art search be conducted for a U.S. patent application, a good search of global patents, published patent applications, the literature, and the internet can really help improve chances of allowance. By finding the same art that the Examiner will likely find, you can play offense rather than defense by drafting claims around certain art. Also, arguments as to why claims are novel and non-obvious over certain references will be ready to help overcome claim rejections later.

**Investigate.** Review and learn from the prosecution histories for publicly-available (online) patent applications and issued patents for the same Examiner. You can also try to conduct further intelligence-gathering through online forums that discuss experiences with specific Examiners. Similarly, study recent experiences of applicants with the Art Unit examining your application.

**Communicate.** Use telephone or in-person interviews with the Examiner when necessary to advance prosecution and better understand the position of the Examiner and the Patent Office. In general, try to get the Examiner on your side. Communicate with respect.

**Support.** Give the patent application the attention it deserves. Don’t wait for deadlines for responses to Office Actions. Also, it is good practice that inventors and/or applicants review draft responses before filing with the USPTO.

Follow these five guidelines to “beat the odds” of obtaining a U.S. patent! **PQ**

## The U.S. Supreme Court: “What is Obvious?”

The U.S. Supreme Court is taking an unusual interest in patent law. What is the reason? Is it a reflection of public concern about the scope of patents, or an attempt to handle some of the policy problems that the USPTO and Congress are also addressing? Or, as suggested by *Managing Intellectual Property* magazine (August 2006), does it reflect a personal interest of new chief justice John Roberts? Roberts is a former litigator who has argued IP cases as a lawyer and sat in IP disputes as a judge.

One of the big issues the Supreme Court considered in 2006 was that of *obviousness*, which is a core precept of patent law (35 U.S.C. §103). A patent cannot be obtained for an invention if the USPTO deems that the invention “would have been obvious to a skilled artisan” as of the effective date of invention. The effective date is the filing date, unless an inventor swears behind reference(s) to show a prior date of conception, followed by reasonable diligence until reduction to practice.\*

What really “would have been obvious to a skilled artisan” before date of invention is up for debate by everyone, including the Supreme Court. *KSR International, Inc. v. Teleflex, Inc.* is a case about obviousness and was the subject of oral hearings in late November, 2006. *KSR v. Teleflex* is really about whether there needs to be sufficient “teaching, suggestion, or motivation” (often abbreviated TSM) in the art for there to be a proper obviousness rejection of a claim.



If there is no TSM test, then the mere fact that elements of the claimed invention appear somewhere in the art can be used to make a rejection. A key issue here is hindsight. If an Examiner uses your disclosure and claims to search the literature and piece together all the elements (using your specification as a guide), and where there was no known TSM to combine such references to achieve your claimed invention, then that should be an improper rejection. Note also that references that teach away from your claimed invention are often useful to show there was no proper TSM for a person of ordinary skill in the art to carry out the invention for the intended purpose.

In October 2006, the American Intellectual Property Law Association (AIPLA) filed an amicus brief in the Supreme Court, urging that proof of obviousness for a combination patent continue to fend off hindsight analysis by requiring evidence of a reason to make the claimed combination that would have been recognized by a person of ordinary skill in the art at the time the invention was made. The brief argues that the current, well-defined analytical framework, which looks for a reason in some teaching, suggestion, or motivation to make the combination, is of vital importance to the patent system and draws upon principles found in Supreme Court case law. Patentability, according to the brief, does not turn on whether the individual elements of an invention can be found in the prior art, but on whether one of ordinary skill would have thought it obvious to combine those elements in the manner claimed. O'Connor & Company supports the AIPLA position.

Why is this important? When patent claims are rejected, it is very often due to obviousness in view of a combination of prior-art references. Quite simply, obviousness is usually the largest hurdle to overcome, to get a patent granted. This is a big case for U.S. patent law, and we will keep on top of what transpires in the Supreme Court this year. **PQ**

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\*Note: The possibility of being given an earlier effective date of invention, to destroy prior art, is one reason why you should file invention disclosures as early as possible. Refer to the Q4-2006 *PatentQuarters* (available at [www.oconnorcompanypllc.com/pasteditions.htm](http://www.oconnorcompanypllc.com/pasteditions.htm)) for more information on preparing and filing disclosures.

## Fire at the Patent Office!

Fire was one of man's first great inventions, and the word "fire" can be found in over 100,000 patents issued since 1790. But the Patent Office itself has had a few experiences with fire...

In 1814, U.S. patent models and papers narrowly escaped ruin when Dr. William Thornton learned of a British plan to burn all the government buildings in Washington, D.C. He persuaded the British they would be destroying the common heritage of mankind if they burned the Patent Office. When the smoke cleared, the Patent Office was the only government building left untouched.

In 1836, the Great Fire struck. While awaiting completion of a new fire-proof building, the Patent Office shared quarters with the General Post Office and Washington City Post Office. All 10,000 or so patent records and several thousand patent models were housed in this shared building. A fire started due to careless handling of ashes. A nearby fire engine was called, but volunteers quickly found that the leather hose had disintegrated and the pump was useless. They desperately formed a bucket brigade while others ran to another fire station. By the time a working fire engine arrived, it was too late. The building was doomed after the first 20 minutes of the fire.

Everything in the Patent Office was lost to the Great Fire of 1836. The USPTO was faced with the mammoth task of restoring records and patent models. There were no patent records at hand except those in the mind of the single Patent Examiner and a book that a draftsman named William Steiger had borrowed from the Patent Office—despite official rules that prohibited their removal. It was an instance where not following the rules actually saved a little bit of history. **PQ**

Source: [www.USPTO.gov](http://www.USPTO.gov)

"The patent system added the fuel of interest to the fire of genius."  
—Abraham Lincoln, the only U.S. president to hold a patent

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