

# Stay Alert on Road to Lower Patent Costs

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In today's economy, everybody is eager to cut costs. If the government offers a way to reduce the expense of a key interaction, businesses will presumably leap at the opportunity. But cost-cutting always comes at a cost. Take the Patent Prosecution Highway.

A program instituted by the U.S. Patent and Trademark Office in 2006, the Patent Prosecution Highway reduces duplicative efforts in the examination of patent applications and thereby saves time and money. It's a useful path for many applicants—if they recognize and manage the risks along this particular route.

## **A FASTER ROUTE**

As its name implies, the Patent Prosecution Highway offers a much speedier course for applicants seeking utility patents from the PTO. (It excludes provisional applications, design applications, reissue applications, and reexaminations.) The program covers nonsecret utility applications—and some applications filed under the Patent Cooperation Treaty—provided another country's patent office has already performed a search and examination for the same invention and granted at least one claim in the corresponding foreign application. The U.S. application cannot already be under substantive examination when the applicant requests review under the Patent Prosecution Highway program.

Applications in the program are given expedited examination based on the work already done by the foreign patent office. The PTO in essence relies on the other office's search results, reducing costs and duplicative efforts for both the government and the U.S. applicant. The application is also taken out of the normal order, leading to earlier consideration on the merits and the possibility of faster issuance.

Eligible foreign patent offices are those of Australia, Canada, Denmark, Germany, Japan, Korea, Singapore, the United Kingdom, and the European Union. Similar programs operate in these other countries.

The toll for entry to the Patent Prosecution Highway is the submission of all office actions from the foreign country, along with an English translation thereof, a statement that the English translation is accurate, and a table showing how the claims being presented to the PTO correspond to the claims granted by the foreign patent office. The applicant must also submit copies of any subsequent office actions taken by the foreign patent office—for example, if the other office reverses a prior holding of allowability—and must disclose the documents considered and cited by the foreign office in blocking the patent.

## **PLAYING UNFAIR**

The prudent inventor will not assume that the cost of the Patent Prosecution Highway necessarily ends with these disclosure requirements. There is an important risk: U.S. patents obtained through the program may face a greater likelihood of being invalidated for inequitable conduct because the differences between foreign and domestic patent law and practice create more chances that an applicant may fail to properly inform the PTO of material information.

Inequitable conduct occurs when the applicant breaches its duty of candor and good faith by, among other things, failing to disclose material information that could stand in the way of patent issuance. Material information might tend to show that the invention lacks novelty or that it is obvious in light of prior technology.

Inequitable conduct requires clear and convincing evidence that (1) the patentee “made an affirmative misrepresentation of material fact, failed to disclose material information, or submitted false material information,” and (2) the patentee “intended to deceive the PTO” with this misrepresentation. See *Larson Manufacturing Co. v. Aluminart Products Ltd.* (Fed. Cir. 2009) and *Star Scientific Inc. v. R.J. Reynolds Tobacco Co.* (Fed. Cir. 2008).

Materiality is judged on a reasonable examiner standard, i.e., what a reasonable patent examiner would consider important in deciding whether to issue a patent. Intent to deceive the PTO is usually demonstrated by circumstantial evidence; it is not enough to show intent to withhold certain information. After finding both threshold materiality and intent, the court must decide if the proof is sufficient to find inequitable conduct.

## **DIFFERENT RULES**

The trouble is that along the Patent Prosecution Highway, the boundaries of duty of candor and good faith are unclear. Exactly how much of the foreign patent’s history must the U.S. applicant disclose?

Take one situation: Does the applicant have to inform the U.S. examiner when prior art cited in the corresponding foreign application was disqualified by the foreign examiner for legal reasons specific to the other country? That prior art may still qualify under US law and be material to the U.S. examiner’s decision. Different nations have different definitions of what constitutes prior art. Not all countries recognize oral disclosures, for example, as prior art.

It is helpful for the U.S. examiner to know that a prior art reference was not overcome based on arguments and/or amendments, but was simply disqualified under a foreign law. It seems unfair, and also inefficient, to therefore require the U.S. applicant to be familiar with and to disclose the various procedural bases for avoiding consideration of prior art on the merits in all jurisdictions where it has sought a patent.

Similarly, since the various national patent offices apply different standards for allowing claims based on substantive principles, the U.S. applicant may have difficulty drawing the line with regard to the materiality of foreign reasoning on proposed claims without overdisclosing information. Yet overdisclosure can lead to its own inefficiencies, which the Patent Prosecution Highway is designed to smooth away.

How will an applicant's failure to disclose information related to procedural or substantive variation across various national patent offices look to a court considering inequitable conduct? That remains to be seen.

## **IT'S RELATED**

Another issue arises over related foreign applications: Must they be disclosed in the Patent Prosecution Highway program? It is common practice during U.S. prosecution to identify related U.S. applications and prior art cited there. Because the foreign prosecution history is used to obtain a U.S. patent under the expedited program, related foreign applications and prior art cited there may also be important.

But some foreign patent offices do not require applicants to disclose related applications and these related applications are not considered by foreign examiners. Since the U.S. examiner is, to some extent, now relying on the decisions of the foreign patent office, the U.S. examiner may miss the chance to properly evaluate these related applications—unless, that is, the U.S. applicant brings them to the examiner's attention.

Furthermore, foreign patent offices have different rules regarding duty of candor and good faith as it applies to statements made during prosecution. Some inaccuracies, attorney opinions, and incomplete data may be acceptable. Submitting only the favorable data—as opposed to all relevant data—may be acceptable in other countries. That does not make it acceptable before the PTO.

## **WHEN AN OFFICE ACTS**

As noted, the Patent Prosecution Highway requires applicants to identify and submit all foreign office actions. But the PTO has not defined what constitutes a “foreign office action.”

The European Patent Office, for example, has an opposition procedure, in which a third party can introduce new prior art references, allege that the subject-matter of the patent is not patentable, contend that the invention is not sufficiently described to allow a person skilled in the art to carry it out, or argue that the content of the patent goes beyond the content of the application as filed. Although the new prior art references would need to be submitted under current U.S. rules, it is not clear whether the opposition proceeding itself needs to be disclosed to the PTO as a “foreign office action.” The wrong guess could prove fodder for an inequitable conduct claim.

Analogously, if a foreign patent issued after an interview with the foreign examiner,

will the interview itself constitute a “foreign office action”? The statements made and evidence presented during that interview may be material and should probably be disclosed to the PTO. But beware that translation errors could also give rise to a claim of inequitable conduct.

In multiple areas, the scope of the duty of candor and good faith along the Patent Prosecution Highway remains foggy. If applicants keep quiet, they risk losing their patents later because of inequitable conduct. If they err on a side of caution by submitting every possible piece of information, the cost of extra disclosure may wipe out the benefits of the program itself. In short, the PTO needs to write some clearer rules of the road for applicants using the Patent Prosecution Highway.

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