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Intellectual Property Update: Patent Legislative and Regulatory Update

By Susan E. Chetlin and David J. McCrosky

On April 2, 2008, we sent out a newsletter discussing the Patent Reform Act of 2007 bill and the issuance of a permanent injunction that has prevented the USPTO's new rules from going into effect. Here is an update.

Patent Reform Removed from Senate Calendar

The Senate will not consider the Patent Reform Act of 2007 this session. Senate Majority Leader Harry Reid has taken the bill off the schedule for debate. Two of the more controversial sections of the Patent Reform Act are: 1) the applicant submission requirement; and 2) a limit on damages awarded in patent infringement cases. The applicant submission requirement would have required an inventor applying for a patent to conduct his own search and provide the results to the USPTO. Opponents of the bill argued that this requirement would not only place undue burdens on the inventor, but also violate the law which requires the USPTO to prove that an invention is not patentable. The limits on damages would have allowed courts to award damages to the patent owner based on the patent's actual contribution to the state of the technology rather than the actual value of the infringing product.

The House of Representatives had passed a previous version of the bill. The bill was then sent to the Senate. However, the Patent Reform Act appears to have stalled because of the failure of the opposing sides to compromise. High-profile lobbyists for proponents and opponents of patent reform, including former Senators, have reportedly been working overtime, with fierce debates occurring behind the scenes. It has been reported that labor unions, universities, the pharmaceutical research industry, as well as biotechnology organizations, opposed the bill while the high-technology and financial industries supported patent reform.

The Senate will probably not reconsider the Patent Reform Act of 2007 until after the November elections.

USPTO Appeals Decision by Lower Court Voiding Proposed Rule Changes

On April 1, 2008, as we reported in our previous newsletter, the Federal District Court for the Eastern District of Virginia declared the USPTO's final rule changes "null and void." The USPTO's new rules would change patent practice by limiting the number of claims that can be filed, limiting the number of continuation applications and shifting the burden of patent examination to the applicant. The lower court decided that the USPTO does not have the power to make such major rule changes because they "change existing law and alter the rights of applicants."

Phoenix
3003 N. Central Ave.
Suite 2600
Phoenix, AZ 85012
(602) 916-5000

Tucson
One S. Church Ave.
Suite 1000
Tucson, AZ 85701
(520) 879-6800

Nogales
420 W. Mariposa Rd.
Suite 200
Nogales, AZ 85621
(520) 281-3480

Las Vegas
300 S. Fourth St.
Suite 1400
Las Vegas, NV 89101
(702) 692-8000

Denver
1700 Lincoln
Suite 2900
Denver, CO 80203
(303) 291-3200

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On May 7, 2008, the USPTO appealed to the United States Court of Appeals for the Federal Circuit seeking to reverse the lower court's decision. Unless the Federal Circuit considers this appeal out of turn, the court likely will not decide the case before the current administration is out of office and new management governs the USPTO.

Susan E. Chetlin is a registered patent attorney and chairs the firm's intellectual property practice. She has extensive experience in intellectual property matters, including U.S. and foreign patent prosecution, licensing, technology development and other intellectual property agreements, intellectual property ownership issues, infringement and design-around issues, as well as trademark, copyright and trade secret matters. In addition, in her practice, Ms. Chetlin also draws on her considerable legal experience in the areas of patent infringement and commercial litigation, as well as commercial transactions, natural resources and mining. She earned her A.B. (1979) from Princeton University and her J.D. (1984) from the University of Virginia.

David J. McCrosky is a registered patent attorney and an associate in the firm's intellectual property group. Mr. McCrosky is a former patent examiner for the U.S. Patent and Trademark Office, where he examined patent applications for medical diagnostic devices. Mr. McCrosky has counseled international clients on patent infringement and validity issues as well as prepared and prosecuted patent applications in a variety of technology fields. He earned his B.S. (1997) from Purdue University and his J.D. (2001) from Indiana University School of Law.

Susan E. Chetlin
Director
303.291.3211
schetlin@fclaw.com

David J. McCrosky
Associate
303.291.3208
dmccrosky@fclaw.com

For more information, contact Sue, David, or:

Bruce E. Dahl	*303.291.3205*
Rodney J. Fuller	*602.916.5404*
Susan Stone Rosenfield	*602.916.5317*