MYERS BIGEL SIBLEY & SAJOVEC, P.A.

PATENT LAWYERS

Summary 2009 Newsletter

Rather than focusing on a single issue, this newsletter briefly discusses five topics of recent activity in patent practice.

Incorrect marking can be costly. Patent owners often mark their products with a patent number to place potential copiers on notice and maximize patent infringement damages. However, marking a product with a patent number that does not cover that product or marking a product with the number of an expired or lapsed patent can give rise to penalties under 35 U.S.C. § 292, which provides for a fine of $500 for each false marking offense. *See, e.g., Pequignot v. Solo Cup* (E.D. Va., March 24, 2008) (finding an article "unpatented" when all of the patents listed on the article were expired). Anyone may sue for the penalty and split the sum with the U.S. Government. 35 U.S.C. § 292. A number of such lawsuits have been filed recently. While evidence of actual intent to deceive is required to recover under the statute, the lack of a reasonable belief that the marking was correct can be sufficient for finding intent to deceive. *Clontech Lab. v. Invitrogen* (Fed. Cir. 2005).

While courts are still grappling with what damages should be awarded under section 292, this appears to be a potential problem area for patent owners, which may be exacerbated if a large damages award is issued against a patent owner. Thus, patent owners should review their marking programs carefully.

Is patent term adjustment being calculated correctly for your patents? Patent term adjustment (PTA) is a process carried out by the US Patent and Trademark Office (USPTO) for adding day-for-day credits to the normal twenty year patent term based on delays in prosecution at the USPTO. For some inventions, adjustments of the patent term to add even a few days can have important financial consequences. The USPTO has been noted to have a significant error rate in its PTA calculations. Recently, the District Court for the District of Columbia (*Wyeth v. Dudas* (D.D.C. 2008)) determined that the USPTO had misconstrued the language of certain PTA statutes and, as a result, had erroneously denied Wyeth a portion of patent term to which it was entitled. This decision is currently under appeal. Even more recently, the USPTO appears to have acknowledged in a Decision on Petition for U.S. Patent No. 7,465,444, that PTA may have been incorrectly calculated for certain national stage applications whose pendency goes beyond 36 months.

The USPTO first calculates an estimated PTA when the Notice of Allowance is issued. If an error is detected, correction must be requested by the applicant before the issue fee is paid. A final PTA is calculated by the USPTO when the patent issues. The patentee then has two months to request a correction, but at this point only errors that have occurred after the Notice of Allowance was mailed can be corrected. Should a PTA calculation prepared by the USPTO raise any concerns, it should be reviewed under the applicable law.

Assignment of inventions in employment agreements. Most employers require each employee to sign an employment agreement that determines ownership of inventions made by the employee while under employment. How such agreements are worded determines whether they operate merely as a promise to assign rights in future inventions or as a present assignment of rights in future inventions. This obscure distinction can dramatically affect litigation costs.

A provision in an employment agreement that is phrased prospectively (*e.g.*, "All rights and title to future inventions will be assigned by Employee to Employer") is read by the courts merely as an agreement to assign all rights, and the purported assignee has only an equitable interest in any resulting invention. *Speedplay v. Bebop* (Fed. Cir. 2000); *Arachnid v. Merit Industries* (Fed. Cir. 1991). In this situation, the employee has a

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contractual obligation to assign the rights to an invention over to the employer, but should the employee decline to do so, the employer must take legal action to gain clear title.

In contrast, where the contractual provision includes words of present conveyance (e.g., "Employee does hereby grant all rights and title in future inventions to Employer"), legal title to ensuing inventions automatically vests in the assignee at the time the invention is made. *Filmtec v. Allied-Signal Inc.* (Fed. Cir. 1991). Here, the employer need not take any action to gain title. Because a title challenge by an infringer would impose a costly delay on any patent enforcement, employers should make certain that their employment agreements use language of present conveyance.

Assignment during the priority year now preferred. MBSS is currently advising that an Assignment document be executed for all priority applications during the priority year to establish ownership by the applicant(s) who will make the priority claim. We have also revised the format of the Assignment documents so that the assignee countersigns the document, acknowledging receipt of the assignment. This revised format is based on recent recommendations from several European law firms regarding an applicant's right to claim priority to an application under European Patent Office (EPO) rules.

Thus, to avoid any doubt about an applicant's right to claim priority to an application initiated in the US and subsequently filed directly in the EPO or filed as a PCT application designating Europe, the document assigning the priority application should be signed within the priority year and should include the signature of the assignee(s) as well as of the assignor(s). This document is preferably recorded with the USPTO. If not, then it should be present in the file as evidence of timely execution of the Assignment document.

Changes in European patent practice. Excess claims fees. The European Patent Office (EPO) is now charging applicants excess claims fees of 200 Euros (currently deemed 282USD) per claim over 15 claims and 500 Euros (currently deemed 706USD) per claim over 50 claims. Therefore, to keep costs down, it is important to review the claim set in each application well before entry of the Application into Europe. **Divisional applications.** Beginning April 1, 2010, the EPO will no longer allow an applicant the option of filing a divisional application up until the date of grant of the parent application. Instead, the applicant will have to file any divisional application within 24 months of the first Office Action in the parent application. A divisional application filed in response to a non-unity objection must be filed within 24 months from issuance of the Office Action that raised the unity of invention objection. For applications in which the time limits set forth in the new regulations have expired by April 1, 2010, there will be a six month grace period (until October 1, 2010) in which divisional applications may still be filed. However, it may be useful in the case of older applications in which the time limits are known to have expired to consider filing any desired divisionals prior to April 1, 2010.

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