

3:01 a.m., Jul. 14, 2008

FOCUS: LAW

Appealing rejected patents is costly, time-consuming

By Mike Scott

Challenging a patent application that has been initially rejected can be a time-consuming process — and attorneys report mixed results.

But the potential reward still has attorneys busy working with clients on cases and on attempting to make applications more bulletproof.

There is debate as to whether it is harder to successfully challenge a denied patent application today than in past years as a result of one landmark case, *KSR v. Teleflex*. The **U.S. Supreme Court** in April 2007 ultimately sided with critics who argued that the **U.S. Court of Appeals for the Federal Circuit** was potentially stifling innovation by giving patent-holders more power than Congress intended.

The expected impact of this decision was that it would be harder to get new patents and defend existing ones, but the full impact of the ruling is still to be determined.

The decision involved a heavily followed area of patent law dealing with how to determine whether an invention is “obvious” and hence not patentable.

There are typically two reasons why a patent application will be rejected, said Jim Stevens, a partner specializing in patent and trademark law with **Reising, Ethington, Barnes & Kisselle P.C.** in Troy. One is that the examiner determines an invention is not new, or what is known in patent law as the concept of anticipation. The other is that another patent exists that closely resembles an application, which often falls under the notion of “prior art” and is thus considered obvious.

“The onus is always on the examiner at the patent office to show that a patent application is either anticipated or obvious and those are the common reasons for a rejection,” Stevens said.

Founding Partner **Rodger Young** of Southfield-based **Young & Susser P.C.** was the lead trial counsel in *KSR v. Teleflex* for **Teleflex Inc.**, a supplier of engineered products for health care, aerospace and other industries. Headquartered in Limerick, Penn., Teleflex also has locations in Troy and Sterling

Heights.

Teleflex had successfully appealed to the **U.S. Court of Appeals** that KSR's products infringed on the company's patented automotive-related components.

However, the Supreme Court's overturning of the case has led to the **Board of Patent Appeals and Interferences** in the **U.S. Patent and Trademark Office** citing the KSR ruling in more than 60 percent of cases based on obviousness in the last 12 months, **Young** said.

The **U.S. Patent Office** reported an affirmance rate (upholding of existing patents) in 2006 of 48.2 percent and a reversal rate (patents accepted upon challenge) of 38.4 percent. During the first quarter of 2008, the affirmance rate was 61.5 percent and the reversal rate was 25.3 percent. The other cases are awaiting decisions.

The decision on whether to appeal a patent office rejection is a business decision. The cost of an appeal to the Board of Patent Appeals and Interferences in the U.S. Patent and Trademark Office will average around \$5,000 including legal fees, Stevens said, but rarely will a decision be made within 18 months.

Patent protection sought should be broad in scope, Stevens said. This offers more benefits to the applicant.

"You also want to revisit your objectives to ensure you're addressing areas that will give you or your company the most significant amount of protection for your business goals," Stevens said.

"If you get an obviousness rejection, you can argue, quantify and provide evidence for unexpected results or success," said Christopher Quinn, managing partner of the **Quinn Law Group**, a Novi firm that specializes in patent law. For example, a patent could be argued for designing chemicals that, applied to a motorized vehicle, help to significantly reduce engine noise to a much greater extent than ever anticipated, Quinn said.

"In your challenge, you could include charts and other displays that prove that a significant decrease in engine noise was based on a novel combination of factors you created," Quinn said.

Patent applicants also can argue that others have tried and failed to solve a problem that their new invention addresses. Examples and comments from industry technical experts also could be beneficial

to a case.

Commercial success is another example of a point that can be challenged. If a product is selling well in a given marketplace, it demonstrates value and uniqueness, Quinn said.

So while the U.S. Patent Office might be accepting fewer patents and patent challenges, the value a patent can hold for an individual or a company can be immeasurable. If used for licensing or marketing purposes, a patent can result in thousands or millions of dollars in added revenue and value.

"The patent party is far from over, but perhaps you need to be even more diligent in your application than ever before," Quinn said.

One of the biggest challenges for companies, individuals and lawyers who challenge denied patent applications is to avoid inconsistencies between the specification and the claim, said Lynne Browne of the U.S. Patent and Trademark Office. Challenges should also not include nonstandard terminology, Browne said.

The office issues more than 2,000 rulings each week. There were significant variations in both the initial rulings and the rejection challenges long before KSR was heard.

"I am frequently surprised at times when we get an application or challenge through the patent office and other times I am shocked when we're not successful," Quinn said. "It's hard to predict the subjectivity."

While the burden of proof is essentially on the patent examiner to deny a patent, the burden is on the applicant during an appeal. The patent lawyer is responsible for designing an appeal and amending the original claim.

Hiring patent attorneys who have track records of successfully getting appeals post-KSR is critical, Young said.

"If KSR told us anything, it is that this is a very technical area and the language used can be very confusing to the average business professional or inventor," Young said. "Your chances of getting a denial overturned are about the same but how you get there may be different than before."