

Patent Claim Drafting in the New Economy: The Need to Return to “Old School” Training

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The field of intellectual property (IP) and more particularly, the practice of patent law, is undergoing rapid change. Over the past several years it has been impossible to pick up any periodical and not read about the boom of “new economy” high tech companies. Accompanying this phenomena was a swift reaction by the legal community. Such reaction included general practice firms expanding or starting “Intellectual Property” or “Technology” groups, letterhead-lengthening mergers between IP boutiques and general practice firms, west coast firms opening east coast offices, east coast firms vying to establish “west coast presence” and a host of other rapid-fire activity.ⁱ Accompanying this flurry of activity was a series of legal periodical reports of shortages of IP attorneys.ⁱⁱ Thus, given basic economic supply and demand theory, this was followed by aggressive recruiting tactics by law firms and a rise in associate salaries, most notably first-year associate salaries which, in September 2000, hit the \$125,000 mark at many firms across the country.ⁱⁱⁱ

In the midst of this fray, practitioners must be reminded that as attorneys and counselors, they are in the business of creating (intellectual) property rights. But as US Supreme Court Justice Jackson once wrote: “Property does not have rights. People have rights.”^{iv} In this instance, “people” are clients who expect that the patent applications they have paid for will have value (i.e., be effective tools in helping them reap economic rewards from their intellectual labors). Many economic commentators have stated, and most patent practitioners should agree, that such IP rights will represent the most significant form of wealth in this new millennium. Further, clients place trust in the fact that the patent applications that practitioners file every day, while billing significant amounts, will eventually mature into valuable property rights. Thus, no patent application (especially when dealing with start-up, “new economy” clients) can be taken lightly if practitioners truly

believe that their services have a purpose. That purpose is to create shareholder value in the more prevalent case of corporate clients, or to create wealth for individual, non-corporate clients.

Given the foregoing, a combination of three events should cause patent practitioners, especially those practicing in the electrical and software-related arts, to take a moment to consider whether in such a new economy a return is needed to “old school” values. The three events are the recent economic downturn^v, the Federal Circuit’s *en banc* decision in *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*^{vi} and the myriad of new United States Patent and Trademark Office (PTO) rules recently enacted to implement the American Inventor’s Protection Act of 1999 (“AIPA”).^{vii} The “old school” values include a commitment not only to self-training by all practitioners, but also to the training and development of junior practitioners (especially in the area of claims drafting) who work under more seasoned practitioners. This commitment will ensure that clients are receiving value in exchange for their attorney fees.

First, the recent economic downturn has most likely caused somewhat of a slowdown in workload among practitioners who had previously relied heavily on the new economy (i.e., “dot-com”) clients. These clients may be experiencing financing difficulties which make payrolls take precedence over legal fees. In fact, in many instances these clients may simply be out of business altogether. This has no doubt led many practitioners to re-think their practices. But aside from thinking of where new clients will come from to replace those no longer extant, practitioners should take notice that the IP portfolios of these dot-coms may be the only valuable assets left once those companies have been closed.

Second, the Federal Circuit’s decision in *Festo* should sound an alarm to practitioners about the importance of drafting the claims of a patent application correctly the first time around. The lax attitude of some to “just get the case on file and worry about the claims later,” is now a dangerous one. The *Festo* court held that any amendment that narrows the scope of a claim for any reason related to the statutory requirements for a patent will give rise to prosecution history estoppel with respect to the amended claim element.^{viii} The *Festo* court also announced that any “voluntary” claim amendments are treated the same as other claim amendments; therefore, any voluntary amendment that narrows the scope of a claim for a reason related to the statutory requirements for a patent will give rise to prosecution history

estoppel with respect to the amended claim element.^{ix} In *Festo*, the Federal Circuit clarified the effect of prosecution history estoppel. More specifically, the court held that when a claim amendment creates prosecution history estoppel, no range of equivalents is available for the amended claim element (i.e., it serves as a complete bar).^x In addition, any “unexplained” claim amendments (where the presumption is not rebutted by the patentee) would also not be entitled to any range of equivalents.^{xi} In essence, *Festo* has made the practice of amending claims a risky one for patent practitioners trying to gain maximum protection (and thus, value) for their clients.

Third, the newly enacted PTO rules that implement the AIPA should cause patent practitioners, especially seasoned ones, to consider not only the training of new associates who work under them, but also their own self-training. Of particular importance are those rules resulting from the AIPA’s new requirement for pre-grant publication of patent applications after eighteen months from its earliest priority date.^{xii} Under the AIPA, such published applications will allow the eventual patentee to obtain a reasonable royalty beginning on the date of publication from any person who utilizes the invention as claimed in the published patent application.^{xiii} “The right . . . to obtain a reasonable royalty shall not be available . . . unless the invention as claimed in the patent is substantially identical to the invention as claimed in the published patent application.”^{xiv} Thus, like *Festo*, these provisions of the AIPA have made the current practice of amending claims inapposite to maximizing value for clients.

While taking the above-mentioned pause, the return to “old school” values of patent preparation, the main focus should be claims drafting. Many a young practitioner has heard the oft-used expression that “[a] claim in a patent provides the *metes and bounds* of the right which the patent confers on the patentee to exclude others from making, using, or selling the protected invention.”^{xv} Yet despite the increasing number of law school course offerings in claims drafting, many novice practitioners are slow to learn or completely lack this essential skill. Long ago, it was observed that “[t]he specification and claims of a patent, particularly if the invention be at all complicated, constitute one of the most difficult legal instruments to draw with accuracy.”^{xvi} Despite the rapid change of patent practice, this is still true today. Unlike novice real estate practitioners drafting a lease, novice corporate practitioners drafting a merger agreement or novice securities practitioners drafting a proxy statement, each invention is unique and there is simply no boilerplate patent claims to serve as a starting

point. Thus, the common practice of “learning by fire” which is fueled by busy law practices must be accompanied by training and careful review of junior practitioners' work by more senior practitioners.

It may surprise more senior and experienced practitioners to learn the number of novice practitioners who fail to understand the importance of claims or even fail to understand the role of independent versus dependent claims, not to mention how to properly draft them. At the end of the patent prosecution process, however, the end result may be of little value to the client. That is, during later enforcement of any resulting patents, it is too late to wish or hope the claims covered something other than those products or processes they actually read upon.^{xvii}

It is typically assumed by more senior practitioners that a young, technically astute practitioner will comprehend the invention disclosure. Thus, the review process by the client-inventor will often discover technical inaccuracies contained in early drafts of the specification. The senior practitioner supervising the drafting of the application, however, must be satisfied that the client-inventor has also reviewed the claims. The senior practitioner must remember that the client-inventor is very likely to gloss over such “legalese” and assuming to the contrary can be costly. The Federal Circuit has recently reminded practitioners how costly claims with technical inaccuracies can be. That is, “when claims are susceptible to only one reasonable interpretation and that interpretation results in a nonsensical construction of the claim as a whole, the claim must be invalidated, thus preventing unduly burdening competitors who must determine the scope of the claimed invention based on an erroneously drafted claim.”^{xviii}

For example, one of the more common and crucial mistakes made by novice practitioners, especially in drafting patent claims for internet-related inventions that follow the client-server paradigm, is the failure to understand that the purpose a practitioner should have in mind during the claims drafting process is enforcement. Thus, the practitioner should first identify the “target” of each claim. To illustrate this point, assume the year is 1870^{xix} and an attempt is being made to draft claims aimed at protecting the process of making a telephone call. A junior practitioner's first attempt may very well look like this:

A method for making a telephone call, comprising the steps of:

- (1) picking up the receiver of a first telephone;
- (2) dialing a number on said first telephone;
- (3) transmitting a signal to a second telephone, said second telephone being identified by said number;
- (4) causing said second telephone to ring;
- (5) picking up the receiver of said second telephone; and
- (6) talking.

While the above claim adequately and accurately reads on the process of placing a telephone call, it does have fundamental flaws. First, the drafter of this claim has failed to keep in mind who the potential infringer is and who the eventual patentee (i.e., the client) would benefit most from enforcing the patent against (i.e., the “deep pocket”). The following attempt at the same claim overcomes the first claim's shortcomings:

A method for facilitating a telephone call between a first user and a second user, comprising the steps of:

- (1) causing a dial tone to be heard through the receiver of a first telephone used by the first user;
- (2) receiving an input from said first telephone, said input indicative of a number for a second telephone;
- (3) transmitting a signal to said second telephone causing said second telephone to ring;
- (5) facilitating communications between the second user on said second telephone and said first user on said first telephone.

The second example is not perfect, but unlike the first example it targets only the telephone company (i.e., the client's competitor with the deep pockets) and does not require three parties to directly perform acts which contribute to the infringement of the claim. Thus, the second example is a much cleaner claim for enforcement purposes as it is drafted from the correct vantage point and does not unnecessarily complicate the infringement factual inquiry. This is often accomplished simply by changing the gerund that starts the individual claim elements.^{xx}

One of the most overlooked resources for both training new patent practitioners and guiding more seasoned practitioners is the MPEP.^{xxi} While this reference no doubt sits on the shelf in every practitioner's office, its rate of utility may surprisingly be less than it should. It is true that every practitioner studies the MPEP in order to pass the patent bar exam. Yet, given the current form of the exam (multiple choice “claims drafting” questions rather than actual drafting), or the great length of time that has passed since more seasoned practitioners

have taken the exam, the MPEP's usefulness when read as a learning tool may be lost or forgotten. More specifically, three portions of the MPEP when read in novel-like fashion, provide useful instructions in avoiding claims drafting errors which will avoid the need for amendments (and their *Festo* and provisional rights negative effect) and at the end of the day will provide the client with more valuable claims. The three portions are: (1) sections 608.01(i)-(o) which cover the proper form of claims; (2) sections 706.01-02 which discuss overcoming the rejection of claims during examination; and (3) section 2173 which discusses the relationship of 35 U.S.C. § 112, ¶ 2 (indefiniteness) and claims.

Conclusion

While the fervor over the new economy and dot-com clients has momentarily subsided, more experienced patent practitioners (i.e., law firm partners and senior associates) should take pause to consider the training of more junior and novice patent practitioners working underneath them. Because patent claims define the legal scope of a client's patent rights, the above is especially true in the area of patent claims drafting. Patent attorneys are charged with the creation and protection of intellectual property rights. Those rights, however, are personal to clients who rely on practitioners not simply to get patents issued, but to preserve their exclusive right to economically exploit the fruits of their intellectual labors by creating shareholder value and wealth.

Endnotes

ⁱ See, e.g., Y. Shannon Rentner, *Firm Adds IP Attorneys*, Austin Business Journal, Jan. 12, 2001; Ritchenya Shepherd, *Firms Get Urge to Merge*, The National Law Journal, Nov. 16, 1998; Janet Petrillo & Barbara Shotel, *Intellectual Property Boutiques: The Future*, The New York Law Journal, May 13, 1997.

ⁱⁱ See, e.g., Keith Barret, *Patent Lawyers Sitting Pretty*, Legal Times, Apr. 26, 2001 (available from <http://www.law.com>).

ⁱⁱⁱ See Margaret Cronin Fisk, *Minds on Their Money*, The National Law Journal, Sept. 27, 2000 (available from <http://www.law.com>); See also, Bruce Balestier, *New York Firms Sit Out "Salary War"*, New York Law Journal, Mar. 13, 2001 (explaining that some firm's starting salaries have risen to \$135,000 in 2001).

^{iv} Lynch v. Household Fin. Corp., 405 U.S. 538, 552 (1972).

^v See, e.g., Alex Berenson, *Market Paying Price for Valuing New-Economy Hope Over Profits*, New York Times, Dec. 21, 2000 (available from <http://www.nytimes.com/learning/students/pop/001222wodfriday.html>).

^{vi} 234 F.3d 558 (Fed. Cir. 2000) (*en banc*), *petition for cert. filed*, No. 00-1543 (Apr. 9, 2001).

vii Pub. L. 106-113, 113 Stat. 1501 (enacted into law November 29, 1999). A comprehensive list of all affected sections of Title 35 of the United States Code and Title 37 of the Code of Federal Regulations as a result of the AIPA is available from <http://www2.uspto.gov/web/offices/dcom/olia/aipa>.

viii See *Festo*, 234 F.3d at 566.

ix See *id.* at 568.

x See *id.* at 569.

xi See *id.* at 576; see also *Pioneer Magnetics, Inc. v. Micro Linear Corp.*, 238 F.3d 1341, 1345 (Fed. Cir. 2001) (holding that claim amendments made by mistake do not escape the application of *Festo*).

xii See 35 U.S.C. § 122(b) and 37 C.F.R. §§ 1.211-221.

xiii See 35 U.S.C. § 154(d)(1).

xiv 35 U.S.C. § 154(d)(2).

xv *Corning Glass Works v. Sumitomo Elec. U.S.A., Inc.*, 868 F.2d 1251, 1257-58 (Fed. Cir. 1989) (emphasis added).

xvi *Topliff v. Topliff*, 145 U.S. 156, 171 (1892).

xvii See *Quantum Corp. v. Rodime, PLC*, 65 F.3d 1577, 1584 (Fed. Cir. 1995) (“Although we construe claims, if possible, so as to sustain their validity, . . . it is well settled that no matter how great the temptations of fairness or policy making, courts do not redraft claims.”); *Hoganas AB v. Dresser Indus.*, 9 F.3d 948, 951 (Fed. Cir. 1993) (“It would not be appropriate for us now to interpret the claim differently just to cure a drafting error . . . That would unduly interfere with the function of claims in putting competitors on notice of the scope of the claimed invention.”).

xviii *Process Control Corp. v. Hydrexclaim Corp.*, 190 F.3d 1350, 1357 (Fed. Cir. 1999).

xix This would be prior to any of Alexander Graham Bell's telephone-related patent filings. See *United States v. American Bell Tel. Co.*, 128 U.S. 315 (1888) (discussing the validity of two of Bell's patents-- No. 174,465 issued on March 7, 1876, and No. 186,787 issued January 30, 1877).

xx A skilled practitioner will easily see how this same mistake would apply to, for example, an Internet Web server-related, method claim.

xxi The section numbers mentioned in this article refer to the latest bound edition, US Department of Commerce, *The Manual of Patent Examining Procedure* (7th ed., Rev. 1, Feb. 2000) (the “MPEP”).

