

# US Patent Law – Overview<sup>i</sup>

## Purposes

- => Incentive to invent
- => Incentive to disclose (quid pro quo, get patent/must disclose)
- => Incentive to bring to market: Government "stamp", value in balance sheet, asset for startups
- => Prospect theory: efficiency by awarding exclusive ownership on "prospective" technologies shortly after their discovery. .
- => Assure that ideas in the public domain stay there.

## Prerequisites for Patent Protection

process/machine/manufacture/composition of matter, if

- useful
- new/novel
- non-obvious
- enabling disclosure
  - written
  - enablement
  - best mode

### I. Eligible Subject Matter (§101)

§ 101: machine, process, manufacture or composition of matter. **Not** protectable: law of nature, physical phenomenon and abstract principle or technical character (i.e. not mere personal skill and/or memory).

- Algorithms (protected if rendering "useful, concrete, tangible result", according to Fed. Circ. in *State Street*, p 88)). This might not reflect Supreme Courts view (c.f. dissent by Breyer in *Metabolite*).
- Business methods (=process, c.f. *State Street*)
- Life forms (=composition of matter, "anything under the sun made by man", *Chakrabaty*, p 101)
- method of measuring vitamin deficiency and "think" about results (*Metabolite*, p. 1 *supp.*, =>getting close to patenting natural phenomenon, c.f. Dissent by Breyer) .

### II. Utility (§101)

=> main goal: to encourage people to create stuff that has a benefit to society.

- Invention does not have to be better, it just has to work. => utility hardly an issue if you have machine.
- One single useful application is enough (morality is not an issue, c.f. *Juicy Whip*, p 136). Other agencies, e.g. FDA, might be more apt to define permitted uses.

The usefulness has to be (c.f. *Fisher*, p. 5 *supp.* and PTO Guidelines)

- specific (assert that invention provides well-defined and particular benefit to public)
- substantial (assert that benefit is in currently available form, i.e. not at some future date).
- and credible (one skilled in the art would consider these assertions credible)

### III. Novelty (§102)

=> Question in simple terms: "is the exact claimed invention already in the public domain?"

=> Only the first to have an invention should be rewarded.

=> Inventor's own invention can only be used against him under 102(b)

#### A. Prior Art ("what is already known to public")

##### 1. §102 b) (Statutory Bar)

=> see Janice, p. 136

=> Encourage timely filing.

=> Something in the public domain should no longer be protected by patent

=> prohibit undue commercial exploitation

- in US
  - on sale by patentee or 3<sup>rd</sup> parties<sup>1</sup> . => prohibits commercial exploitation outside time period of exclusivity
  - public use by patentee or 3<sup>rd</sup> parties<sup>2</sup> (accessible to public/commercially exploited and no steps to keep secret)
- In US or abroad
  - Patented<sup>3</sup>
  - printed publication , *Bruckelmeyer*, p. 15 *Supp.*, "publicly accessible", (fixation in tangible medium, oral description insufficient). Non-enabling publication combined with foreign sale = 102b (*In Re Elsner*, p. 20 *Supp*)
- > 1 year before **filing** (critical date).

<sup>1</sup> *Pfaff* Test (p. 215) whether something is "on sale" in the US

1. Invention is subject of a formal commercial offer to sell (even if offer is secret or rejected. Offer to buy or license does not trigger on sale bar.)

2. Invention must be ready for patenting (either by RTP or by enabling diagrams/drawings)

<sup>2</sup> Public use, i.e. "not secret"

	Informing use (everybody can see)	Non-informing use (not explicitly public, but no secrecy obligations)	Secret use
<b>Inventor</b>	Public use ( <i>Penncock</i> , p. 181 ), unless experimental use negation ( <i>Elisabeth</i> , p. 192)	Public use ( <i>Egbert</i> , p. 182), unless experimental ( <i>Elisabeth</i> , p. 192)	public use if commercially exploited and ready for patenting (actual RTP or enabling diagrams), <i>Invitrogen</i> , p. 11 <i>Supp.</i>
<b>Competitors</b>	Public use ( <i>Electronic Storage</i> , p. 220)	Public use ( <i>Abbott</i> , p 222)	No public use ( <i>Gore</i> , p. 226)

<sup>3</sup> May include foreign forms of ip that aren't technically called "patents, but have public accessibility) (Geschmacksmuster)

## 2. §102 e) (disclosure in earlier patent application)

- section 1) (c.f. *Milburn*, p. 295)
  - described in a prior US patent application or in English PCT Application designating US.
  - Application is published according to § 122 (after 18 months)
  - Date of prior art = filing date of application
- section 2)
  - described in prior US patent application (only!).
  - Patent is issued in less than 18 months (unlikely) or application is kept secret (< 10 %)
  - Date of prior art = filing date of that application.

## 3. §102 a)<sup>4</sup>

- in US
  - known/used by others, i.e. fully disclosed and available to public (c.f. *Gilman*, p. 251 and "public use bar").<sup>5</sup>
- In US or abroad
  - Patent /printed publication
- before invention (in the year between critical date and application)<sup>6</sup>.

	Informing use (everybody can see)	Non-informing use	Secret use
Third Party	Yes, i.e. known/used by others ( <i>Woodcock</i> )	Yes, i.e. known/used by others, ( <i>Gilman</i> )	No, not know/used ( <i>Gilman</i> )

## 4. §102 g) (Interference)

- section 1)
  - in interference (only), two inventors claim to be first inventor. "Acquirer"
  - 1<sup>st</sup> to RTP or 1<sup>st</sup> to conceive and diligence until own RTP
  - applicants from WTO/NAFTA states can use actions in foreign countries as evidence for and against prior art
  - if invention was not abandoned, suppressed or concealed.
- section 2)
  - ex parte prosecution or in litigation (the latter invoked in order to invalidate other patent). "Terminator"
  - 1<sup>st</sup> to RTP (*Finney*) or 1<sup>st</sup> to conceive (*Oka*) and diligence until own RTP (*Gould*, "continuous course of activity"). Inventive activities must be corroborated (*Woodland Trust*)
  - if invention was not abandoned, suppressed or concealed (*Apotex-Test*, p. 292)

## 5. §102 c)

- Abandonment, i.e. dedication to the public.

## 6. §102 d) ("delayed filing")

=> encourage prompt filing in US once protected is obtained abroad.

- The inventor's foreign application >12 months before US filing, AND
- The inventor's foreign patent is granted based on this application prior to inventor's US filing date.<sup>7</sup>

## 7. §102 f) (Derivation/ "Stealing")

- prior conception by 3rd party, AND
- communicated enabling disclosure of this invention to patentee (*Eaton*, p. 23 *supp.*)

## B. Anticipation

One single prior art reference must

- contain each and every limitation of claim, either explicit (*Titanium*, p. 161) or inherent (*Schering*, p. 25 *supp.*)
- in an enabling fashion. Disclosure on how to use chemical compound not necessary

Species/Genus: species (e.g. "green") anticipates genus ("colors"), but genus does not necessarily anticipate species.

## IV. Non-obviousness (§103)

=> Question in simple terms: "are the differences btw invention and prior art obvious?"

=> Patent free zone around the state of art, allowing skilled technicians to complete routine work or marginal improvements

=> The law is not meant to protect trivial modifications, but to reward ideas outside "normal" flow of invention>

=> Problem of hindsight: relevant is the obviousness to PHOSITA at time of invention

*Graham*-Factors: (p. 319).

### 1. scope/content of prior art

Scope

- § 102 (references under §102 count as prior art, except §102c/ §102d (not clear) and §102g)1 (see last page)
- Analogous art (*In Re Clay*, p. 430)
  - same field of technology, OR
  - not same field, but reasonably pertinent to particular problem (according to the respective inventions' purposes)

Content:

- Teaching away (prior art teaches against making the invention, therefore indication of non/obviousness), OR

<sup>4</sup> 102 a) only becomes relevant if events take place in „grace period“, i.e. after critical date.

<sup>5</sup> Oral Disclosure can show whether invention was "known or used by others" before the invention (*Ecolochem*)

<sup>6</sup> Invention date:

- unless you can prove otherwise, it is date of filing. Otherwise
- 1<sup>st</sup> to reduce to practise (RTP), either by building it (actual RTP) or filing application/enabling diagrams (constructive RTP), or
- 1<sup>st</sup> to conceive (1. idea/directing conception, 2. idea of implementation 3. corroboration) and diligent work until own RTP (*Woodland*, p. 281)

<sup>7</sup> Applies even if not the same invention is claimed, but foreign filing still anticipates/claims are directed to same invention (*Kathawala*, p. 245).

- o Prior art says: "you can do it, but it would suck": not by itself sufficient to qualify as "teach away" (*Gurley*)
  - o Prior art says: "no one would do it, and it would fail". This would qualify as teaching away (*Gore*).
  - Suggestion/Motivation to combine prior art references (indication of obviousness, *Teleflex*, p. 31 Supp.), either to be found
    - o in the prior art
    - o in common knowledge of PHOSITA (.e.g by testimony. Question of reliability) or
    - o in the nature of the problem that is intended to be solved
- 2. level of ordinary skill in the pertinent art**
- if low, then small differences might be enough to render invention non-obvious, as something might not be obvious to high school teacher, but very obvious to Einstein. (p. 346).
- 3. difference btwn prior art and the claimed invention (otherwise anticipated under §102)**
- Correlates with prong 2, i.e. the lower the level of ordinary skill, the less differences are required.
- 4. (secondary) considerations (objective evidence of non-obviousness)**
- => goal: avoid hindsight
- c.f. p. 367 f. and *Hybritech*, p. 359
  - commercial success, long felt/unsolved needs, failure of others, copying, extensive licensing, unexpected results, skepticism of PHOSITA, independent development (shows obviousness).

## V. Disclosure (§112)

- => part of the "quid pro quo" of patent system
- => all of the disclosure must be made when patent is filed
- => polices new matter

Specification= written description + claim

### A. Written Description (§112(1))

- => prevents from continually updating or adding new ideas after original filing date (*Vas-Cath*, p. 471)
- => augmented materials filed as amendments to application must find basis in original application

Sufficiently described to convey to PHOSITA (*Lizardtech*, p. 40 supp.)

- That patentee had possession of the claimed invention (i.e. disclosure of all embodiments)
  - at time of application
  - written, but under certain circumstances, drawings alone may be sufficient (*Vas-Cath*, p. 471).
- => insufficient written description = ground for invalidation patent, not only to limit new matter, according to *Lizardtech*.

### B. Enablement (§112(1))

- => Put public in effective possession of invention
- => Public should be able to use invention, once in public domain, without undue experimentation
- => provides a blueprint

Enable a PHOSITA (*In Re Wright*, p. 454)

- how to make and use full scope of invention
  - without undue experimentation (*In re Wands factors*, p. 461)
- => insufficient enablement = ground for invalidation of patent

### C. best mode (§112(1))

- => Ensure that public receives most advantageous implementation, allow to compete on equal footing after expiration

Whether inventor (*Chemcast*, p. 497)

- knew of a best mode at time of application that he considered to be better than all others (subjective view of inventor)
- enabled best mode by disclosing claimed elements and non-claimed elements nevertheless necessary

Best mode may be concealed among a large number of less favored alternatives (*Randomex*, p. 504)

Only inventor's knowledge is relevant (*Glaxo*, p. 506)

Best mode requirement does not extend to non-claimed elements (*Bayer*, p. 507).

### D. Definiteness (§112(2))

- => patentee must set boundaries, so competitors can obtain clear warnings of what infringes and what does not. Avoid "wiggly words" such as "sized" without providing the dimensions, or "about".

- The claim must give a clear definition of the scope of the invention (*Orthokinetics*, p. 584). He can act as own lexicographer.
- The specification must disclose the corresponding structure

## VI. Claims

=> Provide reasonable clear notice, in advance of litigation, of just how far the patentee's competitors can proceed in imitating the patented invention without infringing the patent owner's right to exclude

=> Does not describe the invention to which the patent is directed ( this is the role of the written description)

### A. Structure of each claim

- Preamble ( short and plain expression of the general nature of the invention)
- Transition ( keyword that effects the scope of the claim)
  - Comprising of ( claim is open in scope)
  - Consisting of ( narrower in scope )
  - Consisting essentially of ( claim is closed, except for the addition of any elements that do not change the essential function of the composition)
- Body ( lists all the elements of the invention and specifies how they interact with each other)
  - The more elements included in a claim, the narrower its scope
  - **All elements rule:** in order to find that an accused device infringes a particular asserted claim, every limitation ( element) in that claim must match either literally or equivalently in the accused device

### B. Different Formats

#### 1. Product by process claims (p. 544)

- Claiming a product, such as a composition of matter, that could not be defined by its structure, by means of describing processes.
  - Are process steps other than those described also covered by p-b-p patent?
- USPTO: ignore the process limitations and looks just at the product
- Scripps: although a product-by-process claim sets forth only one way of making the product, it might be construed to cover all ways of making that same product
- Atlantic Thermoplastics: product-by process claims are restricted to the method of making recited in the claims
  - both binding SC precedent and claiming practice indicated that p-b-p should be given a more restrictive interpretation
  - Split within the FC not resolved yet
  - To prove literal infringement, patentee has to prove that a) accused device was the same and b) that accused product was made by the same process
  - If accused device made by another process, infringement under DOE possible
  -

#### 2. Mean plus function claims ( Sec 112/6)

- claiming an invention by what it does, rather than what it is in terms of physical structure ("means of fastening
- Sec 112/ 6 operates to narrow the scope of the claim (*In Re Donaldson*, p. 72):
  - Scope of patent is limited to structures ("means") disclosed in specification (e.g. "nails and screws") and equivalents thereof.
  - "means" creates a presumption that 112(6) applies. Can be rebutted if claim discloses structure that is sufficient of perform the listed function.

#### 3. Jepson Claiming (p. 587)

#### 4. Markus Claiming

## VII. Prosecution

### A. Application (p. 594 book)

#### 1. non provisional (§ 111a):

- patent term starts running
- examined immediately

#### 2. provision (§ 111(b))

- place holder
- no examination
- date of filing = date of filing provisional application.

### B. Examination

Rejection, Continuation, Continuation in Part, Divisional Application

### C. Double Patenting

1. Does the latter patent literally infringer the earlier one.
2. Is the latter patent obvious in the light of the earlier patent.

### D. Post Grant Proceedings

#### 1. Certificate of correction (§ 254-255)

#### 2. Reissuance (§ 251)

- Error in Patent or
- Error in conduct without intent to deceive.
- Broadening scope: Statutory intervening right / Recapture Rule applies (§ 252). 2 year statue of limitations
- Narrowing scope (Equitable intervening rights apply).

#### 3. Reexamination (§ 303-307)

- Test, see § 303

# Infringement

Every claim must be present in accused device, either literally (I *infra*) or as an equivalent (II *infra*).

## I. Literal Infringement

### A. Step 1: Construe Claim

Legal question, for the judge (not jury) to decide, de novo review (*Markman, Cybor*)  
Interpretation is crucial issue. => Markman Hearings.

#### 1. Intrinsic Evidence (part of the public record associated with patent issuance)

=> third parties have access to record once patent issues, not before.

- Claim
- Specification
- Prosecution history.

Canons of interpretation:

- Ordinary meaning of terms (heavy presumption), unless patentee acts as own lexicographer or disavows claim scope ("my invention does not mean X") (*Phillips*, p. 55 Supp.)
- No importation of limitations from spec to claim
- Claim differentiation: where claims use different words, these words describe separate things.
- Construe same term consistent throughout claim
- Interpret to maintain validity
- If two conflicting interpretations, take narrower (*Athletic Alternatives*, p. 68 Supp.)
- Preferred embodiment (Courts do not adopt a claim construction that would exclude the preferred embodiment)

If this evidence is unambiguous, there is no need to turn to extrinsic evidence (*Vitronic*)

#### 2. Extrinsic Evidence (outside the official administrative record)

Less reliable than intrinsic evidence, since not readily accessible to public. Undermines public notice function. Hierarchy of extrinsic evidence is as follow (*Vitronics*, p. 65 Supp.) s:

- Dictionaries (*Phillips* clarifies that they count as extrinsic evidence). => Publicly available, thus no public notice concerns.
- Prior art references => better than expert testimony because no "hired gun concern"
- Expert testimony => court has complete discretion to adopt, adopt in part, or ignore
- Inventor's testimony => very little weight.

### B. Step 2: compare claims as construed to accused device

Factual question, for jury to decide  
All-elements rule must be considered.

- Literal infringement (i.e. infringing device contains each and every limitation)
- Infringement under DOE (see Chapter II)

## II. Infringement under Doctrine of Equivalents

=> prevent fraud on patent, infringer should not be allowed to avoid infringement through unsubstantial improvements

=> there might be no well established vocabulary for pioneer inventions.

=> reverse DOE: Doctrine can be applied against the patentee, e.g. if literal language of claims is met, but accused device operates in a substantially different way

### A. Test to determine equivalence

**Function/Way/Result test** (*Graver Tank*, p. 776)

- Substantially same function in
- substantially same way, to yield
- substantially the same result.

=> suitable for mechanical inventions

**Substantiality of the differences test** (*Warner Jenkison*, p. 793)

- Are the differences between the claimed invention and the accused device merely "insubstantial"?

=> suitable for biotechnology

### B. Limits

#### 1. All Elements Rule

Apply D.O.E. on a limitation-by-limitation basis (*Warner Jenkison*).

#### 2. Prosecution History Estoppel

No application of D.O.E. if (*see chart p. 71*)

- Claim was, during prosecution history, narrowed by an amendment
- Reason for amendment related to patentability (presumption)
- No Rebuttal of this presumption under *Festo* (i.e. 1. not foreseeable (*Hughes Aircraft*), 2. amendment only tangential to equivalent (*Citiform*, "utterly irrelevant to claimed equivalency"), 3. other reason).

- No Rebuttal of this presumption under *Wamer-Jenkison* (
- 3. Disclosure in Specification**
    - Subject matter is disclosed in spec, but not claimed
  - 4. Prior Art Preclusion**

*Johnson, p. 820* "A patentee should not be able to obtain, under the doctrine of equivalents, coverage which he could not lawfully have obtained from the PTO by literal claims

Would hypothetical claim, that literally covers the accused device, be in the public domain (anticipated or obvious?) (*Wilson Sporting Goods*)

    - Expand claim at issue so that it literally reads on the accused device
    - If that claim is patentable, then not practicing the prior art, so no preclusion
    - If that claim is unpatentable (prior art), then infringement under DOE is precluded
  - 5. Specification Estoppel**
    - You can surrender equivalency by explicitly claiming explicitly in the specification that one equivalency is not covered (*Vehicular Tech, p. 84 Supp.*)
- C. Equivalence under § 112 (6) v. DOE**
- 1. Literal infringement of means plus function claim:**
    - Function performed by accused device must be identical, no use of DOE (*WMS Gaming, p. 76 Supp.*)
  - 2. Infringement under the DOE?**
    - *Dawn Equip* (p. 68 Supp.): No, otherwise patentee would get a second bite in the apple
    - *Chiuminatta* (p. 73 Supp.) Yes, d.o.e can apply if later developed technology (i.e. "equivalent to an equivalent" possible)

### III. Acts of Infringement

#### A. Direct Infringement

§271(a):

- make
- use (system claims: control in the US, beneficial use in US. Method claims: All steps in the US. *Blackberry, p. 95 Supp.*)
- offer to sell (formal commercial offer),
- sell,
- imports into US

#### B. Indirect Infringement

##### 1. Inducement

§271(b)

- Direct infringer
- Intent to induce infringement (no intent in *Hewlett Packard, p. 857*).

##### 2. Contributory Infringement

§271(c)

- Direct infringer
- Knowledge of patent
- Knowledge that the contributory infringer's component will be used to infringe
- Component produced by the contributory infringer does not have substantial non-infringing use.

#### C. Export of components, assembly abroad

§271(f)(1)

- All or substantial portion of components manufactured in US (software/intangible = "component"; copying of software = "supplying", *Microsoft (p. 100 supp.)*)
- Actively induce combination of components abroad

§271(f)(2)

Export from US any component specially adopted for use in patented invention and not a staple article

#### D. Import of product based on US process patent

§271(g)

- Importing unprotected product based on process patented in US.
- No infringement if product is materially changed or becomes trivial (*Eli Lilly, p. 875*).

## IV. Defenses

### A. Invalidity ( see above)

Presumption of validity

### B. First Sale Doctrine

=> eliminates patent holder's rights to this particular *embodiment*

=> Patentee has recouped his reward by means of selling the device without restrictions.

- 1st unrestricted sale (merely giving a license does not trigger the first sale doctrine)
- within US (national exhaustion)

Right to repair ("preserve useful life", even to replace some parts) under First Sale Doctrine, but no right to reconstruct (create completely new), *Jazz Photo* (p. 864)

### C. First Inventor

For business methods that were kept as trade secrets by their "inventors" and then subsequently patented by someone else.

### D. Inequitable conduct

=> proceedings before PTO are ex parte, thus incentive to lie. Rule of inequitable conduct should deter from doing so.

=> Renders patent unenforceable ("big stick")

=> basically means misconduct by attorney, i.e. turns attorney into witness.

Two prong test (*Kingsdown*, p. 629))

- Intent to deceive the PTO, gross negligence is not sufficient.
- Misrepresentation is material, i.e. reasonable examiner would have considered material (*Molins*, p. 639, definition p. 628)

### E. Experimental Use

=> Problem: competitors could not enter market at patent expiration because it was infringement to prepare required FDA data.

=> Provision helps facilitate entering the market

- Common Law: "amusement, idle curiosity or philosophical inquiry", i.e. NO commercial implication (*Madey*, p 105 Supp)
- § 271(e)(1) Safe harbor for all uses "reasonably related" to submission of drug to FDA (*Merck*, p.108 Supp). Broad interpret.

### F. Equitable defenses

*Aukerman*, p. 911

- Laches:
  - delay in filing suit for unreasonable and inexcusable period of time (presumption after 6 years).
  - material prejudice to defendant (economic or evidentiary)
- Equitable Estoppel
  - misleading conduct by patentee that leads infringer to reasonably infer that the patentee will not enforce its patent
  - accused infringer relied on statements
  - material prejudice to defendant.

### G. Shop right defense

*McElmurry*, p. 920

=> Employer's right (not transferable!) to use free of charge employee's invention without liability for infringement.

=> Totality of circumstances test. Factors:

- employer has financed invention by providing wages, materials, tools, and work place
- employee's consent/acquiescence/inducement/assistance in using invention without demanding compensation.

## V. Remedies

### A. Injunctive Relief (§ 283)

=> based on right to exclude.

#### 1. Preliminary injunction

=> immediately appealable as a matter of right  
Equitable four factor test (*Robertson, p. 931*).

##### 1. Reasonable probability of eventual success in the litigation ("I will win")

- Robertson, p. 931)
- Patent is not invalid
- Infringement
- Payment of bond.
- 

##### 2. Irreparable harm to the movant if the preliminary injunction is not granted

- Will be presumed if first factor is met, because of patentee's limited term to recoup investments in patent.
- Rebuttable by the accused infringer
- 

##### 3. Consideration of hardships

- The court must weigh the injury to the patent owner against the injury to the infringer
- 

##### 4. The public interest

- Preliminary injunction can be refused because of public health concerns (*City of Milwaukee*)

#### 2. Permanent Injunction

=> Courts routinely granted permanent injunctions upon judgment of infringement.

=> Supreme Court overturned this practice (eBay, p. 112 Supp.). It stated that

Injunction must be based on equitable four factor test.

- Under the test, permanent injunction usually appropriate. Possible exceptions:
  - "patent trolls" (injunction used as bargaining tool to charger exorbitant fees)
  - patented invention is but a small component of product.
  - business methods (potential vagueness and suspect validity,).

### B. Damages

#### 1. Lost profits (§ 284)

DAMP factors (*Panduit, p. 941*)

##### 1. Demand for product

- usually presumed by the fact of infringement

##### 2. Availability of acceptable non-infringing substitutes

- patentee lost its sales because of defendants infringement, and not because consumer's bought substitutes
- absent the infringement, he would have made the infringer's sales
- "available": regardless of whether the alternatives were actually produced and sold during the infringement (*Grain Processing, p. 118*)

##### 3. Manufacturing and marketing capacity to satisfy demand

##### 4. Profits the patentee would have made.

- to be based on diverted sales of the product covered by the infringed patent.
- *Rite Hite, p. 947*
  - Lost profits on patented device that is not subject to infringement claim: only if reasonable foreseeable
  - Lost profits for unpatented component that is complimentary: subject to entire market value rule, i.e. entire value of whole machine was attributable to patented feature, and unpatented components are functioning together with patented component "single functional unit".
- 

#### 2. Reasonable royalty (§ 284)

=> "work of fiction, based on hypothetical negotiation as to what infringer would agree to, but allows infringer to make a profit.

*Georgia Pacific* factors (p. 395):

1. Royalties received by patentee from actual licenses
2. Rates paid by licensee for similar patents
3. Nature and scope of license (ex. Exclusive, territory restrictions, use limits)
4. Licensor (patentee) established practice re: license (may give NONE)
5. Commercial relationship (competitors, different territories, etc)
6. Promoting sales of other, non-patented products of license (derivative sales)
7. Duration of patent term and of license
8. Established profitability, commercial success, and current popularity (trends)
9. Advantages of patented article over other competing devices
10. Nature of invention and its embodiment; benefits to users
11. Extent infringer has used invention



12. Portion of profit or selling price that is customary to allow for use of invention or analogs (i.e. price knowing people will infringe).

13. Portion of profit creditable to invention

14. Opinion testimony

### 3. Price Erosion

Patentee had to lower prices because of infringer. Hard to prove.

### 4. Provisional Rights (§ 154)

=> Addresses the issue if "infringer" uses invention between publication of application and issuance of patent.

Remedy: reasonable royalties (no treble damages), if patented claim is substantially identical to published application. Infringer had actual notice

### 5. Treble Damages (§ 284 (3))

=> not mandated, but permitted.

=> infringement must be **willful**. Factors (*Portec, p. 984*)

- Should damages be enhanced.
  - deliberately copied?
  - Good faith in invalidity/noninfringement, etc., e.g. by opinion letter (can be defeated if opinion letter is incompetent or ignored)?
  - how was behaviour of infringer at trial?
- How much should damages be enhanced
  - deep pocket?
  - closeness of case
  - duration of misconduct. remedial actions
  - motivation of infringer
  - concealment.

### 6. Attorney's fees (§ 285)

- exceptional cases (no willfulness necessary, misconduct is enough. misconduct must be in relation to amount of damages)
- reasonable (maybe not the actual billable hour).
- only to prevailing party

## VI. Marking and other issues

### A. Marking (§ 287)

in order to recover damages, either (*Amsted, p. 991*):

- marked, or
- notice to infringer.

**Prior art references that render the invention obvious under § 103**

<b>Section 102 Paragraph</b>	<b>Applicable to § 103?</b>
(a)	Yes, but <i>Stryker</i> rule excludes prior art if inventor can show she created something before the reference that renders that reference obvious.
(b)	Yes. <b>(note loss of “at the time of invention” in the statutory language)</b>
(c)	Uncertain. <i>Oddzon</i> suggests no.
(d)	Uncertain. <i>Oddzon</i> says no in dicta, but consider also <i>Kathawala</i> (Spanish patent case)
(e)(1)	Yes.
(e)(2)	Yes.
(f)	Yes
(g)(1)	<b>No.</b> Only applies to interferences
(g)(2)	Yes

<sup>i</sup> By Matthias Studer, with inputs from Oezlem Schmitt and Dominik Goebel, December 2006. The summary is based on the class Patent Law by Professor Timothy R. Holbrook, Fall 2006, at Chicago-Kent College of Law. Please send corrections and comments to [matthias.studer@gmx.ch](mailto:matthias.studer@gmx.ch). All page references are to Adelman, et. al., Patent Law (2d Edition 2003, and Supplemental materials supplied by Professor Holbrook (2006).