A conversation on Patent Quality

ALAIN LECLERC

FICPI OPEN FORUM ST-PETERSBURG
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A Conversation on Patent Quality

• Canadian perspective
• Worked in prosecution, litigation and in-house
• Rare and uncomfortable experience of litigating patent I drafted
• “Quality” means different things depending on viewpoint, difficult to define, know quality when we see it
Viewpoints

• Lets consider the various viewpoints:
  • Inventor
  • Attorney/Agent drafting and prosecuting application
  • Patent Office or WIPO
  • Litigator
  • Business owner
  • Financier
Why should we care?

The hidden costs of poor quality patents

- Presumption of validity causes expense and unwarranted “design around” of patents that should never have issued in the first place
- Cost to business of defending against invalid patents
- Opens the door to NPE’s and “nuisance settlements”
- Brings disrepute to the “Patent System” and to our profession
- Stifles technological growth with “background noise” and searching difficulties
- The problem of “incredibly broad scope” of some patents granted by some Patent Offices
- The problem of “indecipherable” claims
Why should we care?

The true value of high quality patents

• Presumption of validity has more profound meaning
• The “value” increases with more defensible legal rights
• Develops client trust and proper use of IP
• Note the problem of prosecution delay which may correlate with higher quality (“quality takes time”)

Presumption of validity has more profound meaning
For the inventor...quality means:

- Technological superiority to others
- Considers patents as an award
- Downplaying the prior art
  - Oftentimes unable to consider variations of own invention
  - Data may be truncated
- Communication is key, asking the right questions
For the Attorney/Agent...quality means:

- Quality is focused on claim scope and legal validity

  - Inventor was pushed for all information
  - Good prior art search
  - Invention distinguishes over best/closest prior art
  - Claim scope is vast to capture all variations
  - Good fallback positions with valuable dependent claims
  - Clear compliance with legislation
  - Able to withstand court challenge
  - Sometimes drafted for numerous jurisdictions
For the Patent Office...quality means:

- Good prior art search
- Low prosecution delays
- Consistent application of the law
- e.g. USPTO and pre-grant examination checklist
- Patents are eventually upheld by Courts
- Junk patents are rejected
For the Litigator...quality means:

- Robust infringement and validity
- A quality patent will survive validity attacks and have claims that are infringed and that limit design-around possibilities
- Rare is the perfect patent
- Single description is written for the world (PCT) however local laws may differ.
- Same patent may fail for insufficient description, lack of utility, obviousness, depending on jurisdiction
For the IP owner...quality means:

- Quality means commercial value and exclusivity
- Many patents have little commercial value, e.g. many pharma patents
- Technology evolves quickly so commercial value is often more important than long term validity
- Commercial value is not always related to scope, e.g. pharma patent on blockbuster molecule
- Some patents have wide scope that prevents competitor entry
For the IP Owner...quality means:

• Offensive patents designed to license third parties or simply to keep out competitors
• Defensive patents designed to protect owner from patent suits, achieve exclusivity and maintain freedom to operate
• That the owner and agent/attorney are aware of the goals
For the investor...quality means:

• Commercial value: can the patent assets be monetized by premium pricing, full exclusivity in marketplace, royalty/license payments, brand recognition, resale, legal enforcement, etc.?

• Validity over the investment return schedule, what is the risk-reward analysis, financial risk and technological risk.

• Investors recognize the value of quality patents because they know that companies with quality patents (i.e. sign of innovation) statistically grow better than others.
Business viewpoints are key

• Some agent/attorneys focus on validity and are not fully aware of commercial value or of the owner’s business plan as it evolves

• The best way to build client trust is to discuss and understand their business (rather than discussing prior art)

• The best patent is sometimes narrow and perhaps part of a broader portfolio

• Before embarking on foreign filing, owners should consider discussing with investors to confirm aim (offensive, defensive), scope and the business value of geographical patent coverage
Quality benefits all of us

• High quality will be recognized by investors, as the number of quality assets rise, the trade will increase and financing to develop these assets may become easier to obtain.

• The progress of science may be helped with better quality patents, R&D departments may not have to sift through piles of confusing patents, the overall “advancement of science” may increase.

• Governments with “patent box” initiatives are recognizing economic growth and job creation value by offering “patent box” tax break initiatives for patents that are commercialized and that withstand validity challenges.

• Quality patent products will reflect positively on our profession and our value to clients and investors.
“The reasonable man adapts himself to the world; the unreasonable one persists in trying to adapt the world to himself. Therefore all progress depends on the unreasonable man.”

(George Bernard Shaw)