

# A conversation on Patent Quality

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# A Conversation on Patent Quality

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- 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

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- Lets consider the various viewpoints:
  - Inventor
  - Attorney/Agent drafting and prosecuting application
  - Patent Office or WIPO
  - Litigator
  - Business owner
  - Financier

# Why should we care?

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## **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?

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## **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”)

# For the inventor...quality means:

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- 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:

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- 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:

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- 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:

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- 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:

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- 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:

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- 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:

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- 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

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- 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

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- 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

# THANK YOU !

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*“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)*