CHICAGO LAWYER®
MAY 2017

THROUGH THE LOOKING GLASS

Intellectual property law revamps in the wake of PTAB shifts, competition from Shenzhen and, of course, *Alice*

BY LAURAANN WOOD

INTELLECTUAL PROPERTY WORK IS CHANGING, AND FIRMS ARE CHANGING HOW THEY HANDLE IT.

Ropes & Gray is spinning off its IP practice into a new firm. Some boutique IP firms are joining Big Law, like Novak Druce signing up with Polsinelli in 2016. Brinks Gilson & Lione is looking toward China over Silicon Valley. Even the successor firm to IP mainstay Niro Law is looking for a "broader focus" than the patent litigation work that made Niro's name.

The various shifts in IP practice are reactions to a new developing profession. Patent law and practice have changed over the years to shape what kinds of ideas can actually be patented and who can challenge them.

And while that might mean some firms have to switch parts of the way they operate, perhaps by relocating certain parts of their intellectual property practice or reassessing the manpower behind their operations, it doesn't necessarily mean the practice as a whole is seeing some kind of massive exodus, said Gustavo Siller Jr., Brinks' president-elect.

Rather, he said, it just means the IP lawyers who remain have to be that much more on their game to effectively represent the clients they do have.

Here are some of the ways that game is changing.

PATENT TRIAL AND APPEAL BOARD

In an effort to make the patent-challenging process easier for parties, Congress created the Patent Trial and Appeal Board when it drafted the America Invents Act, which former President Barack Obama signed into law in September 2011.

Beyond developing the PTAB as an avenue for people to challenge patents once they've been granted, the AIA is the most significant change to the country's patent system since the 1950s. With the new act, the U.S. Patent and Trademark Office switched from granting a patent to the first inventor to whichever inventor first applied for it.

Jeremy Kriegel of Marshall Gerstein and Borun

Establishing the PTAB has allowed parties to challenge any claim of a patent after it's been granted. The board conducts different kinds of trials and patent reviews, and it conducts proceedings to determine whether an inventor from an earlier patent application developed his or her claimed invention from an inventor in the challenger's application or whether the earlier application was wrongly filed in the first place.

The board also hears appeals from adverse examiner decisions in patent applications, conducts re-examination proceedings and makes decisions in interferences — which are contests between an application and either a patent or another application. Issuing decisions in interference proceedings helps the patent office determine who invented something first, which then helps the office determine which party should have the patent.

Interference proceedings have begun and will continue to slowly die out from the patent-challenging process since the country switched over to the first-to-file system, Marshall, Gerstein & Borun partner Jeremy Kriegel said.

But he doesn't mind because he thinks the first-to-file system is a fair one.

"I think it brings the U.S. system into better alignment with the rest of the world that already has the system in place," he said.

For those who focus their legal careers in patent law, the PTAB changes the landscape of patent practice in two ways.

First, Kriegel said, it's proven to be an avenue accused patent infringers have taken advantage of to try to get to a determination of patent invalidity quicker and cheaper.

"A driver behind that belief is that there is a lower burden of persuasion at the Patent Trial and Appeal Board," he said. "One has to prove that patent claims are unpatentable by a preponderance of the evidence as opposed to clear and convincing evidence in a district court proceeding.

"So if you are accused of infringement and you have a better-than-50 percent chance of proving the claim should not have been granted in the first place because of the prior art — but you don't have a 95 percent chance of proving invalidity — you may find that you could get a result that you're looking for at the PTAB that you'd be less sure of obtaining in a district court proceeding."

But individuals are increasingly trying their chances before the PTAB for cost efficiency as well, since there's potential to get hefty attorney fees involved in a federal courtroom. And since there's less money put in the patent challenging process with PTAB, logic then follows that there's less money for some patent lawyers to make from it.

"It probably has made patent litigation, the revenues that's generated … somewhat [reduced] because now if you can get a decision fairly quickly from PTAB you're not litigating a lot of the issues you would in district court," Siller said.

ALICE

That dynamic, along with case law such as the U.S. Supreme Court's opinion in *Alice Corp. v. CLS Bank International*, 573 U.S. , 134 S. Ct. 2347, in 2014 has presented new obstacles

for patent attorneys to get accustomed to facing in most patent cases.

In *Alice*, the Supreme Court unanimously held that patents cannot be granted to any kind of abstract idea that would limit a person's natural ability to function — like performing a specific mathematic operation.

The patents at issue in *Alice* regarded a computer-implemented electronic escrow service to, theoretically, improve financial transactions. But the nation's high court ruled they were invalid because the claims in the patent owner's applications came from an abstract idea and manifesting those claims on a computer could not make it patentable subject matter.

Since that opinion was issued, attorneys have faced an added — or even almost "obligatory" — obstacle to overcome in court, where a patent disputer will raise an *Alice* challenge to attack a patent's validity, Vitale Vickrey Niro and Gasey founding partner Paul Vickrey said.

"It certainly increases the expense of a lawsuit because now here's yet another thing the plaintiff has to go through. That makes what already was an expensive proposition even more expensive. In every single case, if the defendant wins, the defendant is asking for attorney fees — and typically, those run in the millions of dollars," he said.

"IT'S NOT CURTAINS FOR THE PATENT OWNERS... BUT IT CERTAINLY MAKES IT HARDER FOR AN INDIVIDUAL INVENTOR TO TRY AND PROTECT HIS OR HER PATENT RIGHTS."

"It's not curtains for the patent owners … but it certainly makes it harder for an individual inventor to try and protect his or her patent rights. And if fewer people had the ability to actually bring a lawsuit, that means there's fewer patent cases."

Given the subject matter of *Alice*, patents in the software and technology world tend to see more challenges citing that case than perhaps the mechanical or chemical patents.

No matter what kind of patent faces an *Alice* challenge, Kriegel said, it doesn't always present a death sentence to the patent.

"I think it's just the opposite," he said. "The fact that there are increased challenges to patent eligibility call for even more sophistication on the part of patent practitioners. So for those who are aligning themselves in boutiques, where we are facing a disproportionate number of these types of arguments, we are developing the necessary skills and strategies to be able to best position a client's application to withstand one of these challenges."

But if there are fewer patent cases altogether, that means there are fewer clients for lawyers to represent either before the PTAB or in court.

Gustavo Siller of Brinks Gilson and Lione

MARKET SHIFTS

As patent law and practice evolves over time, law firms have to

keep their fingers on the pulse and accommodate the changes in the field to maintain and hopefully maximize clientele and profits.

That's along the lines of what the law firm Ropes & Gray announced it was doing in March. Over the coming months, it announced, the firm will be working with partner Joe Guiliano as he establishes a new firm with other partners in Ropes & Gray's intellectual property rights management practice. The move will not affect the firm's Chicago office, though, because no attorneys there work in patent prosecution; they instead are the firm's patent litigators who duke it out in court.

"The new firm will house much of Ropes & Gray's patent prosecution business going forward and offer clients the same high standards of patent prosecution and other related services that they have come to expect," the firm said in a written statement.

And partners from Vickrey's firm, formerly called Niro Law, announced in January that it planned to dissolve the firm as it was known — only five months after Ray Niro's death last August — and re-emerge with what founding partner Vickrey called a "broader focus" that includes more general commercial litigation like fraud and breach-of-contract suits.

"We used to handle many, many more patent cases than we do today," Vickrey said. "That's partly due to the environment, and so obviously if we're not going to be handling principally patent cases then we have to be handling other things," he said.

"We have a talented team with a significant trial experience, and that's something that transfers well into the general commercial litigation arena. Some [patent cases] are extremely complex, and so if you can handle that kind of work then you can certainly handle much less complicated commercial litigation."

But that's not every firm's experience in the changing landscape of patent practice. Rather, some firms' revenues, such as Brinks', are doing just fine or even growing by doing what they've always done — just under whatever different circumstances a new law or Supreme Court opinion may provide.

In fact, Siller said, Brinks has recently opened new offices in both Florida and North Carolina, and it is in the process of being the first non-Chinese firm to open in Shenzhen — which he said is considered the Silicon Valley of China.

The real secret to success in an evolving patent practice — if it can even be considered one — is to simply ride the wave of evolving patent law and conform to changes as they come, Siller said.

"My own personal view is, look, you're going to be successful as a law firm as long as you adapt," he said. CL

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