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Q&A: Ropes & Gray's Andrew Thomases and Steven Baughman on patent trends for 2016

By Andrew Chung What makes an invention patentable? When is infringement willful? What does the U.S. International Trade Commission have the authority to do?

These questions may seem foundational, but they are nonetheless still controversial and unsettled. The ways in which they will be answered by the courts, including the U.S. Court of Appeals for the Federal Circuit and the U.S. Supreme Court, will be closely watched in 2016.

Reuters spoke to two partners at Ropes & Gray, Andrew Thomases in East Palo Alto, California, and Steven Baughman in Washington, D.C., who suggested that patent eligibility disputes will likely slow while those over enhanced damages could rise.

Questions and answers on these and other top patent trends for 2016 have been edited for brevity and clarity.

REUTERS: The Supreme Court's 2014 decision, *Alice v. CLS Bank*, which ruled that a basic idea cannot be patented even when set in a computer environment, has led to the invalidation of a large number of computer- and software-related patents in lower courts. What do you see happening on this front?

THOMASES: The trend will likely continue at least for the first part of 2016. Think of it as a pendulum. You had *Alice*, which pushed the pendulum further toward the defendants' side, and many parties grabbed hold of it to (file motions to) dismiss. Our sense is that the pendulum will start swinging back. Courts will be more skeptical. They'll see that a patent is actually concrete but the defendant has still moved to dismiss. Plaintiffs are probably going to be more selective in which patents they assert.

REUTERS: The Patent Trial and Appeal Board has become a popular venue for patent challengers and has shown a high rate of invalidation in cases that reach a final written decision. What should we expect for 2016 at the PTAB?

BAUGHMAN: It's not accelerating as much as it was at the beginning (in 2012, when the new PTAB patent review processes were implemented). Probably one in four patent disputes is being filed at the PTAB, still three-and-a-half times more than the PTAB expected. But rather than being the "death squad" for patents, it's a forum where both sides can succeed. The institution rate has come down as more people have been filing. It tells me you have a lot more people jumping in the pool with different levels of preparation and experience with the board.

REUTERS: In October the Supreme Court agreed to review the cases of *Stryker v. Zimmer* and *Halo v. Pulse*, and take up the issue of willful infringement, which can triple the damages owed to a patent owner. What do you think the high court will do?

THOMASES: In an earlier pair of cases (*Octane Fitness v. Icon Health & Fitness* and *Highmark v. Allcare* in 2014) the Supreme Court looked at the Federal Circuit's test for awarding attorneys' fees, and rejected it. The current test for willfulness is similar so the Supreme Court will likely reject it, and it may become easier to show willfulness. A lot of people think that helps patent holders and plaintiffs ... and so the risk to the infringer goes up. This might spur some defendants to settle where they might otherwise not have.

REUTERS: The U.S. International Trade Commission is also a major venue for sorting out patent disputes. In one major ruling, the Federal Circuit in August expanded the ITC's authority to block goods from import in *Suprema v. ITC*. But in November, in *ClearCorrect v. ITC*, the court went the other way and said the ITC does not have the authority to block Internet transmissions from entering the country. What can we expect for the ITC this year?

THOMASES: ClearCorrect will be a hotly watched decision and it is interesting to see how a potential rehearing will play out. My guess is it will likely be taken up en banc. On the one hand you have content creators wanting the ITC to have the authority to stop any infringing IP coming across digital lines, but on the other you have Google, YouTube and other high tech companies that do not want to be dragged to the ITC if someone posts something that's stored on a server overseas but downloaded into the U.S.

---- Index References ----

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