

**PLAYING WITH FIRE: BAD THINGS HAPPEN WHEN PATENT
APPLICATIONS ARE NOT FILED CORRECTLY**

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When things go “bad” in the world of patent applications, they can go really, REALLY bad. Landmark Screens, LLC, v. Morgan, Lewis & Bockius, LLP and Thomas D. Kohler is a chilling example of what happens when a U.S. patent application is not filed correctly. The original “error” occurred in 2003. The ensuing malpractice lawsuit finally settled on January 2, 2013, almost 10 years later.

Court opinions adjudicating the law suit deal with the issue of federal versus state jurisdiction. There are, however, fascinating aspects to this case from a risk management perspective. Today, any attorney (not just Intellectual Property specialists) would be well-advised to understand how the errors occurred and to learn from those mistakes. It is the intention of this article to describe how the errors occurred and to identify how attorneys can avoid getting into similar horrible predicaments.

On January 9, 2002, attorney Thomas D. Kohler and his firm Pennie & Edmonds filed U.S. Patent Application No. 10/945,096 on behalf of Landmark Screens, LLC. U.S. patent law permits the U.S. Patent & Trademark Office (USPTO) to insist that an Applicant pursue no more than one invention per application. The process of informing an Applicant that more than one invention exists in an application (and that the Applicant must choose which invention they wish to pursue) is referred to as Restriction Practice. In May 2003, the USPTO invoked Restriction Practice by stating that four inventions existed in the application. Kohler responded to the USPTO by choosing one of the inventions for further prosecution.

Any invention not pursued as a result of Restriction Practice may be pursued in a subsequent application (called a Divisional application). To obtain the benefits of the filing date of the original application, the subsequent application must be properly filed before the original application matures into a patent. Thus, on August 13, 2003, a subsequent application was filed with the USPTO, prior to the original application maturing into a patent on October 9, 2003.

Had the subsequent application been filed correctly, there would have been no “story.” But, alas, that was not to be. In order to file a patent application correctly, it is necessary to deposit with the U.S. Patent & Trademark Office a written specification (which describes the invention), at least one claim (which describes the proposed legal boundaries of the resulting patent), and any figures necessary to understand the invention. While Kohler referenced the original application in the subsequent application, he omitted the written specification, claims, and drawings. Even with all of that content missing, had Kohler included an “incorporation by reference” in his new application, the USPTO would

have permitted him to import the contents of the original application into the subsequent application. Publicly available USPTO forms that existed in 2003 included an "incorporation by reference" statement as a safety net should an attorney accidentally omit the required paperwork. Unfortunately, court documents indicate that Kohler used an outdated form that did not include an "incorporation by reference." Thus, the option of importing the contents of the original application into the subsequent application was not available.

The USPTO has a system in place that advises an attorney when an application has not been filed correctly. Unfortunately, that system can sometimes operate painstakingly slow. Although the omission occurred on August 13, 2003, the USPTO did not mail Kohler a notice advising of the omission until June 22, 2004 (i.e. after the October 9, 2003 date by which the error could have been corrected). The ability to file a subsequent application had been lost!

Court documents indicate that when Kohler learned of the omission, neither he nor his firm at that time (Morgan, Lewis & Bockius) informed their client that anything had gone awry. Instead, Kohler petitioned the USPTO to declare that the application had been properly filed, on time. In his petition, and despite the omissions, Kohler made three separate contentions:

- 1) While the statute requires an application for patent to include a specification, the statute does not dictate when or how the specification should be filed with the patent office. As Kohler had a specification on file with the original patent application and because Kohler made references in the subsequent application to the original application, he argued that the USPTO had the authority to declare that the application had been properly filed on its filing date.
- 2) When Kohler filed the subsequent application, he instructed the USPTO to amend the subsequent application with a cross-reference to the original application. Thus, he argued that the cross-reference was an "incorporation by reference" and that the USPTO should import the original application into the subsequent application in order to declare that the subsequent application had been properly filed.
- 3) The present situation is "extraordinary situation" and the Director is empowered by the Federal rules to suspend requirements in such situations. Thus, the

Director can suspend the requirements for the omitted documents and declare that the subsequent application had been correctly filed.

The Office of Petitions subsequently denied Kohler's request with language that is most interesting.

The Office of Petitions denied Kohler's request and refused to issue him a filing date. The decision quoted 35 U.S.C. 111:

The filing date of an application shall be the date on which the specification and any of the required drawings are received in the Patent & Trademark Office.

The decision notes the word "shall" which appears in the statute and states:

It is well settled that the use of "shall" in a statute is the language of command, and where the directions of a statute are mandatory, than strict compliance with the statutory terms is essential. (emphasis added)

After denying the Petition, the Office of Petitions continued, almost as a postscript, to respond to Kohler's argument regarding "extraordinary circumstances." To seek help from the USPTO under the "extraordinary circumstances" rationale requires a situation where an attorney is physically unable to comply with the statutes. A good example of "extraordinary circumstances" would be a natural disaster such as an earthquake or a flood. On the other hand as stated by the Office of Petitions:

Circumstances resulting from applicants' failure to exercise due care, or lack of knowledge of, or failure to properly apply, the patent statutes or rules of practice are not, in any event extraordinary circumstances where the interest of justice require the granting of extraordinary relief.

Furthermore, even though the USPTO did not advise Kohler of the error until it was too late for Kohler to correct the error, the late notice:

. . . does not shift responsibility for filing a complete application from applicant to the Office. The Applicant must be "vigilant

and active” in complying with the conditions for obtaining a patent (citation omitted). It was Applicants’ responsibility to file a complete application on August 13, 2003 and Applicant did not carry his burden.

Court documents indicate that the first time that Landmark had an “inkling” that there was anything wrong was in late December 2004, when Landmark asked Kohler for a status report and Kohler responded that the new application was “lost” but that the firm was working to salvage the claims. Landmark stated that Kohler and Morgan Lewis falsely told Landmark that there was a possibility of fixing the problem. In November of 2005, Kohler and Morgan Lewis were fired by Landmark. Several days later, Landmark filed suit against Kohler, Pennie, and Morgan Lewis alleging illegal practice, negligence, and breach of fiduciary duty.

As previously stated, the case was in suit for seven years. In March 2008, Landmark fully settled with Pennie and partially settled with Kohler. Settlement with Morgan Lewis and final settlement with Kohler did not occur until January 2, 2013.

While the USPTO allows “incorporation by reference,” the lack of a specification, claims, and drawings in the subsequent application is difficult to understand. Because the application was filed following Restriction Practice, the claims that were examined in the original application would not need to be examined in the subsequent application. A transmittal sheet which accompanied the subsequent application authorized the USPTO to cancel the claims which were examined in the original application. Even a copy of the Declaration/Power of Attorney from the original application was enclosed. But the requisite specification, claims, and drawings were missing. Perhaps the people that actually assembled and filed the application did not know that a specification, claim, and drawings needed to be submitted. Or, perhaps they knew but simply omitted to enclose the requisite documents through some type of horrendous error. Court documents do not explain how the omission occurred. It was an error, nevertheless, and the error was catastrophic.

Intellectual property law firms, or corporate patent departments, when filing applications need to have numerous safety nets in place in order to prevent this type of problem from occurring. In any organization, there is no perfection. Human beings are fallible and they WILL make mistakes. Even very good, very smart, very competent, and very experienced employees will make mistakes. Safety nets are essential to catch the

mistakes before they become catastrophic. Guidelines that would prevent this type of error from occurring are as follows:

- 1) While the forms appear simple, they actually are deceptively complex. Patent applications need to be prepared by experienced personnel. If inexperienced personnel are training and learning how to file patent applications, they must be carefully supervised by experienced personnel. Do not be fooled by the apparent simplicity of the forms.
- 2) The concept of "second set of eyes" cannot be overstated. When filing patent applications, at least two sets of eyes need to review the application and to confirm that nothing has been omitted. Even the best of practitioners will make mistakes. They will become distracted, they will not see an error as clear as day (because they have filed thousands of applications and have become acclimated to the process), or they may simply be having a bad day. Redundancy is imperative in any system as fail-proof mechanism.
- 3) Always use the most updated forms. Forms and checklists are created for the purpose of preventing errors. Sometimes administrative assistants will keep copies of forms which they will use to facilitate form preparation. New forms often correct weaknesses of older forms. The practice of using the most currently available form cannot be overstated.
- 4) Create an environment in which employees are motivated to question. Every time something doesn't seem quite right, you want your employees to question what they see. Often, the trigger that something is wrong with the filing of a patent application can be extremely subtle. Something in the package may not look "quite right" or something might not be in the place where it normally belongs. You want your employees to ask questions. If employees get a feeling in their gut that something is not quite right, you want them to speak up. This is probably the most important defense in avoiding catastrophic patent application filing errors.

It is deeply regretful that Landmark's patent application went abandoned. It is hoped that the lessons that can be learned from this experience can prevent future catastrophic incidents from occurring.