Patent Applicants Held Accountable for PTO Mistakes

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Issuance of a patent is highly anticipated by your client, as competitors have introduced copy-cat products into the marketplace. The day of patent issuance finally arrives. As you prepare to assert the patent against known infringers, you review the Letters Patent document and discover an error. The patent has been printed with a significant portion of the specification missing. You find that the error is due to the PTO's mistake. Given that the applicant is free from blame, you plan to proceed with immediately asserting the patent. You figure you can follow-up with seeking correction by certificate of correction. Not so fast! In view of the Federal Circuit's recent decision in *Southwest Software, Inc. v. Harlequin, Inc.*, 226 F.3d 1280 (Fed. Cir. 2000), your well-laid plans to immediately assert the just-issued patent may be forestalled.

In *Southwest Software*, a computer program listing included as an appendix to a patent application was omitted from the issued patent by virtue of a PTO error. The error was corrected by issuance of a certificate of correction after suit on the patent was filed. The Federal Circuit

refused to give retroactive effect to the certificate notwithstanding that the error was due to a PTO mistake. This led to a remand of the case for consideration of whether the patent-in-suit, without the omitted subject matter later added by the certificate of correction, was invalid for failure to disclose the best mode and for non-enablement. The Court held that any invalidity arising due to the error would exist up to the time that the error was corrected by certificate of correction.

The implications of *Southwest Software* are substantial. The onus is now clearly on patent applicants to detect and correct PTO errors. According to the Court, "it does not seem to us to be asking too much to expect a patentee to check a patent when it is issued in order to determine whether it contains any errors that require the issuance of a certificate of correction." In view of *Southwest Software*, practitioners would be well advised to carefully consider the adequacy of their procedures for reporting and proofing issued U.S. patents.

Surprisingly, the Court did not address the effective foreshortening of patent terms that may occur under its ruling. Even if a PTO error is caught immediately upon patent issuance and a certificate of correction is immediately requested, issuance of a certificate of correction may take several months or more, as a result of ordinary delays incurred in the PTO's processing of the request. As a result, "innocent" patent applicants may be unduly deprived of a substantial, initial, portion of their patent term.

Southwest Software turned largely on a statutory construction of 35 U.S.C. § 254. That section provides, *inter alia*, that a patent including a certificate of correction, "shall have the same effect and operation in law on the trial of actions for <u>causes thereafter arising</u> as if the same had been originally issued in such corrected form." *Id.* (emphasis added). In *Southwest Software*, the Federal Circuit concluded that "[b]y necessary implication, for causes arising before its issuance, the certificate of correction is not effective."

The Federal Circuit's decision in *Southwest Software* also rests on the important notice function of patents:

> [T]he construction of the statute that is urged by Southwest could produce an illogical and unworkable result. . . . For example, a patent with a single claim in means-plus-function form might, through a PTO mistake, omit from the specification the structure, material, or acts corresponding to the function recited in the claim. Until the PTO issues a Certificate of Correction pursuant to 35 U.S.C. § 254 adding the corresponding structure, such a claim would appear invalid to the public, and reasonable competitors

2

would be justified in conducting their affairs accordingly. In such a case, where the claim is invalid on its face without the Certificate of Correction, it strikes us as an illogical result to allow the patent holder, once this Certificate of Correction has issued, to sue an alleged infringer for activities that occurred before the issuance of the Certificate of Correction.

Remarkably, however, the Court did not acknowledge that a competent study of a patent (e.g., to determine the infringement or validity thereof) will generally include a study of the file history of the patent. The patent-in-suit in *Southwest Software* had in its file history the computer program listing that was mistakenly omitted by the PTO. Given the ready availability of the file history, the Court might have reasonably concluded that the patent document should be read together with the file history. To the contrary, however, *Southwest Software* indicates that validity issues will be considered with strict reference to what is (or is not) actually included in the published patent document, notwithstanding that omitted or corrected information is included in the patent's file history.

Southwest Software also would appear to have potential application beyond issues of potential invalidity for failure to satisfy the requirements of 35 U.S.C. § 112, ¶ 1. In particular, the decision may extend to the situation where a PTO printing error affects issues of claim interpretation. On the basis of *Southwest Software,* it may be urged that up to the point of issuance of a certificate of correction, the proper claim construction is one arrived at by viewing the patent document without any correction. On the other hand, ample precedent holds that a patent's file history is to be considered in connection with construing the claims. On this basis, it may be argued that *Southwest Software* should not carry over to issues of claim construction, i.e., that any correcting information included in the file history should be considered in construing the claims.