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USPTO Opens Office In Dallas, A Boon For Innovation

The Editor interviews Hilda C. Galvan, Partner, Jones Day.

Editor: On July 2, the U.S. Patent and Trademark Office (USPTO) announced plans to open regional offices in or around Dallas, Texas, Denver, Colorado and Silicon Valley, California. We understand that you were instrumental in the selection of the Dallas location. Please start the discussion by talking about the USPTO's objectives for these regional offices.

Galvan: The Leahy-Smith America Invents Act ("AIA"), which was passed in 2011, requires the USPTO to establish satellite patent offices as part of a larger effort to modernize the U.S. patent system. Establishing these regional patent offices allows the USPTO to more effectively recruit talented patent professionals, which in turn will help reduce the backlog of patent applications. The reality is that there are a number of engineers and lawyers with technical backgrounds who prefer to live outside of Washington, DC. By having regional offices, the pool of talented professionals willing to work for the patent office is increased.

Editor: What criteria were considered in the selection of these locations?

Galvan: A number of criteria were considered, including the availability of existing talent, i.e., the number of local patent attorneys and engineers who can serve as examiners. The USPTO was also looking for locations, like the Dallas-Fort Worth (DFW) area, with a substantial technology community and with access to universities that have strong engineering programs. It was also important that the selected location provide easy access from Washington, DC and other parts of the region. Here, the DFW Airport played a key role in our efforts to bring a regional office to Dallas. Finally, the lower cost, but high standard, of living found in North Texas was a key factor in the deci-

sion. Examiners, like the rest of us, prefer to live in a location where they can afford a better quality of life.

Editor: Tell us how the technology industry specifically figured into the USPTO's selection of the Dallas location.

Galvan: The technology industry in North Texas is robust and includes telecommunications, life sciences and electronics, plus the energy industry, which is unique to Texas. The diversity of these technologies and the innovation they generate, combined with our location's ease of access, figured prominently in the decision to select Dallas.

Under Secretary of Commerce for Intellectual Property and Director of the USPTO David Kappos visited Dallas in early July and met with a small group of leaders from the business and IP legal communities. During that meeting, Director Kappos commented that Dallas-Fort Worth "sprang off the page" as the ideal location for a satellite patent office. I couldn't agree with him more.

Editor: What was your role in securing placement of a USPTO satellite office in Dallas?

Galvan: In late November 2011, the board of the Dallas Bar Intellectual Property Section heard about the request for submissions for satellite patent offices from that section's chair. We decided to make a submission on behalf of Dallas, and I was part of the team that prepared that submission. We started by gathering information needed to address the USPTO's criteria. We identified the number of technology-based companies and universities located in North Texas; we researched the number of patents filed by inventors based in North Texas; we compiled information on the quality of life and



Hilda C. Galvan

cost of living in North Texas; and, we compared the results to similar information for other cities, including Houston and Austin. In our opinion, Dallas presented the best package overall, so we prepared a submission to reflect that fact.

We then reached out to the city of Dallas, the Dallas Chamber of Commerce and a number of universities and corporations and asked them to join our submission or to send a separate letter in support of our submission.

Editor: I understand that the submission process was completed after you became chair of the Dallas Bar IP Law Section.

Galvan: That's correct. I became the chair of the Dallas Bar IP Section on January 1, and the submission was due at the end of the month. We spent most of January finalizing the language of the submission and seeking support from Dallas-area corporations, such as Ericsson and Research In Motion (RIM).

Editor: Jones Day has a long history in Texas, and you have been professionally engaged in the state for many years. Please tell us about the firm's commitment to this region, and briefly describe your own practice.

Galvan: Jones Day has been in Texas for 31 years; we have approximately 200 lawyers in Dallas and Houston who provide a full range of services. We have national clients for whom we do work in Texas and Texas clients for whom we do work nationally and worldwide. In addition to our work for clients, we are very involved in the community. One of our Dallas partners, Sally Crawford, will serve as the president of the Dallas Bar Association next year. I will be serving as the president of The Honorable Barbara M.G. Lynn American Inn of Court. Other lawyers serve on the boards of non-profits that support education, the arts and the business community, or they are involved in providing free legal representation to those who cannot afford it. In fact, Jones Day and our

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lawyers have been recognized for their pro bono work.

I've been at Jones Day for most of my 20-year career. I work with corporate clients on their intellectual property matters, advising them on how to develop and protect their patent portfolios; filing lawsuits to enforce those patents, if necessary; and defending our clients against allegations that they infringed the IP rights of others. The bulk of my practice involves representing clients in patent lawsuits, so I spend a lot of time in courtrooms in the Northern and Eastern Districts of Texas.

Editor: Does placement of the USPTO office in Dallas serve as recognition of the area's rich intellectual capital?

Galvan: Yes. Texas is home to a large number of high-tech companies that protect their intellectual capital by filing patents. In fact, Texas is second only to California in the number of patents filed. There's a clear correlation between patent filings and intellectual capital, which the USPTO recognized in selecting the Dallas location.

Editor: Will the USPTO's Dallas location affect patent litigation strategies or increase the prominence of the Texas courts?

Galvan: Texas courts are already well-known for handling patent cases. The Northern District of Texas and the Eastern District of Texas, which includes Sherman and Plano, both are part of the Patent Pilot Program that Congress created in January, 2011. These two courts, along with only 12 others in the country, were selected for this national program because of their busy patent dockets. As a result, Texas has quite a few attorneys who are very experienced in handling patent cases that involve cutting-edge technologies.

These same lawyers will start using their advocacy skills in post-grant proceedings that will be handled by administrative law judges based in the Dallas satellite patent office. Let me briefly describe a post-grant proceeding. The AIA implements a post-grant process that allows a party, such as a competitor, to contest the validity of a company's patent. The post-grant process will resolve validity disputes much more quickly and effectively – and at a lower cost – than litigation. Post-grant proceedings will be among the strategies considered by companies that may be, or currently are, accused of patent infringement.

Many patents that are the subject of post-grant proceedings will survive those proceedings and will be in an even better position to be asserted against potential

infringers. It is likely that the same attorneys involved in the post-grant proceedings will also represent the parties in litigation and that such litigation will be filed in North Texas.

Editor: What specific impact will a USPTO satellite office have on businesses in the region?

Galvan: A satellite office in Dallas will increase awareness of patents in the inventor and business communities. This increased awareness is likely to result in an increase in the number of patent applications filed, and ultimately it should result in increased commercialization, at least of some patented inventions.

The satellite office will also impact businesses through programs implemented in the region as the result of USPTO initiatives, such as a pro bono program that is designed to help inventors with limited financial resources obtain patents.

Finally, the satellite office has inspired much-needed conversation between businesses, academia, the city, the chamber of commerce and the IP legal community — about how to work together to educate the inventor and investor communities and how to connect these communities for the benefit of the North Texas region.

Editor: Why has there been a dramatic increase in patent applications, and what specific benefit can a local patent office deliver in response?

Galvan: A large number of patent applications are being filed for software and business methods. Software patents were not common until the 1990s, and business method patents are even more recent. These patent applications present unique challenges for the Patent Office. Examiners rely on earlier filed patents and printed publications to determine if a patent should be awarded. Since there aren't many earlier filed patents and few publications that discuss how software works, software and business method patents slow down the examination process.

A local patent office can help by providing additional examiners with specialized expertise in software and business methods. These local examiners can conduct in-person interviews with inventors who might not have traveled to Washington, DC for an interview. These face-to-face interviews help expedite the application process because knowledge can be freely and easily exchanged between the examiner and the patent applicant.

Editor: Please discuss larger efforts within the AIA to modernize the U.S. patent system.

Galvan: In his recent decision in *Apple v. Motorola*, Judge Posner made reference to chaos in the patent system and to the proliferation of patents. I believe he was referring to the large number of issued patents whose validity is questionable. Many of these questionable patents are then being asserted against companies who must spend significant amounts of time and money defending themselves against allegations of patent infringement.

The AIA implemented a number of provisions that should help improve the quality of patents that are being issued. First, as we've been discussing, the satellite patent offices will address the backlog in applications and improve the quality of the examination process. Second, the new post-grant proceedings will provide another check on patent quality. Yet another AIA provision will allow for third-party submission of information that can be used by the examiner to determine if a patent should be issued.

All of these provisions are designed to modernize the patent system by improving the examination process.

Editor: What feedback have you heard regarding the now operational satellite office in Detroit?

Galvan: The Detroit office opened on July 13, and we're just starting to hear about what was done there to make the opening of their office a success. We are currently reaching out to them to get more information so we can learn from their experiences. We plan on implementing many of the same programs they have undertaken, such as the pro bono initiative discussed above, but we also plan on implementing our own unique programs.

Consistently, I have heard that the Detroit office united the business, legal and academic communities, which resulted in the successful opening of that office.

Editor: Do you have any final thoughts for our readers?

Galvan: Innovation and a substantial technology-based economy have always been a part of Texas. The rest of the country doesn't necessarily know that. Having a USPTO satellite office in Dallas will help us showcase our state's technologies and our innovative spirit. We're excited about that.