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*The Law of*  
**PATENTS**

**Third Edition**

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*For Patricia, Gabriel, Victor, and Elsa*

## PREFACE TO THE THIRD EDITION

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The last three years have witnessed an extraordinary amount of activity in the patent law space. First, Congress, after several years of deliberation, enacted the America Invents Act (“AIA”), which is the most far-reaching statutory reform since the 1952 Patent Act. The AIA eliminated the first-to-invent priority system and introduced a first-inventor-to-file mechanism; and the definition of novelty and statutory bars were modified in important ways. The Supreme Court decided the much anticipated case on the patentability of DNA sequences as well as cases at the intersection of contract, misuse, and antitrust law. And of course, the Federal Circuit has been quite busy. The court, now over three decades old, continues to manage and steer patent jurisprudence through its common law powers. Many of these changes required the USPTO to promulgate rules reflecting the altered landscape. With so much change brought about so quickly, a third edition of *The Law of Patents* was inescapable.

The third edition includes *Patent Reform Perspectives* that discuss the AIA in detail, particularly in Chapter Four. All of the Supreme Court patent law cases and noteworthy Federal Circuit caselaw are included as principal cases, followed by substantive Comments. And there are more subtle additions, including a discussion of some of the first-rate patent law scholarship that continues to be produced by my colleagues. Otherwise, *The Law of Patents* remains largely unchanged. There are still *Policy* and *Comparative Perspectives*, extensive Comments, relevant statutory sections reproduced in the back of the book, and a casebook website at [law.case.edu/lawofpatents](http://law.case.edu/lawofpatents). This site provides PDFs of all of the patents-in-suit in the principal cases, relevant secondary material broken down by chapter, and links to important patent law/IP-related documents and websites. I have also created a stack of PowerPoint slides to accompany the book that I am happy to share upon request.

As with the prior editions, I welcome the comments of adopters and others steeped in patent law at [craig.nard@case.edu](mailto:craig.nard@case.edu).

*Craig Allen Nard*

Shaker Heights, Ohio  
August 2013



## PREFACE TO THE SECOND EDITION

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Patent law jurisprudence has historically moved at a snail's pace, an accretion comparable to familiar first-year common law courses such as property and contracts. No longer. All of patent law's institutional players have become fully engaged over the past several years. The Supreme Court has renewed its interest in the useful arts, Congress has made it a yearly tradition to engage—unsuccessfully—in patent reform proposals, the USPTO has skillfully navigated the patent law landscape to effect change, and the Federal Circuit, which is patent law's principal policy driver, has asserted itself in a more pronounced way, fully cognizant that other actors are paying close attention. All of this means that a second edition of *The Law of Patents* is due. While there hasn't been much legislation to speak of, the courts and the USPTO have been busy. Since the first edition there have been significant developments relating to patent law's disclosure requirements, eligible subject matter, nonobviousness, enforcement, defenses, and remedies. All of these changes (or at least, what I think are the most important) are represented and discussed in the second edition. Moreover, I've made an attempt to provide a richer discussion of the prosecution process in Chapter 1, reflecting the divergence in practice among various industries as well as recent empirical findings.

In addition, there are two noteworthy structural changes to the second edition. First, a good portion of claim interpretation—which appeared entirely in Chapter 7 in the first edition—forms part of Chapter 2, thus emphasizing to a greater degree the importance of the claim in patent law. (The *Markman* case remains part of Chapter 7, however.) Second, the chapter on non-obviousness immediately follows the chapter on novelty, with statutory bars being covered after nonobviousness. Beyond the substantive and structural changes, *The Law of Patents* remains largely unchanged. There are still *Policy* and *Comparative Perspectives*, extensive Comments, relevant statutory sections reproduced in the back of the book, and a casebook website at <http://law.case.edu/lawofpatents/>. This site provides PDFs of all of the patents-in-suit in the principal cases, relevant secondary material broken down by chapter, and links to important patent law/IP-related documents and websites.

As with the first edition, I welcome the comments of adopters and others steeped in patent law at [craig.nard@case.edu](mailto:craig.nard@case.edu).

*Craig Allen Nard*

Shaker Heights, Ohio  
October 2010

## PREFACE TO THE FIRST EDITION

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Patent law has rapidly assumed center stage in the global marketplace and information economy, presenting some of the most exciting, important, and complex issues facing not only our legal system, but also the business and technology communities. Indeed, patent law's presence in our legal, economic, and social fabric has increased dramatically in the past 25 years, and particularly, since the beginning of this century. The growing significance of patent law is understandable given the importance of intellectual capital to a firm's economic well being and the fact that for the past decade—and perhaps longer—a majority of firm value has been attributable to intangible assets. As such, legally protecting these assets—oftentimes with patents—is instrumental to a firm's business strategy. Constructing and judiciously managing a patent portfolio can lead to competitive advantages and lucrative revenue streams, through licensing, commercialization, or blocking competitor entry. Patent law's enhanced profile is manifested in the significant increase in patent applications filed in various countries throughout the world over the past several years. In the United States, for instance, 162,708 applications were filed in 1990; in 2006, there were 415,551.

In addition to raw numbers and corporate patent strategies, I am personally reminded of patent law's star power every academic year, not only because I teach and write about this particular area of the law, but also because of the number of law students who have an interest in pursuing careers in patent law. It was not uncommon for patent attorneys of my generation (I received my law degree in 1990) to “fall into” patent law after a few years working as an engineer or a chemist—law school just wasn't on the radar screen for many of us during college. While this remains an indirect route to the patent world, many more students today major in engineering or a physical or biological science fully expecting to go to law school with patent law in their sights. (Or, at least, students majoring in technical fields become aware of patent law soon after entering university.) This student demand prompted a number of law schools (including my own) to create centers and courses devoted to law and technology and intellectual property. Concomitantly, law schools hired people with an interest in teaching and writing in patent law, which has led to an extraordinary amount of patent law scholarship in recent years.

This book was designed with the aforementioned student and academic in mind. The book begins with a discussion of the history and economics of patent law, as well as an exploration of what a patent is and how one is obtained. With this foundation in place, chapter two introduces patent law's important disclosure and claiming requirements. These requirements are explored first

because they introduce the student to the entire patent document and capture patent law's "big picture," namely the bargain between the inventor and society. Chapter three discusses eligible subject matter and the utility requirement. Chapters four through six explore, respectively, the patentability requirements of novelty (chapter four), statutory bars (chapter five), and non-obviousness (chapter six). Among these requirements, non-obviousness has the most practical significance and can be a particularly robust policy tool. This requirement demands that the inventor provide society with an invention that is more than simply new, what the Europeans call an "inventive step." Chapter seven is devoted to patent enforcement, and includes some of patent law's most controversial and important issues and doctrines such as claim interpretation and the doctrine of equivalents. Defenses to patent infringement are explored in chapter eight, including the role of antitrust and issues at the intersection of contract and patent law. And lastly, chapter nine is about remedies, namely money damages and equitable relief.

Four additional features of the book are worth mentioning. First, most of the chapters have *Comparative Perspectives* or *Policy Perspectives*. The former is designed to explore a particular issue through a comparative lens, with an emphasis on Europe and, less so, Japan. Patent law is a global affair, and having insight into how other jurisdictions approach a given issue can inform and enrich one's understanding of American patent law. The policy perspectives seek to provide a richer and more in depth discussion of a given issue, and introduce secondary, academic literature for further reading and exploration. Second, each case or set of cases is preceded by reference to applicable statutory section numbers, tailored to the specific issues raised in the cases. And the relevant *statutory provisions* are reproduced and integrated into the text (near the end of the book), thus eliminating the need for students to buy a separate statutory supplement. Third, each case or set of cases is preceded with a description of the issues to be discussed in the case and followed by *Comments* that explore the case and issues raised therein in greater detail. And fourth, I tried to include technologically accessible principal cases. It is a wonderfully propitious time to engage the rich world of patent law, and if you decide to continue reading *The Law of Patents*, I encourage you to contact me with your questions, comments, and suggestions at [craig.nard@case.edu](mailto:craig.nard@case.edu).

Craig Allen Nard

Shaker Heights, Ohio  
March 2008

## ACKNOWLEDGMENTS

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Composing an acknowledgements section for a patent law book is particularly appropriate because I am reminded of the inventive enterprise and the fact that we are all standing on the shoulders of those who came and created before us. For the past 30 years or so, scholars from the legal and economics communities provided us with a more sophisticated and deeper understanding of the inner workings of patent law and its relationship to innovation. I have benefitted a great deal from this rich literature.

I also have the good fortune of having generous friends and colleagues who read and commented on the *The Law of Patents* in its various stages. Indeed, the following people made *The Law of Patents* a better book: Andrew Beckerman-Rodau, Alan Bentley, Christopher Cotropia, Steve Errick, Troy Froebe, Giancarlo Frosio, Ed Hejlek, Timothy Holbrook, Dennis Karjala, Amy Landers, Jeff Lefstin, Mark Lemley, Clarisa Long, Joe Miller, Andy Morriss, Patricia Motta, Janice Mueller, Jason Rantanen, Josh Sarnoff, Sean Seymore, David Taylor, Mark Thurmon, and Polk Wagner.

And, of course, I must acknowledge my students at Case Western Reserve University, the University of Torino, and the WIPO Academy, whose comments and feedback made the book a more effective teaching tool.

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