CRADA LEGAL & SOFTWARE PATENTING ISSUES

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Purpose of This Presentation

▼ Discuss Legal/Liabilities Hurdles in CRADA’s.
  ▪ Indemnification.
  ▪ Sovereign Immunity.
  ▪ Liability.

▼ Discuss Practical Aspects of Patent Software.
  ▪ Filing.
  ▪ Responding to Office Actions.

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Why Worry About Indemnification?

▼ “Well, We’re Not Paying, so..”

▼ It’s The Law.
  ▪ Anti-Deficiency Act (31 USC § 1341 et seq.)

▼ It’s DoN Policy.
  ▪ CRADA Handbook.
  ▪ Boilerplate CRADA’s.
**Boilerplate Language**

NAVY Shall Be Liable For Damage To The EQUIPMENT Resulting From Navy’s Fault Or Negligence In Accordance With Federal Law, Excepting Ordinary Wear And Tear Occasioned By Normal And Ordinary Usage. In No Event Shall NAVY Be Liable For Such Wear And Tear Associated With The Usage Of The EQUIPMENT Or For Loss, Damage, Or Destruction Prior To Delivery Of The EQUIPMENT To The NAVY. NON-NAVY Agrees To Defend, Indemnify, And Hold Harmless NAVY From Any Loss, Claim, Damage, Or Liability, Of Any Kind, Which May Arise From Navy’s Use, Storage Or Disposal Of The EQUIPMENT. Navy's Entire Liability Is As Stated In The Federal Tort Claims Act, Section 2671 Et Seq.

**Most Common Occurrences.**
- State Agencies (Camera System).
- Universities (Lasers).
State Agency Case Studies

- CA (LA Harbor Police Camera Surveillance System)

- Florida (UCF CRADA)

- UCSD
  - ESTEP MCAS
  - Microgrid CRADA
  - CEQA
  - NAVFAC
Inherently “Dangerous” CRADA Clients

▼ BEMR
- Simulating Real World Stuff
  - DAQRI
  - https://www.youtube.com/watch?v=tG9FPj1u2HQ
  - Dangerous equipment
- Support Contractors and Interns (When Industry Partner License Incorporated into CRADA)
  - Subject Data/Subject Invention Concerns (Partner IP)

▼ USVs/UUVs
- MCAS (QUALCOMM)
Possible Solutions

▼ What Could Happen?

▼ How Much Control Does Your Client Have?

▪ Software or Hardware CRADA?
▪ SSC Pacific Virtual CRADAs.
  – Real World Dangerous Equipment.
  – UAV’s/USV’s/UUV’s

▼ Negotiated Ambiguity?

▼ Order of Precedence Language.

▪ State/Federal Sovereign Immunity.
▪ Non-Navy/Navy License Terms.

▼ Insurance.

▼ Bailment Agreements.
Patenting Software Inventions

- Biggest Issue Tends to be Patent Eligibility.

  - Whoever Invents Or Discovers Any New And Useful Process, Machine, Manufacture, Or Composition Of Matter, Or Any New And Useful Improvement Thereof, May Obtain A Patent Therefor, Subject To The Conditions And Requirements Of This Title.
Patenting Considerations

- Examiners use most Current Examination Guidelines When Examining Patent Applications, Not Case Law!
  - NC 103922

- In recent remarks at the Intellectual Property Owners Association’s annual meeting, USPTO Director Andrei Iancu proposed a change to how USPTO examiners determine whether a claimed invention satisfies the patent eligibility requirements of 35 USC § 101. Director Iancu emphasized the distinction between categories of invention under § 101 and conditions for patentability under §§ 102, 103, and 112. According to Director Iancu, recent case law has blurred this distinction.
  - “How can a claim be novel enough to pass 102 and nonobvious enough to pass 103, yet lack an ‘inventive concept’ and therefore fail 101? Or, how can a claim be concrete enough so that one of skill in the art can make it without undue experimentation, and pass 112, yet abstract enough to fail 101? How can something concrete be abstract?”
1. Does the claimed invention fall into one of the four categories recited in § 101—process, machine, manufacture and composition of matter? If no, the claim fails § 101. If yes, move to question 2. This is consistent with the current § 101 test.

2. Does the claim recite a basic tool of scientific and technological work—i.e., a law of nature, a natural phenomenon, or an abstract idea?

   Director Iancu listed three categories of abstract ideas:

   - mathematical concepts like mathematical relationships, formulas and calculations,
   - certain methods of organizing human interactions, such as fundamental economic practices, commercial and legal interactions; managing relationships or interactions between people; and advertising, marketing, and sales activities, and mental processes, which are concepts performed in the human mind, such as forming an observation, evaluation, judgment, or opinion.

   If the claim does not recite one of these “basic tools,” it satisfies § 101. If it does, move to question 3.

3. Is the claim “directed to” the basic tool, or does the claim integrate the basic tool into a practical application. If the former, move to question 4. If the latter, the claim satisfies § 101. Notably, “it does not matter if the ‘integration’ steps are arguably ‘conventional’; as long as the integration is into a practical application, then the 101 analysis is concluded.”

4. Does the claim recite additional elements that amount to significantly more than the basic tool? If yes, the claim satisfies § 101. If no, it fails § 101.
More On Director Iancu

- According To Director Iancu, Questions 2 and 3 clarify the first part of the *Mayo/Alice* test, and question 4 is identical to the second part of the *Mayo/Alice* test.

- Further, Using These Four Questions To Determine Whether A Claimed Invention Fits Into A Patent-eligible Category Leaves §§ 102, 103, And 112 To Determine Whether A Claim Meets The Conditions For Patentability:
  - “If Something Is Not Inventive, Then Invalidate It Under 102 Or 103. If Something Is Indefinite, Or Too Broad To Be Fully Enabled Or Described, Then Invalidate It Under 112.”
  - “We Have Decades Of Case Law From The Courts And Millions Of Examinations At The PTO Which Guide Us In Our 102, 103, And 112 Analyses. People Know These Standards And How To Apply These Well-defined Statutory Requirements.”
In the Meantime, What Can You Do?

▼ When filing…

- **Detailed** Background Section!
  - Background Section Is Often Minimized
  - What is the problem being solved

- At least One Device Claim, a Device, comprising…..Tie the Software To a Device On At Least One Group of Claims!!!
  - Pick a Path and Stick With It
  - *Enfish*
    - Improvement To Computer Functionality
    - NC 104188
  - *McRo*
    - NC 103922 (U.S. Patent No. 10,031,520 by Maria Rodas)
When Prosecuting (continued)

- McRo Extends *Enfish* Not Just To Mechanical Operation Of The Computer Itself But Also To The Improvement In Accuracy And Effect Provided By The Computer, i.e., A Set Of “Rules” (Basically Mathematical Relationships) That Improve Computer-related Technology By Allowing Computer Performance Of A Function Not Previously Performable By A Computer But Can Alternatively Relate To The Improvement In Accuracy And Effect Provided By The Computer.

- Use “Set Of Rules” Somewhere In Your Arguments!!!
Amend claims and argue with respect to Examination Guidelines

- Analogize to a specific instance/example cited in the Examination guidelines.  
- Amend Title If Need Be (Affinity Labs v. DirecTV).

BUT….Also Include Case Law, In The Event You Have To Go To Appeal.

Check out Examiner’s stats before Going to Appeal!!

- Examiner Ninja or other sites.
- [https://examiner.ninja/examiners/JORDAN-ANDREW#strategies-tab](https://examiner.ninja/examiners/JORDAN-ANDREW#strategies-tab)
And Finally…

▼ If The Software Invention Is Valuable, Consider Licensing Out Using The Recently Promulgated ONR Format, INSTEAD Of A Patent.

▼ SECNAVINST 5870.2E

▼ Boilerplate???????
Conclusion

Questions?

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