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A Federal Judge's View of the Most Important Changes in Patent Law in Half-A-Century

Robert M. M. Seto

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ARTICLES

A FEDERAL JUDGE'S VIEW OF THE MOST IMPORTANT CHANGES IN PATENT LAW IN HALF-A-CENTURY

*Robert M. M. Seto**

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People who do not know much about patent law—and especially [lawyers]—continue to talk about patents promoting the “Progress of Science and useful Arts” because those are the words they find in the [I]ntellectual [P]roperty [C]lause of the [C]onstitution. Numerous scholars over the years have pointed out the nature and origin of the clause, its balanced construction, and that what it means is that copyrights to authors were to be the means for promoting science, meaning the dissemination of knowledge, while patents were to be the means of promoting the useful arts. The writers of the 1952 [A]ct put that learning into both the House and Senate reports therein. I hope you lawyers will try to preserve that distinction, and prevent backsliding, carrying the knowledge forward one more generation.

*The Late Judge Giles Sutherland Rich*¹

I. INTRODUCTION: THE BIGGEST CHANGE IN PATENT LAWS IN HALF-A-CENTURY

Congress now faces the most radical and cataclysmic change in its patent laws in more than a half century in the Patent Reform Act of 2005 (H.R. 2795).² Its passage would change the landscape of patent law so dramatically that it could be unrecognizable to most of today’s patent practitioners.

It is vital to America’s very existence as an economic power and as the leader of the free world that Congress makes the right decision in this matter. According to the late Judge Giles Sutherland Rich, it is the U.S. Patent System that has made America great.³ He always credited the

1. Giles Sutherland Rich, Judge, U.S. Court for the Federal Circuit Court of Appeals, Speech to the American Patent Law Association (Oct. 3, 1975) (Judge Rich served on his court, on a full-time basis, until he died at the age of 94.).

2. Patent Reform Act of 2005, H.R. 2795, 109th Cong. § 7 (2005).

3. This viewpoint was expressed to this author personally by Judge Rich, during a social visit, in his private judicial chambers, at 717 Madison Place, Washington, D.C. Congress also agreed with Judge Rich. See 15 U.S.C. § 3701 (1)&(2). Congress declared that

[t]echnology and industrial innovation are central to the economic, environmental, and social well-being of the citizens of the United States. Technology and industrial innovation offer an *improved standard of living*, increased public and private sector productivity, creation of new industries and employment opportunities, improved public services and enhanced competitiveness of United States products in world markets.

“United States Patent *Incentive System*” for maintaining America’s very high standard of living, and believed that we would jeopardize that standard of living if we did not continue to protect our patent system.⁴

Yogi Berra said, “It’s like déjà vu all over again.” H.R. 2795, introduced by Representative Lamar Smith (R-TX), Chairman of the U.S. House Subcommittee on Courts, the Internet, and Intellectual Property, revives many of the same old contentious issues that were engendered by Senate Bill 2255—a patent bill introduced back in the mid 1970s during the 93rd Congress.⁵ Back then, many members of the patent bar strongly believed that Senate Bill 2255 did not accomplish any of the six goals of the President’s Commission on the Patent System. These six goals were:

1. To raise the quality and the reliability of the United States patent;
2. To shorten . . . [the] application [period,] from filing to final disposition in the Patent Office;
3. To accelerate the public disclosure of technological advances;
4. To reduce the expenses of litigation;
5. To make United States’ patent practice more compatible with that of other major countries and more consistent with the objectives of the United States’ patent system;
6. To prepare our patent system to cope with the exploding technology foreseeable in the decades ahead.⁶

I will analyze the major provisions of pending H.R. 2795 with a strong magnifying glass and meticulous scrutiny to determine whether it would accomplish the six goals of the President’s Commission on the Patent

Id. (emphasis added). The former President of Massachusetts Institute of Technology also expressed the same concerns as Judge Rich, when he stated, “There is an urgent need for continued innovation to improve the quality of life and to continue economic development.” Jerome Weisner, *Warning: America Can’t Turn Back the Technology Clock*, INC. MAG., May 1, 1977, at 10.

4. See *Asian Patent Filings Rise Sharply*, WALL ST. J., Feb. 3, 2006. More than 134,000 patent applications were filed in 2005, and the United States still led the world last year in new inventions. However, applications from China rose 44%, overtaking Canada, Australia, and Italy. Additionally, applications from Japan rose 24% overtaking Germany, France, and Britain. This indicates that Asian countries are catching up rapidly with the West. See also Michael S. Mireles, Jr., *The United States Patent Reform Quagmire: A Balanced Proposal*, 6 MINN. J.L. SCI. & TECH. 709, 715 (2005) (asserting that patent law reform is necessary because our present patent system is stifling innovation.).

5. See Separate Views of Senator Hiram L. Fong to Accompany S. 2255, Patent Law Revision, 94th Cong. (1975).

6. See S. DOC. NO. 90-5, at 11-12 (1967).

System. In doing so, we will keep in mind the wisdom of the former Chief Judge of the Court of Customs and Patent Appeals,⁷ Judge Eugene Worley, who in 1969 said:

Congress, of course, had no way of knowing in 1952 what lay in the test tube then or what would become a reality tomorrow. But it devised a statute—a model of legislative craftsmanship and foresight—broad enough to anticipate and nourish [t]he technological explosion we have witnessed. Our patent system is a delicate balance of interests; it protects the fruits of the extraordinary efforts it demands of inventors compatibly with the public interest. It has largely fostered the favorable climate resulting in the tremendous strides this country has made in reaching the pinnacle in the worldwide competition in the arts and sciences—from atomic energy to antihistamines, computers to catalysts, lasers to lunar landings.

So it is with no little surprise and concern that one learns of proposed patent “reforms.” I can appreciate, from my own Congressional experience, the difficulty of enacting legislation acceptable to all concerned. However, after having dealt with the patent statutes, particularly the 1952 Patent Act, for nearly twenty years as a member of this court, I have grave misgivings concerning the desirability or need for any substantive change in a system that has worked so well in following the constitutional mandate “to promote the Progress of Science and useful Arts.”⁸

This Article will cover almost all of the important contentious issues raised by H.R. 2795, plus my proposed changes, in the following order: (a) the first-to-file system; (b) the problems inherent in continuation applications; (c) prior user rights; (d) the injunction controversy; (e) limitations upon damages in the context of injunctions; (f) the arguments for nine-month publication; (g) the problems in quantifying damages; (h) elimination of the “best mode” requirement; (i) continuation of injunctions; (j) post-issuance prior art by third parties; (k) pre-issuance submissions by third parties; and (l) proposed changes in the law; (m) new

7. The U.S. Court of Customs and Patent Appeals was one of the two predecessor courts of the U.S. Court of Appeals of the Federal Circuit, which was created on October 1, 1982, in Washington, D.C., by the Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25 (1982).

8. *In re Prater*, 415 F.2d 1393, 1406-07 (C.C.P.A. 1969) (Worley, J., concurring).

opposition proceedings. In addition, this Article will address problems still remaining in H.R. 2795.

Accordingly, I will point out two serious problems with our present patent laws that have not been addressed by Congress in H.R. 2795, and give recommendations to address those problems.

My views on each of the new provisions will be adduced, pro or con, and then addressed according to whether the provisions in the bill as a whole meet the six goals of the President's Commission on the Patent System.⁹

II. THE MOST IMPORTANT PROPOSED CHANGES IN THE PATENT LAWS IN HALF-A-CENTURY

A. *The First-to-File Change*

Present U.S. patent law gives the patent to the "first person to invent" (FTI), rather than the "first to file" (FTF).¹⁰ The change to a FTF system in H.R. 2795¹¹ eliminates many hurdles and solves many problems germane to American inventors. For example, this change lowers high prosecution costs, shortens the lengthy time to obtain a patent, and harmonizes U.S. patent laws that currently conflict with those from the rest of the world, particularly with the European Patent Office and the Japan Patent Office.

Many thorny and subjective problems are subsumed under our present FTI procedure, such as proving actual reduction to practice; proving due diligence; proving the absence of suppression, concealment, and abandonment;¹² and proving the date of conception.¹³ These thorny issues are all eliminated once the pending FTF law is substituted for the FTI law.¹⁴

I understand that the FTF recommendation came from the National Research Council's report.¹⁵ One of the reasons adduced in the report is

9. See S. DOC. No. 90-5.

10. See 35 U.S.C. § 102(a) (2002). For a good discussion of why the United States has stubbornly and also tenaciously held on to the FTI procedure, see generally F. Scott Kief, *The Case for Registering Patents and the Law and Economics of Present Patent Obtaining Rules*, 45 B.C. L. REV. 55, 96 (2003).

11. Patent Reform Act of 2005, H.R. 2795, 109th Cong. § 3 (2005).

12. See 35 U.S.C. § 102(a)-(g).

13. 35 U.S.C. § 102(f) ("he did not himself invent the subject matter sought to be patented").

14. See Patent Reform Act of 2005, H.R. 2795, 109th Cong. (2005).

15. See NAT'L COMM. ON INTELLECTUAL PROP. RIGHTS IN THE KNOWLEDGE-BASED ECON.,

that eliminating the FTI law will also end interference proceedings—in other words, interference litigation—which, as I recall from my early days as a patent attorney, subjected the American inventor to exorbitant legal fees just to determine who was the first inventor to reduce the invention to practice.¹⁶ This high cost was particularly true in cases of chemical and biotechnology patents.¹⁷

Therefore, the FTF change¹⁸ contained in H.R. 2795 would help to expedite and simplify the granting of a patent and help lower the cost of obtaining a patent for the majority of inventors affiliated with companies as well as individual inventors.

In my experience, many individual inventors are precluded from obtaining a patent for the invention once the invention is challenged in an opposition proceeding under 35 U.S.C. § 135 because the cost of an opposition proceeding is simply too great.¹⁹ As eminent patent attorney, Tom Arnold, stated in his April 25, 1974 speech before the New Jersey Patent Law Association when presented with the Jefferson Medal for his contribution to the patent system, “[o]ppositions can raise the cost of getting a patent beyond the level of an applicant’s financial capacity for commitment.”²⁰

Andy Klein of the firm Synnestvedt & Lechner indicated at an American Patent Law Association meeting that in just one of his patent applications in Japan, he encountered 147 separate oppositions, which required him to file 147 answering briefs, increasing both the pendency time and the lawyer’s fees involved.²¹ Assuming that each of the 147 oppositions required a ten-page legal answer to respond to each of the oppositions, equaling 1,470 pages of response, taking about 1,470 hours of work, at about \$400 per hour, the total price would be approximately

NATIONAL RESEARCH COUNCIL, A PATENT SYSTEM FOR THE 21ST CENTURY 124-27 (Stephen A. Merrill et al. eds., 2004), available at http://fermat.nap.edu/catalog/10976.html?onpi_newsdoc04192004.

16. See 35 U.S.C. § 135 (Interferences).

17. For a discussion of the complex and subjective sub-issues that arise in an interference proceeding, see generally Charles L. Gholz, *A Critique of Recent Opinions in Patent Interferences*, 85 J. PAT. & TRADEMARK OFF. SOC’Y 401 (2003) [hereinafter Gholz, *A Critique*]. For an overview of interference practice under § 135, see generally Charles L. Gholz, *Interference Practice Strategies*, 85 J. PAT. & TRADEMARK OFF. SOC’Y 531 (2003) [hereinafter Gholz, *Strategies*].

18. Patent Reform Act of 2005, H.R. 2795, 109th Cong. (2005).

19. See Steven J. Frank, *Patent Reform Cacophony*, IEEE SPECTRUM ONLINE (Dec. 2005), <http://spectrum.ieee.org/dec05/2349>.

20. Separate Views of Senator Hiram L. Fong to Accompany S. 2255, Patent Law Revision, 94th Cong. 253 (1975).

21. *Id.*

\$400 x 1,470, or \$588,000—more than half a million dollars in legal fees—just to respond to an opposition proceeding.²²

The prohibitive cost of the opposition proceedings also can delay the issuance of a patent for up to two to three years for the individual inventor, and may delay new, novel, and vital scientific information from being disclosed and shared with the public.²³

Clearly, switching from a FTI to a FTF system will meet all six goals of the President's Commission on the Patent System, and be particularly helpful in achieving the second goal, "to shorten the period of application from filing to final disposition in the Patent Office."²⁴

B. The Problems Inherent in Continuation Applications and the Change

On first blush, "continuation" seems like an innocuous subject that could not cause any serious problems. On the other hand, continuation clearly does not meet the six goals of the President's Commission on the Patent System—especially the goal of shortening the time between filing a patent application and receiving a patent.²⁵ Ordinarily, the average patent application takes twenty-four to thirty months to prosecute.²⁶ However, the patentee may use the continuation procedure to extend unreasonably the prosecution (pendency) of a patent, to as long as forty-four years—almost half a century.²⁷

I presided over two patent trials initiated by Dr. Lemelson, the patentee famous for continuations lasting as long as forty-four years, who decided to sue the United States for using several of his submarine patents without having first paid compensation.²⁸

22. While "cutting and pasting" repetitive issues and answers may save some legal billing hours, the patent attorney will still incur substantial extra time.

23. For a discussion of the complex and subjective sub-issues that arise in an interference proceeding, see generally Gholz, *A Critique*, *supra* note 17, at 401. For an overview of interference practice under § 135, see generally Gholz, *Strategies*, *supra* note 17, at 531. For an opposition proceeding that caused a delay of more than two years in the issuing of a patent, see generally *Eli Lilly & Co. v. Bd. of Regents*, 334 F.3d 1264 (Fed. Cir. 2003).

24. S. DOC. NO. 90-5, at 11 (1967).

25. *Id.*

26. This time period for obtaining a patent was personally experienced by the author while he was a patent attorney for the Monsanto Chemical Company in the 1960s.

27. See, e.g., Stuart J.H. Graham, *Behind the Patent's Veil: Innovator's Uses of Patent Continuation Practice, 1975-2002*, TI:GER Working Paper Series, Oct. 2004, at 9 n.18, available at tiger.gatech.edu/files/gt_tiger_patent.pdf; U.S. Patent No. 5,283,641 (filed June 16, 1993) (issued Feb. 1, 1994) (original application filed Dec. 24, 1954); U.S. Patent No. 5,966,457 (filed Mar. 10, 1992) (issued Oct. 12, 1999) (original application filed Nov. 14, 1955).

28. See *Lemelson v. United States*, 3 Cl. Ct. 161 (1983); *Lemelson v. United States*, 8 Cl. Ct.

“Submarine patents” are held by patentees who delay the issuance of a patent timed precisely to surprise a mature industry. Lemley and Moore define submarine patenting as “intentional delay in the issuance of patents designed to take a mature industry by surprise.”²⁹ “Submarine patents” are so called because they surface to “torpedo” an industry unaware that a patent is actually covering the apparatus or method it is using.

Congress and the federal courts have created several procedures designed to combat the misuse of continuation applications.³⁰ In the last decade, they have changed the term of patents,³¹ ended the secrecy of most patent applications,³² revived the controversial doctrine of written description,³³ and created an entirely new defense the patent infringement: prosecution laches.³⁴ While these changes have helped curtail some of the worst abuses of the continuation process, they have failed to cure completely the problem of continuation practice.

More recently, the U.S. Patent and Trademark Office (USPTO) has weighed in on this matter, proposing new rules in January 2006 that would greatly restrict the use of continuations in patent prosecution. The revised rules “would require that second or subsequent continued examination filings . . . be supported by a showing as to why the amendment, argument, or evidence presented could not have been previously submitted.”³⁵ They

789 (1985). This judge ruled for the defendant in both patent cases. *Lemelson*, 3 Cl. Ct. At 790.

29. Mark A. Lemley & Kimberly A. Moore, *Ending Abuse of Patent Continuations*, 84 B.U. L. REV. 63, 79 (2004).

30. It is interesting to note that one of Lemelson’s defendants was so angry at him that the defendant actually charged Lemelson with violating the RICO statute: “Defendant DG by way of a RICO counterclaim asserts that Lemelson and his agents have, through acts of mail and wire fraud, unlawfully exploited the U.S. patent system.” *Lemelson v. Wang Labs., Inc.*, 874 F. Supp. 430, 431 (D. Mass. 1994).

31. *See* Uruguay Round Agreements Act, Pub. L. No. 103-465, tit. V, § 532, 108 Stat. 4809, 4983-84 (1994).

32. *See* American Inventors Protection Act of 1999, Pub. L. No. 106-113, Div. B § 1000(a)(9) tit. IV, § 4502, 113 Stat. 1501, 1501A-561 (1999).

33. *See* *Vas-Cath, Inc. v. Mahurkar*, 935 F.2d 1555, 1568-64 (Fed. Cir. 1991).

34. *See* *Symbol Techs, Inc. v. Lemelson Med., Educ.*, 277 F.3d 1361, 1364-66 (Fed. Cir. 2002). The Federal Circuit held that “prosecution laches” is a viable defense based upon a Supreme Court precedent nearly eighty years in age. *See id.* at 1364. The defense renders unenforceable patents that spent an unreasonable amount of time in prosecution without sufficient explanation, and permits the USPTO to reject applications that have unreasonably been delayed by the applicant. *See id.* At 1364-65. The new “prosecution laches” defense may render unenforceable those submarine patents that were not eliminated by other reform efforts or were filed before the reform efforts went into effect.

35. *Changes to Practice for Continuing Applications, Requests for Continued Examination Practice, and Applications Containing Patentably Indistinct Claims*, 71 Fed. Reg. 48 (proposed Jan. 3, 2006) (to be codified at 37 C.F.R. pt. 1).

would also establish a rebuttable presumption that when an applicant or assignee files multiple applications with the same effective filing date, a common inventor, and overlapping disclosures, the applications contain “patentably indistinct”—that is, conflicting—claims.³⁶ In my opinion, this rule change is also a step in the right direction, but unfortunately, would also not completely cure the problems inherent in continuation practice.

In my view, one answer to the continuation problem would be to eliminate “continuation practice” altogether during the prosecution of a patent application. However, I believe this would be a draconian response to a legitimate problem which could be more reasonably resolved by more minimal and practical steps such as requiring publication of all patent applications; placing a time limit on the addition of new claims that burden the scope of the invention; and creating a defense for infringers who independently develop the invention before it was added to the patented claims. Also, Congress should include in any legislation a reasonable standard for time spent in prosecution, and indicate that prosecution for a longer period should establish a rebuttable presumption of prosecution laches. This would encourage the courts to add some rigor to the prosecution laches defense by providing a baseline against which any judge may test the reasonableness of any particular patentee’s delays.³⁷

The Federal Circuit recently decided that fourteen of Dr. Lemelson’s patents relating to machine vision and bar code technologies were unenforceable under the doctrine of prosecution laches.³⁸ The Federal Circuit, in affirming a decision by the District Court for Nevada, held that Lemelson’s eighteen- to thirty-nine-year delay in executing his patent claims was unreasonable, and found the patents unenforceable.³⁹ The Federal Circuit’s decision was dated September 9, 2005, after a host of companies had already paid Dr. Lemelson and his heirs a combined \$1.5 billion in licensing fees.⁴⁰

Between 1954 and 1956, Lemelson filed patent applications disclosing methods and an apparatus relating to magnetic recordings. In the following decades, Lemelson filed continuation-in-part applications for an additional fourteen patents having to do with bar code technology. From these

36. *Id.*

37. *See generally* Lemley & Moore, *supra* note 29, at 77 n.48 (citing eight Lemelson patents with prosecution life ranging from 38.76 to 44.33 years).

38. *Symbol Techs, Inc. v. Lemelson Med. Educ. & Research Found.*, 422 F.3d 1378, 1380 (Fed. Cir. 2005).

39. *Id.* at 1386.

40. *See* Brigid McMenamin, *Depth Charge*, FORBES, May 13, 2002, at 56 (noting potential change to patent law based on ancient principle).

patents, his foundation collected royalties from more than 400 companies worldwide. His critics alleged that Lemelson had revised his applications and claims after identifying industry trends, and then laying claims to new technological trends already in use.

In 1998, the Lemelson Foundation, the current holder of Lemelson's patents, accused several technology customers, stating that the use of certain products produced by Symbol Technologies infringed Lemelson's patents. Symbol Technologies was a major supplier of machine vision systems and was afraid that it would be forced to indemnify its customers should any of the patents be found invalid. Accordingly, Symbol Technologies filed a declaratory judgment action against Lemelson in response to his accusations of patent infringement. Symbol Technologies also asserted that the patents were unenforceable by prosecution laches and inequitable conduct before the USPTO.

The district court, in a decision by U.S. District Judge Phillip Pro, found that the evidence at trial was abundantly clear that machine vision and bar code technology had been developed by many inventors who had never heard of the Lemelson patents.⁴¹ Moreover, the Federal Circuit, affirming the district court's reasoning, applied the doctrine of prosecution laches in finding Lemelson's patents unenforceable.⁴²

The Federal Circuit also found that Lemelson had engaged in "culpable neglect" during the prosecution of his numerous patent applications.⁴³ Additionally, the federal court recognized the adverse effect on businesses that were unable to determine what was and was not patented due to a lack of reasonable notice from the USPTO. Writing for the panel, Judge Alan Lourie said: "[m]ultiple examples of repetitive refileing that demonstrate a pattern of unjustifiable delayed prosecution may be held to constitute laches."⁴⁴

As an aside, the court noted that the lengthy, elapsed time period was not what the patent statute intended when it allowed for continuation and continuation-in-part applications. This was the first time that the Federal Circuit had ever made patents unenforceable under the doctrine of prosecution laches.⁴⁵

On a final note, one of Lemelson's corporate defendants in a separate infringement case was so enraged at what it perceived to be such egregious

41. *Symbol Techs, Inc. v. Lemelson Med. Educ. & Research Found.*, 301 F. Supp. 2d 11147, 1156 (D. Nev. 2004).

42. *Symbol Techs*, 422 F.3d at 1386.

43. *Id.* at 1384-86.

44. *Id.* at 1385.

45. *See id.* at 1385.

conduct that it charged Lemelson with violating the RICO statute, counterclaiming that he “unlawfully exploited the U.S. patent system by using it to extort money through threat of legal action.”⁴⁶ Lemelson’s strategy, though controversial, irregular, and different, was financially successful; he and his heirs have amassed \$1.5 billion in royalties from licensing his patents.⁴⁷

C. “Prior User Rights” Proposed Change

Section 273(b) of the current patent code, entitled “Defense to Infringement,” reads:

It shall be a defense to an action for infringement under section 271 of this title [35 U.S.C.S. § 871] with respect to any subject matter that would otherwise infringe one or more claims for a method in the patent being asserted against a person, if such person had, acting in good faith, actually reduced the subject matter to practice at least 1 year before the effective filing date of such patent, and commercially used the subject matter before the effective filing date of such patent.⁴⁸

This is called the “first inventor defense” which was first established by the American Inventors Protection Act of 1999.⁴⁹

Patent law, however, does not favor trade secret holders who make a secret commercial use of an invention rather than publicly disclosing their inventions to advance the useful arts. Therefore, patent law provides that any inventor who makes a secret commercial use of an invention for more than one year prior to filing at the USPTO forfeits his right to a patent.⁵⁰ This policy is essentially based upon the desire to provide an incentive to inventors to disclose their invention. They have the right, under trade secret law, not to disclose their invention—if they believe that it can be

46. *Lemelson v. Wang Labs., Inc.*, 874 F. Supp. 430, 431 (D. Mass. 1994) (RICO counterclaim filed by Data Gen. Corp.). This opinion dealt strictly with pretrial motions and filings, and no later history of this case is available, indicating that it was most likely settled out of court. *See id.*

47. *McMenamin*, *supra* note 40, at 56.

48. 35 U.S.C. § 273(b)(1) (1999).

49. *See American Inventors Protection Act of 1999*, Pub. L. No. 106-113, Div. B § 1000(a)(9) tit. IV (§ 4302), 113 Stat. 1501, 1501A-556-57 (1999).

50. *See* 35 U.S.C. § 102(b) (2002); *see, e.g., Metallizing Eng’g Co. v. Kenyon Bearing & Auto Parts Co., Inc.*, 153 F.2d 516, 520 (2d Cir. 1946).

kept secret longer than the period of exclusivity granted by the patent system of twenty years after the filing of the patent application.⁵¹

One of the classic examples given by patent law professors is the formula for Coca-Cola, which The Coca-Cola Company has maintained as a trade secret. To this day, no one outside of the company knows the secret recipe to Coca-Cola, but if it had been patented, it would have been placed in the public domain more than twenty years ago.⁵² Another example is the recipe for Kentucky Fried Chicken, also a trade secret that has been preserved more than twenty years.

However, because trade secrets do not advance the useful arts, the law does not encourage them, and therefore patent law has established that prior secret uses do not defeat the patents of later inventors.⁵³ As the Federal Circuit said in *Gore v. Garlock*:

Early public disclosure is a linchpin of the patent system. As between a prior inventor who benefits from a process by selling its product but suppresses, conceals, or otherwise keeps the process from the public, and a later inventor who promptly files a patent application from which the public will gain a disclosure of the process, the law favors the latter.⁵⁴

Suppose that Inventor A develops and makes commercial use of a new manufacturing process. Inventor A does not choose to claim patent protection, but instead chooses to maintain a trade secret. Many years later, Inventor B independently develops the same manufacturing process and promptly files a patent application. Under these circumstances, Inventor A's earlier trade secret manufacturing process use does not prevent Inventor B from obtaining a patent. Furthermore, if the USPTO approves the patent application, then Inventor A faces infringement liability if Inventor B should file suit against him.

However, the American Inventors Protection Act⁵⁵ added a new twist to this scenario. That statute in part provided a defense for Inventor A if Inventor A had "a method of conducting business" that was later patented

51. 35 U.S.C. 154(b) (2002).

52. *Id.*

53. *See, e.g.,* W.L. Gore & Assocs., Inc. v. Garlock, Inc., 721 F.2d 1540, 1550 (Fed. Cir. 1983).

54. *Id.*

55. American Inventors Protection Act of 1999, Pub. L. No. 106-113, Div. B, § 1000(a)(9) [tit. IV (§§ 4001-4808)], 113 Stat. 1536, 1501A-556 (1999).

by Inventor B.⁵⁶ By limiting this defense to patenting methods of doing business, Congress responded to the 1998 Federal Circuit opinion of Judge Rich in *State Street Bank*.⁵⁷ This landmark opinion first recognized that business methods could be patented, thereby putting in jeopardy commercial enterprises that had used such business methods but kept them as trade secrets.

For example, suppose that Inventor A develops and exploits a new method of doing business, and Inventor A maintains his business method as a trade secret. Many years later, Inventor B independently develops the same business method and files a patent. Even following the enactment of the American Inventors Protection Act, Inventor A's earlier trade secret use would not prevent Inventor B from procuring a patent. However, should the USPTO approve Inventor B's patent application, and if Inventor B should sue Inventor A for infringement, Inventor A may potentially claim the benefit of the first inventor defense. If successful, Inventor A would enjoy a complete defense against Inventor B's patent claim.

As originally enacted, the first inventor defense only applies to patents claiming a "method of doing or conducting business." Obviously this is a direct response to the *State Street Bank* decision that specifically allowed the use of a "method or process" patent for doing business.⁵⁸ Although the American Inventors Protection Act did not define the term, the first inventor defense was arguably a focused provision, directed to a specific group of patent infringers.

The pending H.R. 2795 would expand upon the first inventor's defense by allowing it to apply to all patented subject matter.⁵⁹ It would: "(1) [delete] the requirement for reduction to practice at least one year before patent filing; (2) delete a limitation to 'methods of doing or conducting business,' and (3) [extend] prior user rights to 'substantial preparations for commercial use.'"⁶⁰ By also removing the current restrictions referring to "methods of doing business," H.R. 2795 would effectively introduce "all prior user rights" into U.S. patent law.

56. 35 U.S.C. § 273(b) (1999).

57. See *State St. Bank & Trust Co. v. Signature Fin. Group*, 149 F.3d 1368, 1375-77 (1998).

58. See 35 U.S.C. § 101 (2006).

59. Patent Reform Act of 2005, H.R. 2795, 109th Cong. § 9(a)(2)(A)(i) (2005). The bill initially would also remove the requirement that the prior use be reduced to practice at least one year after the effective filing date of patent. See *id.* at § 9(a)(2)(A)(ii). Under H.R. 2795, the pending bill, the defense would apply where reduction to practice occurred merely prior to the patent's filing date. See *id.*

60. Intellectual Property Owners Association, *Patent Reform Legislative Summaries*, IPO DAILY NEWS, Oct. 5, 2005.

I believe this pending change in the new bill will not “raise the quality and the reliability of the U.S. Patent,”⁶¹ because it creates a specter of uncertainty over all patents. They would be open to challenges by many unscrupulous competitors who may have invented the invention prior to the filing date of the patent, but had just kept it secret for a very long time. This pending change would also not “shorten the period of application from filing to final disposition of the Patent Office”⁶² and would not “accelerate the public disclosure of technological advances” because it would not motivate people who made inventions to disclose those inventions to the public so as to advance the science of the useful arts.

To the contrary, it would discourage inventors from coming forth and revealing their inventions for the advancement of the useful arts, and encourage them to keep the inventions secret for their own profitable use. The pending change would not “reduce the expenses of litigation,”⁶³ since it would increase litigation and encourage competitors to challenge a patent by simply asserting that they found someone who made an invention prior to the filing date.

Therefore, this particular pending change would not meet the goals of the President’s Commission on the Patent System,⁶⁴ but would fail, thereby earning disfavor toward the pending change.⁶⁵ Obtaining a patent and exercising the exclusive rights associated with the patent are rights that our Founding Fathers felt were very important to the foundation of our commercial society.⁶⁶

D. *The Injunction Controversy and the Change*

Under present law, courts with proper jurisdiction over patent infringement cases “may grant injunctions in accordance with the principles of equity to prevent the violation of any rights secured by patent, on such terms as a court deems reasonable.”⁶⁷ H.R. 2795, the pending Patent Act, would add the following additional language to the statute:

61. S. DOC. NO. 90-5, at 9-11 (1967).

62. *Id.*

63. *Id.* at 11-12.

64. *Id.*

65. For a good discussion, see generally *Prior User Rights*, 34 IDEA 117 (1994); Carl Shapiro, *Patent System Reform: Economic Analysis and Critique*, 19 BERKELEY TECH. L.J. 1017 (2004).

66. See U.S. CONST. art. I, § 8, cl. 8; see also 15 U.S.C. § 3701 (2000).

67. 35 U.S.C. § 283 (2006); see also Brief for Respondents at 15, 20, 27; *EBay, Inc. v. MercExchange, L.L.C.*, 126 S. Ct. 773 (2005) (No. 05-130), 2006 WL 622506.

In determining equity, the court shall consider the fairness of the remedy in light of all the facts and the relevant interests of the parties associated with the invention. Unless the injunction is entered pursuant to a nonappealable judgment of infringement, a court shall stay the injunction pending an appeal upon an affirmative showing that the stay would not result in irreparable harm to the owner of the patent and that the balance of hardships from the stay does not favor the owner of the patent.⁶⁸

Under current law, the courts ordinarily grant permanent injunctions to parties that prevail in infringement litigation at the trial court level. As the Federal Circuit recently remarked:

Because the “right to exclude recognized in a patent is but the essence of the concept of property,” the general rule is that a permanent injunction will issue once infringement and validity have been adjudged [by the trial judge]. To be sure, “courts have in rare instances exercised their discretion to deny injunctive relief in order to protect the public interest.”⁶⁹

“Thus, we have stated that a court may decline to enter an injunction when ‘a patentee’s failure to practice the patented invention frustrates an important public need for the invention,’ such as the need to use an invention to protect public health.”⁷⁰

Only a few judicial opinions have declined to grant injunctions against adjudicated patent infringers under present law. The usual exception cited as a precedent is *City of Milwaukee v. Activated Sludge, Inc.*,⁷¹ where the Seventh Circuit refused to enjoin the infringement of a method patent for sewage treatment.⁷² If the City of Milwaukee had been prevented from using the patent invention, it would have been forced to dump large quantities of raw sewage into Lake Michigan. Observing that “the health and the lives of more than half a million people are involved,” the circuit court denied the requested injunction.⁷³ Likewise, in *Vitamin Technologists*

68. Patent Reform Act of 2005, H.R. 2795, 109th Cong. § 7 (2005).

69. *Rite-Hite Corp. v. Kelley, Inc.*, 56 F.3d 1538, 1547 (Fed. Cir. 1995); see *Roche Prods., Inc. v. Bolar Pharm. Co.*, 733 F.2d 858, 865-66 (Fed. Cir. 1984) (“standards of the public interest, not the requirements of private litigation, measure the propriety and need for injunctive relief”).

70. *MercExchange, L.L.C. v. eBay, Inc.*, 401 F.3d 1323, 1338 (Fed. Cir. 2005) (internal citations omitted); *Rite-Hite Corp.*, 56 F.3d at 1547.

71. 69 F.2d 577 (7th Cir. 1934).

72. *Id.* at 593.

73. *Id.*

v. Wisconsin Alumni Research Found.,⁷⁴ involving a patent claiming a method of irradiating foods to increase Vitamin D content, and thus helping to prevent rickets in poor children, the circuit court discussed the concept that injunctions should be refused if they would compromise public health concerns.⁷⁵

1. Some Trial Courts Have Delayed the Effective Date of the Injunctions

Some courts have taken a different procedure by delaying the effective date of a permanent injunction rather than refusing it altogether. In *Schneider (Europe) AG v. SciMed Life Systems, Inc.*,⁷⁶ the adjudicated infringer marketed a rapid exchange catheter used by surgeons. While the court found no evidence in the record that the infringing product was more safe or superior to other catheters on the market, the court recognized that some physicians strongly preferred the infringing product. Moved by pragmatism, the court opted to grant a permanent injunction effective one year after the grant of judgment. The district court reasoned that a year-long transition period would allow physicians to switch from the infringing product with minimal disruption, at least, in comparison with the immediate imposition of an injunction. The district court provided that the patentee would receive an escalating royalty during the transition period, thereby giving the infringer a compulsory license, with increasing royalties, for a twelve-month term.⁷⁷

2. BlackBerry Service Would Not Be Affected

In a very recent case, a U.S. District Judge stopped short of making a decision to issue an injunction against Canadian technology company, Research In Motion (RIM), and halting its BlackBerry wireless e-mail service to three million users, after holding that its device infringed the claims of five patents held by NTP, Inc., a patent holding company in Northern Virginia.⁷⁸ In 2003, the Judge granted an injunction that would have stopped the U.S. sales of BlackBerry devices and shut down BlackBerry service, but stayed the injunction pending the appeal.⁷⁹ NTP

74. 146 F.2d 941 (9th Cir. 1945).

75. *Id.* at 946.

76. 852 F. Supp. 813 (D. Minn. 1994).

77. *Id.* at 862.

78. Matt Walcoff, *RIM's Day of Judgment*, THE RECORD (Kitchener-Waterloo, Ont.), Feb. 24, 2006, at A1.

79. NTP, Inc. v. Research in Motion, Ltd., No. Civ.A. 3:01CV767, 2003 WL 23100881, at

had filed a patent infringement suit against RIM in 2001 in the U.S. District Court for the Eastern District of Virginia. As a result, a jury found for NTP in 2003, and the parties reached a tentative settlement of \$450 million in 2005.⁸⁰

It is interesting to note that immediately after RIM lost its patent case—once the jury held the five NTP patents valid and infringed by RIM—it went on the offensive by filing requests for USPTO reexamination of all five NTP patents used in the trial court's decision.⁸¹ If RIM could persuade the USPTO to declare these five patents not valid, they could defeat the trial court's decision against them, without ever having to go back to court!⁸²

In fact, in early March 2006, the incredible did happen. Despite the USPTO temporarily holding NTP's five patents invalid, worthless, and unable to legally threaten RIM's patents on BlackBerry service, RIM nonetheless settled with NTP for \$612.5 million.⁸³

3. Concerns Over Injunctions

Some writers have expressed concerns over the current state of patent injunction law. It has been observed that, although the patent statute mandates courts to “grant injunctions in accordance with the principles of equity,”⁸⁴ in practice most courts “virtually automatically” issue injunctions in favor of the victorious patent proprietor.⁸⁵

In the view of some writers, this scenario has encouraged nonconstructive behavior by some speculators. These speculators do not

*1-2 (E.D. Va. Aug. 5, 2003).

80. Walcoff, *supra* note 78, at A1.

81. U.S. Patent No. 5,436,960, Reexam. C.N. 90/006,675 (requested June 24, 2003); U.S. Patent No. 5,438,611, Reexam. C.N. 90/006,676 (requested June 24, 2003); U.S. Patent No. 5,479,472, Reexam. C.N. 90/006,677 (requested June 24, 2003); U.S. Patent No. 5,625,670, Reexam. C.N. 90/006,678 (requested June 24, 2003); U.S. Patent No. 5,631,946, Reexam. C.N. 90/006,679 (requested June 24, 2003); U.S. Patent No. 5,819,172, Reexam. C.N. 90/006,680 (requested June 24, 2003); U.S. Patent No. 6,067,451, Reexam. C.N. 90/006,681 (requested June 24, 2003).

82. Walcoff, *supra* note 78, at A1.

83. *\$612 Million Settlement Announced in Patent Case*, THE VIRGINIAN-PILOT (Norfolk, Va.), Mar. 4, 2006, at D1. The only scintilla of a threat left in NTP's legal arsenal was one appeal to the Federal Circuit, where the odds would favor the USPTO because no additional evidence could be introduced at that level.

84. 35 U.S.C. § 283 (2006).

85. See W. David Westergard, *Remedying the Growing Abuse of the Patent System Through Targeted Legislation*, in CONFERENCE PAPERS ON INTERNATIONAL INTELLECTUAL PROPERTY LAW AND POLICY (Fordham Law School, Mar. 31, 2005).

themselves provide goods and services, and thus do not acquire their patents in order to protect their own markets; rather, they are said to use patents to threaten legitimate manufacturers and service providers.⁸⁶ Because such unproductive speculators may legally threaten to halt the use of patented inventions entirely, by use of their paper patents, the accused infringers may enter into a license for these paper patents in order not to lose business and money.⁸⁷ This practice is often called “trolling,” after the creatures from folklore who would emerge from under a bridge in order to waylay travelers and seek a toll for crossing the bridge.⁸⁸

Other writers take a contrary viewpoint, observing that not all patentees who choose not to practice their inventions are opportunistic speculators. For instance, some individuals or firms may lack the expertise or resources to produce a patented product, or have other sound business reasons not to do so, such as lack of funding. In addition, the Federal Circuit explained, “[a] patent is granted in exchange for a patentee’s disclosure of an invention, not for the patentee’s use of the invention. There is no requirement in this country that a patentee make, use, or sell its patented invention.”⁸⁹

Still, other patent commentators view patents as time-limited property rights.⁹⁰ Under this view, infringers must be properly enjoined so that the patent owner’s exclusive rights to make, use, or sell, its patented invention may be preserved. Failing to enjoin infringers may also diminish the incentives needed by investment bankers who would otherwise assist the patentee with development of his invention.

Viewing a patent as a property right arguably suggests that an injunction is a suitable remedy for a violation of that right, and that these alternative conceptions of the patent grant do not so strongly imply that courts should enjoin infringers as a matter of course. It is interesting to note that even traditional properties such as real estate, are prospectively subject to numerous limitations, including but not limited to easements, zoning restrictions, servitudes, and inverse condemnation.

86. See Lemley & Moore, *supra* note 29, at 79-80.

87. See *id.*

88. See Loraine Woelert, *A Patent War is Breaking Out on the Hill*, BUS. WEEK, July 4, 2005, at 45.

89. *Rite-Hite Corp. v. Kelley Co., Inc.*, 56 F.3d 1538, 1547 (Fed. Cir. 1995).

90. See generally Frank H. Easterbrook, *Intellectual Property Is Still Property*, 13 HARV. J.L. & PUB. POL’Y 108 (1990).

E. Injunctions, Limitations Upon Damages and the Change

H.R. 2795, the pending bill, also addresses the award of damages where the patented invention forms but one component of the infringer's larger commercial product or process:

In determining a reasonable royalty in the case of a combination, the court shall consider, if relevant and among other factors, the portion of the realizable profit that should be credited to the inventive contribution as distinguished from other features of the combination, the manufacturing process, business risks, or significant features or improvements added by the infringer.⁹¹

The proposed "reform" appears to be directed toward concerns about overly generous damage awards in this context. As a federal court adduced:

[I]nventors have learned to abuse the patent system and increase leverage against manufacturers by pursuing "system claims" in the [USPTO]. These clever claims insert the crux of the predator's "innovation" into the larger context than that to which the inventor is rightfully entitled. For example, the abuser may actually have invented a hinge mechanism, but draws the patent claim to a door including the hinge mechanism. In this example, the door, is well known to, and long in use, by the public, but in the subsequent litigation, the patent predator claims entitlement to, and the court awards, damages based on the entire value of the door rather than on the value of the innovative hinge.⁹²

The second observation by the Federal Circuit sheds further light on this proposed reform, H.R. 2795:

Virtually *all* patents are "combination patents," if by that label one intends to describe patents having claims to inventions formed of a combination of elements. It is difficult to visualize, at least in the mechanical-structural arts, a "non-combination" invention, i.e., an invention consisting of a *single* element. Such inventions, if they exist, are rare indeed.⁹³

91. Patent Reform Act of 2005, H.R. 2795, 109th Cong. § 6 (2005).

92. See Westergard, *supra* note 85, at 7 (citation omitted).

93. Stratoflex, Inc. v. Aeroquip Corp., 713 F.2d 1530, 1540 (Fed. Cir. 1983) (emphasis in

Under this second observation, this legislative proposal is full of potentially broad applications. In addition, the required assessment or evaluation of the “inventive contribution” of a single element to a patented combination—rather than base its damages determined upon the claims themselves—would make a chaotic change in U.S. patent law. As the Federal Circuit recently stated, “[i]t is well settled that ‘there is no legally recognizable or protected essential element, gist or heart of the invention in a combination patent.’” Rather, “[t]he invention is defined by the claims.”⁹⁴

I am aware of opposition by not-for-profit universities and similar associations, whereby they claim that the proposed changes in the law governing injunctive relief constitutes “a tilting of the playing field in favor of infringers over the interests of universities, small businesses, and start-up companies.”⁹⁵

F. Nine-Month Publication Change

1. Old Law

Patent law prior to 1995 allowed the applicant to extend his period of secrecy virtually *ad infinitum*. At that time, the patent term was seventeen years after issue, with no requirement that the application be published, thereby allowing a patentee to protect the original priority date for many years from the beginning of the patent application to the final period of its issuance. However, in 1995, Congress changed the law for measuring the term of a patent, intending with the legislation to alter the incentives for applicants to use continuation patents. In part to harmonize America’s law with the laws of its international trading partners, the new patent law increased the patent term from seventeen to twenty years.⁹⁶ Partly in order to eliminate or dissuade the use of submarine strategies (Lemelson

original).

94. *Allen Eng’g Corp. v. Bartell Indus.*, 299 F.3d 1336, 1345 (Fed. Cir. 2002) (internal citations omitted).

95. See Patent Act of 2005: Hearing Before the Subcomm. of Courts, the Internet, and Intellectual Property, 109th Congress (2005) (Statement of Carie Gulbransen, Managing Director, Wisconsin Alumni Research Foundation); Comment on H.R. 2795 submitted to Rep. Lamar Smith, Chairman, House Judiciary Subcommittee on Courts, the Internet, and Intellectual Property, June 23, 2005 [hereinafter Association Testimony]. The same comments were submitted to the Senate Judiciary Committee, Subcommittee on Intellectual Property. See Patent Act of 2005: Hearings on H.R. 2795 before the Senate Judiciary Subcommittee on Intellectual Property, 109th Congress (2005) (statement of Charles E. Phelps, Univ. of Rochester).

96. 35 U.S.C. § 154(a)(2) (2002).

strategies),⁹⁷ the new patent act offered patentees some additional *de jure* length, but required that the longer patent term be measured from the application date to the issue date.⁹⁸ For all practical purposes, this change reduced the patent term for all applications pending in the USPTO for greater than three years.⁹⁹ This change in the patent term was intended to eliminate submarine patent incentives by forcing the patentee to “trade off” secrecy for extended protection.

In 1999, the American Inventors Protection Act¹⁰⁰ required that applications be published after eighteen months, thus bringing the U.S. patent laws on publication into harmony with the patent laws of major foreign jurisdictions.¹⁰¹ However, lobbying by small and independent inventors created the following loophole: patent applications made in the United States, and not also filed in a foreign country, were exempted from the U.S. publication requirement in eighteen months.¹⁰² Thus, if a U.S. applicant waived his right to file in all foreign countries, he would not have his patent application published after eighteen months, rather it would remain secret the whole time, if it survived prosecution by the USPTO.¹⁰³ According to USPTO reports and data, only sixty-five percent of applications filed in 2001 have been published, that is, only sixty-five percent of applicants have said that they would also file their particular application abroad.¹⁰⁴

2. Present Law

Under section 122 of the patent statute:

[E]ach application for a patent shall be published in accordance with procedures determined by the Director, promptly after the expiration of a period 18 months from the earliest filing date for which a benefit is sought under this title. At the request of the

97. Lemley & Moore, *supra* note 29, at 80.

98. 35 U.S.C. § 154(a)(2) (2002).

99. *Id.*

100. Pub. L. No. 106-113, Div. B, § 1000(a)(9) tit. IV § 4502, 113 Stat. 1501, 1501A-561-62 (1999).

101. 35 U.S.C. § 122(b)(1) (2000).

102. 35 U.S.C. § 122(b)(2)(B)(i) (2000).

103. *See id.*

104. *See* U.S. GEN. ACCOUNTING OFFICE, PATENTS: INFORMATION ABOUT THE PUBLICATION PROVISIONS OF THE AMERICAN INVENTOR PROTECTION ACT 4 (2004).

applicant, an application may be published earlier than the end of such 18-month period.¹⁰⁵

Section 122 also sets forth exceptions for the eighteen-month mandatory publication. They are:

1. no longer pending;
2. subject to a secrecy order under section 181 of this title;
3. if provisional application filed under section 111(b) of this title;
or
4. an application for a design patent filed under chapter 16 of this title.¹⁰⁶

The statute goes on to say in section 122(b)(2)(B)(i):

[I]f an applicant makes a request upon filing, certifying that the invention disclosed in the application, has not and will not be the subject of an application filed in another country, or under a multi-lateral international agreement, that requires publication of applications 18 months after filing, the applications shall not be published as provided in paragraph (1).¹⁰⁷

3. Pending Legislation

The proposed patent reform would require that all U.S. patent applications be published eighteen months after the application's earliest priority date. This would ensure the timely notice of inventions and intent to patent, allowing competitors to avoid potential infringement problems. It also requires public disclosure of the invention before the patent is granted. This reform, however, would eliminate an opportunity for U.S. applicants to test the waters of patent protection and competition. For example, if early prosecution suggests that a patent is too hard to obtain from the patent office, the applicant may opt to abandon the patent application, and because the application is still secret, he can retain the trade secret and protect it from discovery as a trade secret. Under present law, the applicant still has the option to keep the invention a trade secret, such as Coca-Cola's secret formula and KFC's formula for its eleven herbs and spices.

105. 35 U.S.C. § 122(b)(1)(A) (2000).

106. 35 U.S.C. § 122(b)(2)(A)(i)-(iv) (2000).

107. 35 U.S.C. § 122(b)(2)(B)(i) (2000).

G. *Limitation on Damages Change*

1. Present Law

Present law covered under section 287 of the patent statute entitled “Limitation on Damages and Other Remedies; Marking and Notices” speaks about damages as a whole package and does not attempt to dissect this package into smaller discrete packages. Section 287(a) states that

Patentees, and persons making, offering for sale, or selling within the United States any patented article for or under them, or importing any patented article into the United States, may give notice to the public that the same is patented, either by fixing thereon the word “patent” or the abbreviation “pat.,” together with the number of the patent, or when, from the character of the article, this can not be done, by fixing to it, or to the package wherein one or more of them is contained, a label containing a like notice.¹⁰⁸

Section 287(b)(2) goes on to say that

No remedies for infringement under section 271(g) of this title shall be available with respect to any product in the possession of, or in transit to, the person subject to liability under such section before that person had notice of infringement with respect to that product. The person subject to liability shall bear the burden of proving any such possession or transit.¹⁰⁹

Section 287(b)(3)(A) states further,

[I]n making a determination with respect to the remedy in an action brought for infringement under section 271(g), the court shall consider—

- (i) the good faith demonstrated by the defendant with respect to a request for disclosure,
- (ii) the good faith demonstrated by the plaintiff with respect to a request for disclosure, and

108. 35 U.S.C. § 287(a) (1999).

109. 35 U.S.C. § 287(b)(2) (1999).

- (iii) the need to restore the exclusive rights secured by the patent.¹¹⁰

The present statute also has a time limitation on damages in section 286, which states “no recovery shall be had for any infringement committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action.”¹¹¹

2. Pending Legislation

The pending legislation would also address the award of damages where the patented invention forms only one component of the infringer's larger commercial product or process. As explained by H.R. 2795,

In determining a reasonable royalty in the case of a combination, the court shall consider, if relevant and among other factors, the portion of the realizable profit that should be credited to the inventive contribution as distinguished from other features of the combination, the manufacturing process, business risks, or significant features or improvements added by the infringer.¹¹²

The proposed reform appears to be directed toward correcting the overly generous damages awarded for patent infringement where, for example, the patented infringement only occurs in five percent of a combination patent but ninety-five percent of the combination is not infringed. One writer has asserted:

[I]nventors have learned to abuse the patent system and increase leverage against manufacturers by pursuing “system claims” in the Patent and Trademark Office. These clever claims insert the crux of the predator's “innovation” into much larger contexts than that to which the inventor is rightfully entitled. For example, the abuser may actually have invented a hinge mechanism, but draws the patent claim to a door including the hinge mechanism. In this example, the door is well known to, and long in use by, the public, but in the subsequent litigation, the patent predator claims

110. 35 U.S.C. § 287(b)(3)(A) (1999).

111. 35 U.S.C. § 286 (2006).

112. Patent Reform Act of 2005, H.R. 2795, 109th Cong. § 6 (2005).

entitlement to, and the court awards, damages based on the entire value of the door rather than on the value of the innovative hinge.¹¹³

To throw more light on this prospective reform, we turn to the Federal Circuit, which has explained that:

[V]irtually *all* patents are “combination patents”, if by that label one intends to describe patents having claims to inventions formed of a combination of elements. It is difficult to visualize, at least in the mechanical-structural arts, a “non-combination” invention, i.e., an invention consisting of a *single* element. Such inventions, if they exist, are rare indeed.¹¹⁴

Under this viewpoint, this legislative proposal is of very generic and broad application. Further the required assessment of “inventive contribution” of a patented combination—rather than base its damages determination upon the claims themselves—would mark a radical change in America’s patent laws. As the Federal Circuit recently stated, “[I]t is well settled that “there is no legally recognizable or protected ‘essential’ element, ‘gist’ or ‘heart’ of the invention in a combination patent.” Rather, “[t]he invention’ is defined by the claims.”¹¹⁵

3. The President’s Commission

It would appear that the imposition of the mandatory task upon the federal judge of determining what “portion of the realizable profit that should be credited to the inventive contribution as distinguished from other features of the combination, the manufacturing process, business risks, or significant features or improvements added by the infringer”¹¹⁶ adds a speculative and subjective task for the federal judge that would tend to substantially lengthen the deliberation procedure on damages for the judge. This lengthy addition to what is already a longer period of time than

113. Prospectives on Patents: Hearing before Judiciary Subcomm. on the Judiciary Subcomm. on Intellectual Prop. on “Perspectives on Patents,” 109th Cong., at 8-9 (2005) (statement of Joel L. Poppen, Deputy Gen. Counsel, Micron Tech., Inc.), *available at* http://judiciary.senate.gov/testimony.cfm?id=1475&wit_id=4231.

114. *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1540 (Fed. Cir. 1983) (emphasis in original).

115. *Allen Eng’g Corp. v. Bartell Indus., Inc.*, 299 F.3d 1336, 1345 (Fed. Cir. 2002) (citations omitted).

116. H.R. 2795 § 6.

usual,¹¹⁷ would substantially expand the disposition of a patent lawsuit, thereby increasing the expense of patent litigation.

Any facet of patent litigation that is expanded will also have a concomitant increase in cost, thereby not meeting one of the six goals of the President's Commission on the Patent System, that is to reduce the expenses of litigation. Litigation expenses would have to increase merely because another factor has to be addressed by the judge and the two parties at trial. This particular factor, while not being essential to a patent claim, nevertheless, may give a damage assessment that would be more fair and equitable. However, it is not clear whether this added factor in the patent litigation damage formula would be better overall in meeting the Six Goals of the President's Commission. It definitely does not meet Goal No. 4: "to reduce the expense of obtaining and litigating a patent."¹¹⁸

H. Elimination of Best Mode Change

1. Present Law

In 35 U.S.C. § 112, titled "Specification" and comprising six paragraphs, the first paragraph, which refers to the "best mode," reads as follows:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art, to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the *best mode* contemplated by the inventor of carrying out his invention.¹¹⁹

It is interesting to note that Professor Harold C. Wegner believes that section 112 of the 1952 Patent Act was drafted in a "geographical vacuum, with unique and creative solutions sought that found no basis in the practice of any foreign country."¹²⁰

117. This judge always found that patent cases took longer than the other ordinary type of lawsuit and particularly lawsuits for a sum certain based upon contracts.

118. See S. DOC. NO. 90-5, at 12 (1967).

119. 35 U.S.C. § 112 (2006) (emphasis added).

120. Harold C. Wegner, *The Disclosure Requirements of the 1952 Patent Act: Looking Back and a New Statute for the Next Fifty Years*, 37 AKRON L. REV. 243, 244 (2004). He was also the former Director of the Patent Law LL.M. program at the George Washington School of Law, in

Accordingly, inventors are required to “set forth the best mode contemplated by the inventor of carrying out his invention.”¹²¹ Failure to disclose the best mode known to the inventor would be grounds for invalidating the issued patent. The patent courts have established a two-part test for analyzing whether an inventor has disclosed his or her best mode for a particular patent. The first question is whether the inventor knew of a way of utilizing the claimed invention that he considered superior to any other—in other words, the best mode. If so, then the patent specification must verify and disclose sufficient information to enable one skilled in the art to practice the best mode.¹²²

Supporters of the best mode requirement have asserted that it allows the public to use the most advantageous implementation of the technology known to the inventor. Accordingly, this disclosure becomes part of the patent specification and may be freely reviewed by those who wish to design around the patented invention. It is therefore said that members of the public, specifically competitors, are better able to compete with the patentee on an equal playing field after the patent expires.¹²³

However, the best mode requirement has encountered severe criticism in recent years.¹²⁴ For example, in 1992, a presidential commission recommended that Congress eliminate the best mode requirement. The Commission argued that patents are statutorily required to disclose “the manner and process of making and using [the invention] in such full, fair, concise and exact terms to enable any person skilled in the arts . . . to make and use the same.”¹²⁵ This requirement called “enablement” was believed to provide sufficient information to achieve the patent law's policy goals of informing all competitors about the manner and means of inventing around the patent.

Washington, D.C.

121. 35 U.S.C. § 112 (2006).

122. See, e.g., *Chemcast Corp. v. Arco Indus. Corp.*, 913 F.2d 923, 926-29 (Fed. Cir. 1990).

123. See Jerry R. Selinger, *In Defense of “Best Mode”: Preserving the Benefit of the Bargain for the Public*, 43 CATH. U. L. REV. 1071, 1097 (1994).

124. See, e.g., Steven B. Walmsley, *Best Mode: A Plea to Repair or Sacrifice This Broken Requirement of United States Patent Law*, 9 MICH. TELECOMM. TECH. L. REV. 125, 156-60 (2002); Wegner, *supra* note 120, at 243-44; see generally Tressa Jennifer James, *Implications of the Best Mode Requirement on Patents Involving Biotechnology*, 2 HOUS. BUS. & TAX L.J. 96, 100-13 (2002); see Toshiko Takenaka, *The Best Patent Practice or Mere Compromise? A Review of the Current Draft of the Substantive Patent Law Treaty and a Proposal for a “First-To-Invent” Exception for Domestic Applicants*, 11 TEX. INTELL. PROP. L.J. 259, 287 (2003).

125. 35 U.S.C. § 101 (2006).

The Commission further indicated that the best mode requirement increases the costs and complexity of patent litigation. As the Commission explained:

The disturbing rise in the number of best mode challenges over the past 20 years may serve as an indicator that the best mode defense is being used primarily as a procedural tactic. A party currently can assert failure to satisfy the best mode requirement without any significant burden. This assertion also entitles that a party may seek discovery on the “subjective beliefs” of the inventors prior to the filing date of the patent application. This broad authority provides ample opportunities for discovery abuse. Given the fluidity by which the requirement is evaluated (e.g., even accidental failure to disclose any superior element, setting, or step can negate the validity of the patent), and the wide ranging opportunities for discovery, it is almost certain that a best mode challenge will survive at least initial judicial scrutiny.¹²⁶

The Commission also reasoned that the best mode at the time of filing for a patent is unlikely to remain the best mode when the patent expires many years later. Because no other patent laws also require the best mode, foreign inventors have questioned the desirability of the best mode requirement in general, and have found the best mode requirement a weakness in U.S. patent laws.

The harbinger of the “best mode” problem was revealed by the Federal Circuit in a series of opinions, the first dealing with two *Enzo Biochem* opinions from 2002 and ending with a *Gentry Gallery* opinion.

2. *Enzo Biochem I*

In *Enzo Biochem, Inc. v. Gen-Probe, Inc. (Enzo I)*,¹²⁷ the Federal Circuit was faced with a summary judgment ruling that a patent would be invalid for failure to be in compliance with the written description requirement of section 112. The Federal Circuit held that the district court properly granted summary judgment because the “patent described the claimed nucleotide sequences only by their function, which is insufficient

126. THE ADVISORY COMMISSION ON PATENT REFORM, A REPORT TO THE SECRETARY OF COMMERCE 101 (1992).

127. *Enzo Biochem, Inc. v. Gen-Probe, Inc.*, 285 F.3d 1013 (Fed. Cir. 2002).

to meet the requirement of § 112.¹²⁸ The Federal Circuit also upheld the judge's finding that the "expert's opinion that the deposited genetic materials could actually have been sequenced, did not cure the actual failure of the inventor to identify the invention by some distinguishing characteristic, such as their structure." The Court held further that the *in ipsius verbis* support for the claims in the specification did not *per se* establish compliance with the written description requirement. The Federal Circuit agreed with the district court's holding that Enzo's "possession" of three nucleotide sequences that it had reduced to practice and deposited, nevertheless, did not satisfy the written description requirement of section 112, paragraph 1. Section 112, of course, requires

a written description of the invention, and the manner and process of making and using it, in such full, clear, and concise terms to enable any person skilled in the art by which it pertains or with which it is most nearly connected to, to make and use the same, and shall set forth the "best mode" contemplated by the inventor for carrying on the invention.¹²⁹

Thus, the Federal Circuit held that the trial judge was correct in holding that the written description required by the patent code, section 112, paragraph 1, was not met, and therefore, the "best mode" requirement was not fulfilled, and accordingly, the patent was not valid.

3. *Enzo Biochem II*

In *Enzo Biochem, Inc. v. Gen-Probe, Inc. (Enzo II)*, the Federal Circuit reversed itself based upon a dissenting opinion by Circuit Judge Dike in its *Enzo I* opinion on July 15, 2002.¹³⁰

In *Enzo II*, the Federal Circuit held that the District Judge erred in granting summary judgment, and finding that the claim composition matter was defined only by its biological activity or function, that is, the ability to hybridize to end *gonorrhoea* in a ratio of about five with respect to *N. meningitides*, which it held was insufficient to satisfy section 112,

128. *Id.* at 1015-16. For a good discussion of the unique problems presented by advanced biotechnology and pharmaceutical patents, see generally Dan L. Burk & Mark A. Lemley, *Policy Levers in Patent Law*, 89 VA. L. REV. 1575, 1577 (2003) (stating that "the [patent] rules actually applied to different industries increasingly diverge. The best examples of such divergence are found in biotechnology . . . where the courts have applied the common legal standards of obviousness, enablement, and written description to reach radically different results").

129. 35 U.S.C. § 112.

130. *Enzo Biochem, Inc. v. Gen-Probe Inc.*, 323 F.3d 956, 960 (Fed. Cir. 2002).

paragraph 1. The District Court had rejected Enzo's argument that the reference in this specification of biological materials in a public depository 'inherently disclosed' that the inventors were in possession of the claimed sequences.¹³¹ Enzo pointed out that the question of whether Enzo complied with the written description required by section 112 was a question of fact, and not a question of law. Enzo argued that "the testimony of its expert, Dr. Wetmer, raised a genuine factual issue whether the reference to the deposits inherently described the claimed nucleotide sequences." In addition, Enzo argued that the "description of the binding affinity of the claimed nucleotide sequences [satisfied]" the written requirement set forth under section 112.

The defendant, on the other hand, responded that the patent described the claimed nucleotide sequences only by their function, which was insufficient to meet the requirements of section 112, paragraph 1. In its opinion regarding section 112, paragraph 1, the Federal Circuit interpreted that section as requiring a "description" of an invention separate from the enablement. Accordingly, the Federal Circuit recognized the severability of the "written description" and the "enablement" provisions of section 112, paragraph 1. The Federal Circuit also had difficulty in *Regents v. Eli Lilly* in defining what is required for a written description as to biotechnology patents in which a gene material has been defined only by its statement of function or result. In that case, the Federal Circuit held that such a statement as to function or result alone did not adequately describe the claimed invention, that is, did not comply with section 112, paragraph 1 requirement for a written description or best mode.¹³²

4. The *Gentry Gallery* Case

In *Gentry Gallery v. Berkline Corp.*,¹³³ the Federal Circuit held that a "written description" requirement that proscribed presenting a generic claim that was fully supported by the specification where the specification indicated that a sub-generic embodiment was considered to be the invention of the application. For example, where the original claims are all directed to a combination of A and B, if there were features in an A-B combination invention, and A alone was novel, then the applicant has the right to the generic claim that comprises A alone, which means that it may cover A by itself, or A with B. Perhaps the specification claims that B was a critical component to a successful commercial realization of the

131. *Id.* at 962.

132. *Regents of the Univ. of Calif. v. Eli Lilly & Co.*, 119 F.3d 1559, 1568 (Fed. Cir. 1997).

133. 134 F.3d 1473 (Fed. Cir. 1998).

invention. This may enhance the patentability to a claim of the A-B combination, but the patent applicant should be entitled to claim A alone—in addition to whatever claims he or she may wish to present to B.

Thus, we see that the Federal Circuit in subsequent cases has had problems with the best mode requirement and written description requirement of section 112 in recent years despite the fact that the problems did not arise earlier because of the simpler inventions around the time of the 1952 Act. However, after several decades passed, it became clear that with the issues that arose in the field of biotechnology, the question of whether the requirement of the written description would be fulfilled merely by mentioning a function of the invention caused a split of opinion in the Federal Circuit, and perhaps called for a change in the law.

I. *Continuation of Injunctions Change*

In general, companies in high technology industries, such as computer software and financial services, typically offer products and services that utilize a multiplicity of patents, that is, a large number of patents are used to protect their method or product. These companies perceive a threat of devastating consequences from having their businesses shut down by an injunction that might issue from a finding of infringement from any one of a hundred patents that might be implicated in a single product or service they offer, or similar consequences from a damage award that far exceeds the contribution of the infringing patent to the value of the final product.¹³⁴

J. *Post Issuance Prior Art by Third Parties Change or Reexamination*

Although the U.S. patent system does not currently include the procedure for submitting prior art by third parties after the patent has issued, the patent system has incorporated a so-called reexamination proceeding since 1980, which may be viewed as the seminal gestation of “post-issuance procedure.”¹³⁵ Many patent commentators have viewed the reexamination proceeding as a limited form of an opposition proceeding. Under the reexamination statute, any individual, including the patentee, a competitor, or the USPTO director, may send a prior art patent or

134. See, e.g., Walcoff, *supra* note 78, at A1 (regarding BlackBerry shutdown).

135. For a brief history of the reexamination system in the United States, see Haitao Sun, *Post-Grant Patent Invalidation in China and in the United States, Europe, and Japan: A Comparative Study*, 15 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 273, 307 (2004).

publication to the USPTO. Under present law, relevant prior art patents or publications may be derived from anywhere in the world.¹³⁶

The USPTO then determines whether this prior art reference raises a “substantial new question of patentability” with respect to an issued patent; and if so, it will reopen the prosecution of the issued patent.¹³⁷ The most relevant section in the present patent code is section 301, entitled “Citation of [P]rior [A]rt,” which reads:

Any person at any time may cite to the Office in writing prior art consisting of patents or printed publications which that person believes to have a bearing on the patentability of any claim of a particular patent. If the person explains in writing the pertinency and manner of applying such prior art to at least one claim of the patent, the citation of such prior art and the explanation thereof will become a part of the official file of the patent. At the written request of the person citing the prior art, his or her identity will be excluded from the patent file and kept confidential.¹³⁸

The present reexamination procedure is a limited reexamination procedure that presently allows third parties to present or submit relevant prior art (publications or patents) to the USPTO, while not unreasonably interfering with the due diligence of the examiner and the progress of the patent application to final issuance.

The seeds of today’s law of reexamination procedure were sown in 1975 by Sen. Hiram L. Fong in his bill S. 214,¹³⁹ which this Judge drafted and which contained a chapter 31 entitled “Prior Art Citations to the Patent Office and Reexamination of Patents.”¹⁴⁰ Section 112 of that bill was the harbinger of section 301 of the current patent code:

Any person may, at any time within the period of enforceability of a patent, cite to the Office prior patents or publications which may have a bearing on the patentability of any claim of the patent, provided that the person citing such prior art identify in writing the parts of the same considered pertinent, and the manner of applying the same to at least one claim of the patent. The writing identifying and applying the same shall become a part of the official file of the

136. 35 U.S.C. § 102(a) (2002).

137. See 35 U.S.C. §§ 301-305 (2006).

138. 35 U.S.C. § 301 (2006).

139. S. 214, 94th Cong. (1975).

140. *Id.* ch. 31.

patent. The identity of the person citing the prior art shall be excluded from such file upon his request to remain anonymous.¹⁴¹

The present legislation would radically change the reexamination concept to the point that it would become a post-issuance opposition proceeding, never before incorporated into U.S. patent law. Opposition proceedings, while common in foreign patent regimes, are in fact patent revocation proceedings that are administered by a national patent office, and often involve a wide range of potential invalidity arguments which would take a prolonged and unreasonable time and incur exacerbating and unreasonable costs for the small inventors and not-for-profit university inventors.

The traditional reexamination proceeding, I believe, is more than adequate to allow third parties to make prior art submissions to the USPTO. These reexamination proceedings are currently conducted in an accelerated fashion on an *ex parte* basis. In addition, following the American Inventors Protection Act of 1999,¹⁴² an *inter partes* examination now also allows the requester to participate more fully in the proceedings with the submission of arguments and the filing of appeals. Many of the foreign reexamination proceedings "may result in a certificate confirming the patentability of the original claims, an amended patent with narrow claims, or a declaration of patent invalidity."¹⁴³

K. Pre-Issuance Submissions by Third Parties Change

For a very long time after the 1952 Patent Act, third parties were denied pre-issue submissions to the Patent Office because the application was kept secret until the application issued as a patent. However, when Congress enacted the American Inventors Protection Act of 1999,¹⁴⁴ the USPTO provided that a patent application would not be published in eighteen months as long as the patentee swore under oath that the application would not be filed in a foreign country. If the patent application were to be filed in a foreign country, the patentee would have his or her application published in the United States within eighteen months.¹⁴⁵ Accordingly, through rulemaking, the USPTO established a

141. *Id.* § 112.

142. See American Inventors Protection Act of 1999, Pub. L. No. 106-113, Div. B, § 1000(a)(9) tit. IV § 4604, 113 Stat. 1501, 1501A-556-57 (1999).

143. John R. Thomas, *Collusion and Collective Action in the Patent System: A Proposal for Patent Bounties*, 2001 U. ILL. L. REV. 305, 326-27 (2001).

144. See American Inventors Protection Act of 1999 § 4302.

145. *Id.*

limited procedure for members of the public to submit information, to the USPTO, prior to the issuance of a patent, that they believed was more pertinent. The submitted information consisted of either a patent or printed publication, and it was required to have been submitted within two months of the date that the USPTO published the pending application. Since November 29, 2000, U.S. Patent applications have been published eighteen months from the date of filing¹⁴⁶ under certain circumstances, that is, that the U.S. patent application was also filed in a foreign country. However, non-documentary information that may be relevant to the patentability determination, such as sales or public use of the invention, would not be considered or accepted by the Patent Office.¹⁴⁷

Note that because Congress stipulated that no protests or pre-grant opposition may occur without the consent of the patent holder, the USPTO has explained that it will not accept comments or explanations concerning the submitted patents or printed publications. If these comments are attached to the pre-issue submissions by the third parties, the USPTO staff will redact them before the submitted documents are forwarded to the examiner.¹⁴⁸

L. *The Proposed Changes in the Law*

H.R. 2795, the pending bill, would greatly expand the possibility for pre-issuance submissions by third parties. Under this bill, any person would be allowed to submit patent documents and other printed publications to the USPTO for its consideration.¹⁴⁹ The prior art must be submitted within the earlier date of either: (1) the date the USPTO issued a notice of allowance to the patent applicant; or (2) six months after the date of pre-grant publication of the application, thus extending the time four months, or the date of rejection of any claim by the USPTO examiner.¹⁵⁰ In addition, such a submission must include a "concise description of the asserted relevance of each submitted document," thus giving a chance for the person who submits the pre-issuance submission to give his or her written argument as to its relevance.¹⁵¹ This presently is not allowed under our law.¹⁵²

146. See 35 U.S.C. §§ 122(b)(1)(A), (b)(2)(B)(i) & (b)(iv) (2000).

147. See 37 C.F.R. § 1.99(d) (2006).

148. See U.S. PATENT & TRADEMARK OFFICE, MANUAL OF PATENT EXAMINING PROCEDURE § 1134.01 (8th ed. May 2004).

149. Patent Reform Act of 2005, H.R. 2795, 109th Cong. § 10 (2005).

150. See *id.*

151. See *id.*

152. For a good discussion of potential solutions to the present problem, see generally Qin Shi,

Some commentators have suggested an even broader type of *inter partes* reexamination which would allow an open-door attack on the validity of a patent such as permitted in section 337 proceedings at the U.S. International Trade Commission, where I once worked as a lead appellate patent counsel.¹⁵³

In respect to whether it meets the President's goals for the Patent System,¹⁵⁴ the author would state that it certainly would delay the granting of a patent from the date of application to the date of issue because there would be more opportunity for delay by third parties submitting prior art consisting of printed publications and patents. I believe that patent examiners right now do a good job of discovering the pertinent prior art, especially the relevant prior art dealing with patents and publications. Accordingly, this change or expansion of the third party prior art opportunity would not meet the goal of shortening the time from patent application to patent issuance.¹⁵⁵ Although the submission of relevant patents and publications might sometimes help the examiners in their search for relevant prior art, and thereby make the subsequent issuing patent stronger, and possibly strengthen the issued patent, I believe these positive expectations do not outweigh the procrastination and unnecessary delay caused by the additional time incurred to scrutinize these extra patents and publications submitted by third parties. Therefore, I conclude that this provision does not meet the goals of the President's Commission on the Patent System.¹⁵⁶

M. *New Opposition Proceeding Change*

1. Present Law

While U.S. patent law does not have a section labeled "Opposition Proceedings," it does have a section that achieves, to a smaller extent, the

Reexamination, Opposition, or Litigation? Legislative Efforts to Create a Post-Grant Patent Quality Control System, 31 AIPLA Q.J. 433, 472 (2003) (stating the newly amended *inter partes* reexamination proposal does not resolve all the problems; we may need a USPTO proceeding, which is likened to the USITC section 337 trials, that "marries *inter partes* reexamination to *inter partes* opposition procedures").

153. See, e.g., Susan Perng Pan, *Considerations for Modifying Inter-partes Reexam and Implementing Other Post-Grant Review*, 45 IDEA 1, 3 (2004) (discussing reexamination as an attempt to provide an alternative to existing law and to encourage litigants to use the USPTO to resolve patentability issues without expanding the process into the courtroom).

154. See S. DOC. NO. 90-5 (1967).

155. See *id.*

156. See *id.*

same type of action—that is, reexamination of patents. The reexamination of patents is covered by sections 301-307 of the Patent Statute, and its initial section, section 301, is entitled “Citation of the Prior Art.”¹⁵⁷

2. Present Section 311 of the Code

Section 311 of the present law, entitled “Request for *Inter Partes* Reexamination,” states, “[a]ny third-party requester at any time may file a request for inter partes reexamination by the Office of a patent on the basis of any prior art cited under the provisions of section 301.”¹⁵⁸ This is a reexamination of the patent after the patent is issued.¹⁵⁹ Thus, it is a post-issuance reexamination, which would be very similar to a foreign full-blown post-issuance opposition proceeding.¹⁶⁰ Under section 311; the request shall:

- (1) be in writing, include the identity of the real party in interest, and be accompanied by payment of an inter partes reexamination fee established by the Director under section 41; and
- (2) set forth the pertinency and manner of applying cited prior art to every claim for which reexamination is requested.¹⁶¹

Section 311(c) states that unless the requesting person is the owner of the patent, the Director shall promptly send a copy of the request to the patentee.¹⁶²

Under the U.S. Patent System, we do not currently have, per se, opposition proceedings as they do in Europe.¹⁶³ Rather, the U.S. Patent System has incorporated reexamination into *inter partes* proceedings since 1980.¹⁶⁴ Commentators have viewed this reexamination proceeding as a

157. See 35 U.S.C. §§ 301-307 (2002-06).

158. 35 U.S.C. § 311(a) (2002).

159. For a good overview of *inter partes* reexamination procedures, see generally Kenneth L. Cage & Lawrence T. Cullen, *An Overview of Inter Partes Reexamination Procedures*, 85 J. PAT. & TRADEMARK OFF. SOC'Y 931 (2003) (providing an analysis of *inter partes* reexamination procedures implemented by the Optional Inter partes Reexamination Procedures Act of 1999).

160. See, e.g., Frederick C. Williams, *Giving Inter Partes Patent Reexamination a Chance To Work*, 32 AIPLA Q.J. 265, 294-95 (2004) (stating that opposition in Europe is so broad that almost any ground on which a patent application can be rejected is a basis for an opposition).

161. 35 U.S.C. § 311(b) (2002).

162. See 35 U.S.C. § 311(c) (2002).

163. See 35 U.S.C. § 311(b) (2002).

164. See 35 U.S.C. § 311 (2002).

more limited form of an opposition proceeding.¹⁶⁵ Under this reexamination statute, any individual, including the patentee, a competitor, or the Director of the USPTO, can cite the prior art patent or printed publication to the patent examiner, and the USPTO must determine whether this reference raises a “substantial new question of patentability” with respect to the patent that was issued.¹⁶⁶

Following the American Inventors Protection Act of 1999,¹⁶⁷ an *inter partes* reexamination allows the requester to participate more fully in the proceedings through the submission of arguments and the submission of appeals. As a result of this reexamination, the USPTO may issue a certificate confirming the patentability of the original patent, or an amended patent with more narrow claims, or a declaration of invalidity.¹⁶⁸ The USPTO is authorized by section 316 of the Patent Act, “Certificate of patentability, unpatentability, and claim cancellation,” to issue summaries of the final conclusion to the post-grant, *inter partes* reexamination currently allowed in the patent code.¹⁶⁹

I believe Congress intended for reexamination proceedings to serve as an inexpensive alternative to patent litigation determination of patent validity. Reexamination also allows further access to the legal and technical expertise of the USPTO after a patent has issued. However, some believe that the reexamination proceedings have been employed too sparingly and question their effectiveness.¹⁷⁰

Some patent analysts have expressed the viewpoint that potential requesters are discouraged from commencing *inter partes* reexamination proceedings due to a statute that limits their future options. Their argument can be summarized as follows: in order to try to discourage abuse of these proceedings, the *inter partes* reexamination statute provides that the third party may not later assert that a patent is invalid “on any ground which [they] raised or could have raised during the *inter partes* reexamination

165. See Thomas, *supra* note 143, at 377 (articulating that statistics indicate that reexamination is more widely employed outside the United States, and foreign reexaminations more often result in findings of patent invalidity than domestic reexaminations). Additionally, foreign opposition proceedings are more accessible than the only *inter partes* proceeding offered by the USPTO pursuant to 35 U.S.C. § 135, the interference section. Sherry M. Knowles et al., *Opposition Proceedings Are Alternative to Court*, NAT'L L.J., Oct. 19, 1998, at C45.

166. See 35 U.S.C. § 312(a) (2002).

167. See *id.*

168. 35 U.S.C. § 316 (2002).

169. See *id.*

170. See ROGER E. SCHECHTER & JOHN R. THOMAS, PRINCIPLES OF PATENT LAW § 7.5.4 (1st ed. 2004).

proceedings.”¹⁷¹ Some believe that this potential estoppel effect disinclines potential requesters from using this post-issuance proceeding.¹⁷²

Because of this concern, H.R. 2795 would delete the phrase “or could have raised” from the statute.¹⁷³ As a consequence, *inter partes* reexamination requesters would be limited only by the arguments that they had actually made, before the USPTO, and not arguments that could have been made.

III. PROBLEMS STILL REMAINING NOT ADDRESSED BY H.R. 2795

A. Doctrine of Inherency Still a Problem Under Present Law

An invention must be novel at the time of discovery to be patentable.¹⁷⁴ A patent fails the section 102 novelty requirement when the invention is anticipated by prior art by the doctrine of inherency. An example of invalidity by section 102 anticipation is a single prior art reference that discloses “each and every limitation of the claimed invention.”¹⁷⁵ Accordingly, under the doctrine of inherency, a patent is invalid based on anticipation even if a prior art reference completely disclosed a feature of the claimed invention, as long as the missing feature is a “deliberate or a necessary consequence of what was intended,” even if it was unknown to the inventor at the time of the invention.¹⁷⁶

However, the doctrine of inherency does require certainty; for instance, an accidental achievement of a product or process does not constitute inherent anticipation since a true accident gives the public no assurance that others can achieve the same result at a later time.¹⁷⁷

In *Schering*, the Federal Circuit faced a long-standing conundrum dealing with the doctrine of inherent anticipation—that is, whether actual recognition of an inherent feature in the prior art is required.¹⁷⁸ The court invalidated an allergy medicine patent claim on the ground that a prior drug patent “inherently anticipated” all of the drug’s metabolites, that is,

171. 35 U.S.C. § 315(c) (2002).

172. See, e.g., Jonathan Levin & Richard Levin, *Patent Oppositions 3-5* (Stanford Law School, Working Paper No. 245, 2002; Yale Law School, Discussion Paper No. 283, 2002).

173. Patent Reform Act of 2005, H.R. 2795, 109th Cong. § 9(d) (2005).

174. See 35 U.S.C. § 102 (2002).

175. *Schering Corp. v. Geneva Pharms., Inc.*, 339 F.3d 1373, 1377 (Fed. Cir. 2003).

176. DONALD S. CHISUM, CHISUM ON PATENTS § 3.03 (2004).

177. *Id.*

178. See *Schering*, 339 F.3d at 1377.

the compounds formed by the human body upon ingestion of the particular drug. The Federal Circuit held that the doctrine of inherent anticipation does not require that the feature be appreciated or recognized at the time of the earlier patent, but inherent anticipation is found as long as the disclosure is a "necessary and inevitable consequence of the earlier invention."¹⁷⁹ For instance, in *Abbott Labs v. Geneva Pharms., Inc.*, the Federal Circuit held that the small unintended production of the IV form of trazosin hydrochloride anhydrate, a chemical compound which was unknown at the time of the main invention, was a statutory bar via section 102(b) for a patentee who later discovered trazosin hydrochloride anhydrate.¹⁸⁰ Therefore, a patent application fails to meet the novelty requirement if the same invention is anticipated by a single prior art, that is, if a single prior art reference discloses "each and every element of the claimed invention."¹⁸¹

The fine line walked by the Federal Circuit in determining the ambit of doctrine of inherency is illustrated by the Supreme Court decision in *Tilghman v. Proctor*, which held, on the other hand, that if the very assets in question were accidentally and unwittingly produced, or if the operators were in pursuit of other and different results, without incurring their attention and without knowing what was done or how it was done, "it would be absurd to say that this was an anticipation under the doctrine of inherency."¹⁸²

In an analogous case, in *Eibel Process Co. v. Minn. & Ont. Paper Co.*, the Supreme Court held that "accidental results not intended and not appreciated, do not constitute anticipation."¹⁸³ In this particular case, Eibel claimed an improved papermaking machine by elevating the pitch of the papermaking wire by several degrees.¹⁸⁴ The alleged infringer, seeking to invalidate the patent under the doctrine of inherency, introduced some prior art machines that changed their pitch several degrees for drainage purposes.¹⁸⁵ The Court, in denying anticipation under the doctrine of inherency, held that unappreciated accidental results should not prevent an inventor from claiming a conscious and deliberate discovery he had made.

Following the *Tilghman* and *Eibel Process* decisions, the Third Circuit held in *Pittsburgh Iron & Steel Foundries v. Seaman-Sleeth Co.* that a

179. *See id.* at 1378-80.

180. *Abbott Labs v. Geneva Pharms., Inc.*, 182 F.3d 1315, 1319 (Fed. Cir. 1999).

181. *Lewmar Marine, Inc. v. Barient, Inc.*, 827 F.2d 744, 747 (Fed. Cir. 1987).

182. *Tilghman v. Proctor*, 102 U.S. 707, 711-12 (1880).

183. *Eibel Process Co. v. Minn. & Ont. Paper Co.*, 261 U.S. 45, 66 (1923).

184. *See id.* at 52, 58.

185. *Id.* at 52, 58.

prior accidental production of an alloy was “not known to those who produced it” and not “recognized as a new product.” Therefore, the new alloy was “without value as an anticipation” under the doctrine of inherency.¹⁸⁶ In a similar case, *Munising Paper Co. v. American Sulphite Pulp Co.*, the Sixth Circuit held that the “prior accidental production of the same thing, when the character and function were not recognized until the invention of the later patent, does not effect anticipation,” under the doctrine of inherency.¹⁸⁷ Also in *Toch v. Zibell Damp Resisting Paint Co.*, the Second Circuit held that novelty was not defeated by anticipation under the doctrine of inherency if the prior user had no knowledge of the results.¹⁸⁸

Therefore, even if not known before the patenting of an invention, a later-discovered inherent scientific fact can invalidate a patent on a subsequent related invention.¹⁸⁹ It is interesting to note that the Federal Circuit has relied upon post-issuance evidence to establish inherency. For example, in *Eli Lilly Co. v. Barr Labs., Inc.*, the Court relied upon evidence generated years after the issuance of a patent to establish inherency to support invalidating a patent on the grounds of double patenting.¹⁹⁰

B. Secret Prior Art is Still a Problem

Secret prior art is another serious problem that has arisen under section 102 of the present law, that even the Federal Circuit has not solved, and has been divided in its opinion as to how to solve its inherent problem. Unfortunately, H.R. 2795 also does not address nor resolve this problem.

The problems created by secret prior art were eloquently described by Professor Harold Wegner of the George Washington School of Law when he wrote:

“Secret” prior art is a contradiction in terms. Prior ‘art’ should refer to the *known* (or at least knowable) state of art at the time the

186. *Pittsburgh Iron & Steel Foundries Co. v. Seaman-Sleeth Co.*, 248 F. 705, 709 (3d Cir. 1917).

187. *Munising Paper Co. v. Am. Sulphite Pulp Co.*, 228 F. 700, 703 (6th Cir. 1915).

188. *See Toch v. Zibell Damp Resisting Paint Co.*, 233 F. 993, 995 (2d Cir. 1916) (“novelty is not negated by a prior art accidental production of the same thing when the operator does not recognize the means by which the accidental result is accomplished and no knowledge of them, or of the method of their employment, is derived from the prior art by any one”).

189. *See, e.g., In re Shetty*, 566 F.2d 81, 86-87 (C.C.P.A. 1977) (stating “what may be inherent is not necessarily known”); *In re Kratz*, 592 F.2d 1169, 1174-75 (C.C.P.A. 1979).

190. *Eli Lilly & Co. v. Barr Labs., Inc.*, 251 F.3d 955, 968-72 (Fed. Cir. 2001).

invention is made: at the time the invention was made, was the sum total of knowledge from prior use, printed publications and patents *then available* such that the claimed invention would have been *at that time* [novel or] obvious to the worker with ordinary skill in the art?¹⁹¹

Substituting the first to file for the first to invent procedure, eliminates this contentious problem that has arisen in many cases, and in many cases have caused insurmountable problems for the patentee inventor, and has resulted in an unreasonable and unwanted result, that is, a result that stifles the progress of the useful arts instead of advancing it. Under the present law, secret prior art is usually subsumed in section 102(a) that a patentee cannot obtain a patent for an invention if it is known, or used by others in this country, or patented, or described in a publication in this or a foreign country, that is, anywhere in the world, before the invention.

The thorny sub-issue involved in any question of secret prior art is the “known or used” by others in this country, that is, in the United States, and to what extent this invention has to be known or used by persons in this country. Under a reasonable interpretation of this section of the Patent Act, it would be fair to say that if an invention was known or used by others in this country, it should also have been available to others in this country, that is, at least the majority of the public in this country, and therefore, ipso facto, accessible to the general public.

On the contrary, if an invention is secretively used, and kept from the public, it would appear to be not known or used by the public, and therefore would not be “known or used by others in this country.”¹⁹²

If a scientific building: (1) is not accessible to the public without wearing a National Institutes of Health (NIH) identification badge, and (2) a certain invention is secretly used on the seventh floor of that building, and (3) this NIH building is far outside of Washington, D.C., in fact so far out of Washington that it is in Bethesda, Maryland, one would think that because this building was inaccessible to the general public and the invention was on the seventh floor, the invention could not be deemed publicly accessible in that faraway and restricted building.

However, the Federal Circuit held that the building in Bethesda that was restricted to NIH personnel with NIH badges, and where the invention was located on the seventh floor, where the public was not invited or told where it was, could be held to be “publicly accessible.”¹⁹³ In *Baxter*, the

191. Wegner, *supra* note 120, at 244.

192. 35 U.S.C. § 102(a) (2002).

193. See *Baxter Intern., Inc. v. COBE Labs., Inc.*, 88 F.3d 1054, 1058-59 (Fed Cir. 1996).

Federal Circuit held just this unexpected result—that is that the invention therein was publicly accessible under section 102 (a). In a brilliant dissenting opinion, Judge Pauline Newman explained:

This new rule of law, that unpublished laboratory use after a reduction to practice is a public use, creates a new and mischievous category of “secret” prior art. I respectfully dissent from the court’s ruling, for it is contrary to, and misapplies, the law of 35 U.S.C. § 102.

....

[T]he patent statute and precedent do not elevate private laboratory use after a reduction to practice to “public use” under § 102(b). When the public use is unknown and unknowable information in the possession of third persons, 35 U.S.C. § 102 accommodates such “secret prior art” only in the limited circumstances of § 102(e).

....

This new category of internal laboratory use is immune to the most painstaking documentary search. The court thus produces a perpetual cloud on any issued patent, defeating the objective standards and policy considerations embodied in the § 102 definitions of prior art.

....

It is incorrect to interpret 35 U.S.C. § 102(b) to mean that laboratory use after a reduction to practice is a “public use,” and thus a bar against any patent application filed, by anyone, more than a year thereafter. Section 102(b) was not intended to add to the bars based on information not published or publicly known or otherwise within the definition of prior art.¹⁹⁴

The problem with the Federal Circuit’s interpretation of sections 102(a) and 102(b) is that it can lead to ridiculous, unfair and inequitable results, such as in the case of *Lorenz v. Colgate-Palmolive-Peet Co.*¹⁹⁵ Here, the Third Circuit used reasoning—similar to what the Federal Circuit used

194. *See id.* at 1061-63.

195. 167 F.2d 423 (3d Cir. 1948).

later in *Baxter*—and held that when an unscrupulous individual steals an inventor’s ideas and makes a commercial use prior to the critical date (date of invention or filing date), that such activity constitutes a “public use” under section 102(b). The equitable answer would be that a thief should not be able to steal an inventor’s idea and disclose it and thus make it a “public use” and bar under section 102(b). However, the Third Circuit in *Lorenz* apparently said yes:

The prior-public-use proviso of R.S. Sec. 4886 was enacted by Congress in the public interest. It contains no qualification or exception which limits the nature of the public use. We think that Congress intended that if an inventor does not protect his discovery by an application for a patent within the period prescribed by the Act, and an intervening public use arises from any source whatsoever, the inventor must be barred from a patent or from the fruits of his monopoly, if a patent has issued to him. There is not a single word in the statute which would tend to put an inventor, whose disclosures have been pirated, in any different position from one who has permitted the use of his process.¹⁹⁶

Thus, as you can see, I do not believe the Federal Circuit’s opinion in *Baxter* was a wise one, and specifically agree wholeheartedly with the dissent of Circuit Judge Pauline Newman. She eloquently described the problems with the ruling and its rationality. The holding in *Lorenz*¹⁹⁷ demonstrates how this line of reasoning can lead to such absurd results.

Accordingly, since the FTF rule will eliminate the problem of “secret prior art,” I would be in favor of the FTF rule, particularly since it will achieve the six goals of the President’s Commission on the Patent System.

There are numerous other cases that demonstrate the contentiousness of “secret prior art” and the problems that it has caused. I have named some cases below which discuss “secret prior art.”¹⁹⁸ As one can see by the

196. *Id.* at 429.

197. *Id.* at 430.

198. *See, e.g.,* *Hazeltine Research, Inc. v. Brenner*, 382 U.S. 252 (1965); *Alexander Milburn Co. v. Davis-Bourmonville Co.*, 270 U.S. 390 (1926); *E.W. Bliss Co. v. United States*, 248 U.S. 37 (1918); *Riverwood Int’l Corp. v. R.A. Jones & Co.*, 324 F.3d 1346 (Fed. Cir. 2003); *In re Huston*, 308 F.3d 1267 (Fed. Cir. 2002); *Amazon.com, Inc. v. Barnesandnoble.com, Inc.*, 239 F.3d 1343, 1365 (Fed. Cir. 2001); *In re Robertson*, 169 F.3d 743 (Fed. Cir. 1999); *Celeritas Techs. v. Rockwell Int’l Corp.*, 150 F.3d 1354 (Fed. Cir. 1998); *OddzOn Prods., Inc. v. Just Toys, Inc.*, 122 F.3d 1396 (Fed. Cir. 1997); *Lamb-Weston, Inc. v. McCain Foods, Ltd.*, 78 F.3d 540 (Fed. Cir. 1996); *In re Bartfeld*, 925 F.2d 1450 (Fed. Cir. 1991); *In re Gosteli*, 872 F.2d 1008 (Fed. Cir. 1989); *Sun Studs*,

numerous cases discussing the contentions on dealing with secret prior art, the problems arising from this issue have been with us for nine decades, reaching as far back as the 1918 *E.W. Bliss Co. v. United States* case.¹⁹⁹

IV. RECOMMENDED PROPOSED CHANGES IN THE LEGISLATION

The American Intellectual and Patent Law Association (AIPLA) has recommended new changes to the opposition proceeding.²⁰⁰ The AIPLA recommends the expansion of the present-day opposition proceeding request to allow the challenge of validity based upon double patenting and any of the requirements for patentability set forth in 35 U.S.C. §§ 101, 102 (except issues arising under subsections (c), (f), and (g)), 103 and 112 (¶¶ 1 and 2 (except for best mode)), or 251 (paragraph 4). They also recommend allowing the patentee to add claims by amendment; they recommend the cross-examination of witnesses, but no other discovery except for what is required in the interests of justice; and they recommend a burden of proof of a preponderance of evidence and providing the broadest reasonable construction of a claim. They recommend that a party should be allowed to appeal to the Federal Circuit. They also recommend preclusive effect on a requester in any subsequent proceeding of invalidity raised by that requester and decided by that panel that is necessary to the final determination of the case. In addition, they recommend concluding such an opposition proceeding not later than one year after the institution, with a possible extension of not more than six months. Finally, they recommend that the parties be allowed to terminate the proceeding by a joint request of the requester and the patent owner pursuant to a settlement agreement. The AIPLA hopes that such a process would provide significant opportunities for enhancing patent quality; thereby increasing business certainty, promoting competition, and fostering continued innovation.

A. Present H.R. 2795

The present bill, H.R. 2795, creates a brand-new chapter, entitled "Chapter 32—Post Grant Opposition Procedures," consisting of twenty new sections, entitled: "Right To Oppose Patent And Opposition Request";

Inc. v. ATA Equip. Leasing, Inc., 872 F.2d 978, 980 (Fed. Cir. 1989), *overruled on other grounds* by A.C. Aukerman Co. v. R.L. Chaides Constr. Co., 960 F.2d 1020, 1038 (Fed. Cir. 1992).

199. *E.W. Bliss*, 248 U.S. at 37.

200. See AIPLA Response to the National Academy's report entitled "A Patent System for the 21st Century," at 14-20.

“Real Party In Interest”; “Timing Of Opposition Request”; “Limits On Scope Of Validity Issues Raised”; “Institution Of The Opposition Proceeding; Stay Upon Timely Filed Suit”; “Patent Owner Response”; “Amendment Of Claims”; “Discovery And Sanctions”; “Supplemental Submissions”; “Hearing And Briefs”; “Written Decision”; “Burden Of Proof And Evidence”; “Reconsideration”; “Appeal”; “Certificate”; “Estoppel”; “Duration Of Opposition”; “Settlement”; “Intervening Rights”; and finally, “Relationship With Reexamination Proceedings.”

Some experts have expressed the opinion that potential requesters are discouraged from using the present-day *inter partes* reexamination proceedings due to a provision that limits their future options.²⁰¹ In order to discourage the abuse of these proceedings, the present day *inter partes* reexamination statute provides that third-party interveners may not later assert that a patent is invalid on any ground that they raised or could have raised during the *inter partes* proceeding.²⁰² Some experts believe that this potential estoppel effect disinclines potential requesters from using this particular post-issuance proceeding. In an apparent response to this concern, H.R. 2795 would delete the phrase “or could have raised” from the statute. As a result, *inter partes* reexamination requesters would be limited only to arguments that they actually made, and not could have made, before the USPTO. The pertinent estoppel language is found in Section 336 of the bill:

[T]he determination with respect to an issue of invalidity raised by an opposer shall bar the opposer from asserting, in any subsequent proceeding before the Office or a court involving that opposer under this title, that any claim of that patent addressed in the opposition proceeding is invalid on the basis of any issue of fact or law actually decided by the panel and necessary to the determination of that issue.²⁰³

However, H.R. 2795 also creates an exception to this rule, which may open up a Pandora’s box of litigation in this language:

If an opposer in an opposition proceeding demonstrates in a subsequent proceeding referred to in paragraph (1) that there is

201. See 35 U.S.C. § 317 (2006).

202. Patent Reform Act of 2005, H.R. 2795, 109th Cong. (2005), § 337 (Duration of Opposition).

203. Patent Reform Act of 2005, H.R. 2795, 109th Cong. § 336(a)(1) (2005).

additional factual evidence that is material to an issue of fact actually decided and necessary to the final determination in the opposition proceeding, that could not reasonably have been discovered by that opposer, the opposer may raise, in that subsequent proceeding, that issue of fact and any determined issue of law for which the issue of fact was necessary.²⁰⁴

This expanded exception to the general rule of estoppel on the opposer, indeed will create a quagmire in many trial courts to pin down the applicability of exceptions to the general estoppel doctrine.

Section 337 controls the duration of the opposition and in general, states that most of these opposition proceedings should be concluded within one year after commencement.²⁰⁵ However, there is an exception. H.R. 2795 grants an extension of six months to an opposer showing good cause.²⁰⁶ Therefore, the question of invalidity of the patent may be under litigation for an additional eighteen months after the patent has been issued.²⁰⁷ This puts a monumental strain on the finances of the small inventor as opposed to the inventors who are working for large corporations or universities to continue to fight for the survival of their patent.

One is concerned with the financial impact to small inventors on their ability to withstand the financial attack on their patents for an additional eighteen months after having already spent thousands of dollars paying their attorneys simply to get the patent issued. It is a well-known fact that an inventor may have to pay his agent or attorney thousands of dollars just to demonstrate that his invention is protected by a patent and finally issued. However, the inventors may not be able to afford, nor want to involve their money, to defend an opposition proceeding for eighteen months, and incur further patent attorney fees—at an average of \$500 an hour²⁰⁸—making the defense of an opposition proceeding almost prohibitive.

B. Is H.R. 2795 Too Broad When It Addresses Opposition Proceedings?

All the recommendations by H.R. 2795 in its “Chapter 32—Post-Grant Opposition Procedures” are already available to an opposer in a court of

204. Patent Reform Act of 2005, H.R. 2795, 109th Cong. § 336(a)(2) (2005).

205. Patent Reform Act of 2005, H.R. 2795, 109th Cong. § 337 (2005).

206. *Id.*

207. *See id.*

208. This Judge has personal knowledge that the large prominent law firms in Washington, D.C., now charge about \$500 an hour for their senior law partner's patent work.

law where that opposer is attempting to adjudicate a patent's validity after that opposer has been charged with alleged infringement against the inventor's issued patent. In other words, all these rights already exist to an infringer, once an infringer chooses to go to court and challenge the patent rather than pay a reasonable royalty for the use of that patent.²⁰⁹ Here, H.R. 2795 gives that potential infringer the right to challenge that patent before it ever goes to a federal court in an opposition proceeding. Thus, the full-blown opposition proceeding found in chapter 32 of H.R. 2795 gives the infringer two bites of the apple.²¹⁰ One bite occurs during the full-blown opposition proceeding under H.R. 2795,²¹¹ and the second bite becomes available in the trial court where a judge is faced with the question of the validity of the patent.²¹² Keeping in mind that we must protect the small inventors as well as the large inventors, such as inventors for big corporations and large universities, we must keep in mind whether it is wise to allow a double attack on the inventor because it is the American inventor who is given the responsibility to stimulate the progress of science and the useful arts.²¹³

C. *The President's Commission on the Patent System*

It would appear that the totality of the effect of chapter 32 of H.R. 2795 is too chilling on the American inventor, particularly the small inventor, to allow this judge to recommend H.R. 2795.²¹⁴ In view of the fact that all the elements of the full-blown opposition proceeding are ultimately available to the infringer in a court of law,²¹⁵ there is too much at stake when we consider the loss of motivation and threat of financial catastrophe to the small inventor to allow full-blown opposition proceedings.²¹⁶ H.R. 2795, Chapter 32, definitely will not achieve the second goal of the President's Commission on the Patent System of "shorten[ing] the period of pendency of a patent application from filing to final disposition by [the] Patent Office,"²¹⁷ because final disposition will not end at the issuance of

209. See generally 35 U.S.C. § 271 (Infringement of Patent).

210. Patent Reform Act of 2005, H.R. 2795, 109th Cong. §§ 321–340 (Post-Grant Opposition Procedures).

211. *Id.*

212. See generally 35 U.S.C. §§ 100–105 (Patentability of Inventions); 35 U.S.C. §§ 281–282 (Remedy for Infringement of Patent; Presumption of Validity; Defenses).

213. U.S. CONST. art. I, § 8, cl. 8.

214. See Patent Reform Act of 2005, H.R. 2795, 109th Cong.

215. See *supra* note 212.

216. See *id.* §§ 321–340.

217. See S. DOC. NO. 90-5 (1967).

the patent, but will be elongated eighteen months until the termination of the opposition proceeding.²¹⁸ It will also fail to achieve the fourth goal of the President's Commission, that is, "[t]o reduce the expenses of obtaining and litigating a patent." In fact, it may double or triple the expenses of litigation for the inventor and not even allow the inventor to afford to get to a court of law. While H.R. 2795 may help to raise the quality and reliability of U.S. patents and may make U.S. Patent practice more compatible with that of other major countries, I do not believe those meritorious achievements overcome the financial disaster and disincentive upon America's small inventors that will chill their ability to survive the financial challenges created by the full-blown opposition proceedings in Chapter 32 of H.R. 2795.²¹⁹ When one considers that we are not losing anything by not adopting Chapter 32 that is not available in a court of law, I believe Chapter 32 of H.R. 2795 creates more problems and is a Pandora's box that is best left unopened.

V. CONCLUSION

In my opinion the two best features of this pending patent bill are the proposed changes to the FTF, from the old FTI system and the proposed elimination of the "best mode" requirement—for the reasons set forth in this Article—particularly as expressed in the article by Professor Harold Wegner²²⁰ of the George Washington University. As discussed, all the other changes proposed only give a limited gain with substantial downside.

All the recommendations by H.R. 2795 in its "Chapter 32—Post-Grant Opposition Procedures" are already available to an opposer in a court of law where that opposer is attempting to adjudicate a patent's validity after that opposer has been charged with alleged infringement against the inventor's issued patent. In other words, all these rights already exist to an infringer once an infringer chooses to go to court and challenge the patent rather than pay a reasonable royalty for the use of that patent. Here, H.R. 2795 gives that potential infringer the right to challenge that patent before it ever goes to a federal court in an opposition proceeding. Thus, the full-blown opposition proceeding found in Chapter 32 of H.R. 2795 gives the

218. Patent Reform Act of 2005, H.R. 2795, 109th Cong., § 337.

219. Jonathan Levin & Richard Levin, *Patent Oppositions*, in *ESSAYS IN HONOR OF JOSEPH STIGLITZ* 221 (R. Amott et al. eds., 2003) (Stiglitz is a former President of Massachusetts Institute of Technology).

220. Wegner, *supra* note 120, at 244. He was a co-author with Judge Randall R. Rader of the U.S. Court of Appeals of the Federal Circuit, of a Patent Law casebook, *CASES AND MATERIALS ON PATENT LAW* (3d ed. 2005).

infringer two bites of the apple. One bite occurs during the full-blown opposition proceeding under H.R. 2795, and the second bite becomes available in the trial court where a judge is faced with the question of the validity of the patent. Keeping in mind that we must protect the small inventors as well as the large inventors—such as inventors for big corporations and large universities—we must keep in mind whether it is wise to allow a double attack on the inventor because it is the American inventor that is given the responsibility to stimulate the progress of the science and the useful arts, and without him making this progress there can be no progress of the useful arts in our country.

It would appear, that the totality of the effect of Chapter 32 of H.R. 2795 is too chilling on the American inventor, particularly the small inventor, to allow me to recommend H.R. 2795. There is too much at stake when we consider the loss of motivation and threat of financial catastrophe to the small inventor to allow full-blown opposition proceedings. In view of the fact that, all the elements of the full-blown opposition proceeding are ultimately available to the infringer in a court of law. H.R. 2795, Chapter 32 definitely will not achieve the second goal of the President's Commission on the Patent System of "shortening the period of application from filing to final disposition in the patent office" because final disposition will not end at the issuance of the patent, but will be elongated eighteen months until the termination of the opposition proceeding. It will also fail to achieve the fourth goal of the President's Commission, that is, "to reduce the expenses of litigation." In fact, it may double or triple the expenses of litigation of the inventor and not even allow the inventor to afford to get to a court of law. While H.R. 2795 may help to raise the quality and reliability of U.S. patents and may make U.S. Patent practice more compatible with that of other major countries, I do not believe those meritorious achievements overcome the financial disaster and disincentive upon America's small inventors that will chill their ability to survive the financial challenges created by the full-blown opposition proceedings in Chapter 32 of H.R. 2795. I believe Chapter 32 of H.R. 2795 creates its own Pandora's Box of unique problems that can be eliminated by not adopting it.