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PATENT REFORM ACT OF 2010: THE TIME FOR CHANGE IS NOW

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I. The Patent Reform Act of 2010

The Patent Reform Act of 2010 is a significant undertaking that will modernize the patent system by harmonizing American creativity and innovation with that of other developed countries. Continuous pressure and valid attempts to reform the patent system have existed throughout the last decade; however, the Patent Reform Act of 2010 has presented the most advantageous changes to the current patent system.

This note concentrates on details surrounding the major reformations present in the Patent Reform Act of 2010, which are expected to impact the American patent system. Much controversy is associated with many of the reforms due to the varying effects the Act stands to generate as a result of its ratification. Although the opinions of both the proponents and opponents of this Act are discussed, this note inherently appreciates and acknowledges the ultimate benefit the Reform Act of 2010 will render on the American technology market, i.e., synchronizing the processes for American creativity and innovation with those of developed countries and possibly stimulating essential innovations in the intellectual property realm.

Part II of this note introduces patent reform by addressing the purpose underlying the modification process and detailing the development of patent law, which originated with the Patent Act of 1970. Part III is divided into a total of nine sections, with each

section devoted to a discussion of a pertinent component of the Patent Reform Act of 2010. Section A describes the patent application process and addresses the proposal of a first-to-file protocol. Section B explains the adjustment to the amount of damages resulting from infringement under the reform. Section C further comments on infringement damages, while chiefly focusing on willful infringement and the increased burden on the plaintiffs. Section D discusses enhancement of reexamination procedures and post grant proceedings. Section E details the pre-existing “best mode” standard and examines whether a possible reformation could provide relief to patent holders. Section F entails a brief overview of claims and damages related to false marking. Finally, sections G, H, and I extend the discussion of principle modifications under the Patent Reform Act of 2010 to minor reformations affecting litigation venue, fee setting authority, and patent law education within the district court system. Part IV concludes this note.

II. Historical Understanding of Patent Reform

A. The Purpose of Patent Reform

The United States Constitution has protected inventions and designs in order to encourage creativity and innovation by giving Congress the power to “promote the [p]rogress of Science and useful Arts, by securing for limited [t]imes to Authors and Inventors the exclusive Right to their respective Writings and Discoveries....”¹ The patent system was integrated into the U.S. Constitution by the founding fathers with the intention of safeguarding the intellectual property rights of the people. Patent reform serves as an avenue through which the priorities of the American patent system can progress by “bolster[ing] economic development, sustain[ing] American innovation, and

¹ U.S CONST. art. I, § 8, cl. 8.

protect[ing] American jobs.”² By placing a stronger emphasis on the first-to-file method, willful infringement, and reexamination through patent reform, the patent system will boost its objectives, as well as advance the technological innovation and creative abilities of the Nation.³ The efforts and effects of past patent reform acts pale in comparison to the Patent Reform Act of 2010 in furthering the inherent goals of patent reform.

The objectives established by the Patent Reform Act of 2010 make innovative designs more visible without causing inventors to fear the loss of their patent rights.⁴ Diverging substantially from past patent reform acts, the Patent Reform Act of 2010 endeavors to harmonize the United States’ patent law system with those of the rest of the world by streamlining the patent process and reducing the potential for abuse of patent laws through unnecessary litigation.⁵ This goal of international harmonization through patent reform is a platform different from years past, thereby providing the Patent Reform Act of 2010 with a greater advantage for passage by Congress.

B. The Chronology of Patent Reform

Since the 1700s, American patent law has endured significant changes due to economic developments within the country.⁶ In 1790, the Patent Act was introduced and it established a fourteen-year restriction on the length of patent terms.⁷ The Patent Act of 1793 replaced the traditional registration system with an examination system, though the

² *The Patent Reform Act: Securing American Innovation – Creating American Jobs*, PATRICK LEAHY, <http://leahy.senate.gov/imo/media/doc/041910PatentReformSupport.pdf> (last visited June 29, 2011).

³ See Arti Rai, Stuart Graham & Mark Doms, *Patent Reform: Unleashing Innovation, Promoting Economic Growth & Producing High-Paying Jobs*, U.S. DEP’T OF COMMERCE (Apr. 13, 2010), http://www.commerce.gov/sites/default/files/documents/migrated/Patent_Reform-paper.pdf.

⁴ Jonathan W. Parthum & Philippe J.C. Signore, *Patent Reform: The Debate Continues into 2010*, 2010 PAT. L. ANN. 355, 358.

⁵ See Stephen Albainy-Jenei, *The Patent Reform Act of 2010: A Substitute S.515*, PATENT BARISTAS (Mar. 5, 2010), <http://www.patentbaristas.com/archives/2010/03/05/the-patent-reform-act-of-2010-a-substitute-s-515/>.

⁶ See *A Brief History of the Patent Law of the United States*, LADAS & PARRY, <http://ladas.com/Patents/USPatentHistory.html> (last updated July 17, 2009).

⁷ See *id.*

original system was reintroduced in the Patent Act of 1836.⁸ Thirty-four years later, the Patent Act of 1870 expanded the initial fourteen-year patent term to seventeen years.⁹ Not until the Patent Act of 1952, did Congress attempt to limit the scope of patentable subject matter by specifying the word “process,” and thus impart a document that would serve as the foundation for the current United States patent laws.¹⁰

In the last decade, the first true attempt at an official patent reform occurred with the onset of congressional meetings in March 2001.¹¹ However, patent reform then stood dormant for four years; substantial action did not take place again until 2005. The Patent Reform Act of 2005 gained the support of many major corporations, and proposed the “first-to-file” method, a process already followed by the rest of the world.¹² The Patent Reform Act of 2007 further developed the notion of progressing the United States’ patent laws towards a system similar to those of other countries.¹³ Both the 2007 and 2009 Patent Reform Acts were unable to gain Senate support. The Patent Reform Act of 2010 seeks to resolve prior congressional disputes through amendments made to the Reform Act of 2009.¹⁴

If the Patent Reform Act of 2010 comes to fruition, it would be the largest patent system reformation in the last fifty years.¹⁵ American patent law has felt pressure to coordinate with the rest of the world in order to create international balance and diminish confusion. The Obama administration strongly and openly believes these 2010 amendments will greatly benefit American innovation, and thereby serves as a positive

⁸ *See id.*

⁹ *See id.*

¹⁰ *See id.*

¹¹ *See id.*

¹² *See id.*

¹³ *See id.*

¹⁴ *See Parthum & Signore, supra note 4, at 360.*

¹⁵ *See id.* at 357.

influence on Congress.¹⁶ After years of pressure to synchronize its patent law system with the systems used by the rest of the world, the United States may utilize the Patent Reform Act of 2010 as a leveling tool for dealing with foreign intellectual property.¹⁷

III. Overview of Amendment S.515 (Patent Reform Act of 2010)

The Patent Reform Act of 2010 is more commonly referred to as Amendment S. 515 (hereafter referred to as A.S. 515). Of the many reformations A.S. 515 proposes, the most significant concerns are: (1) the first-to-file system and its effect on 35 U.S.C. § 102(b) and § 102(g); (2) damage awards; (3) willful infringement; (4) reexamination and post grant proceedings; (5) best mode; (6) false marking; (7) litigation venue; (8) fee setting authority; and (9) patent education in the district courts.

A. Which Inventors Should be Granted Patent Rights?

The “first-to-file” protocol is one of the most significant issues discussed in current patent reform since 2005.¹⁸ Under this system, the first inventor to (1) file his invention with *any* United States Patent and Trademark Office (USPTO) and (2) gain patent approval by the USPTO, is granted full patent rights.¹⁹ First-to-file significantly differs from the “first-to-invent” system currently used by the United States.²⁰ Under the first-to-invent system, the patent process is more time consuming because patent examiners must determine the identity of the first inventor through interference proceedings, a requirement that does not exist in the first-to-file system.²¹ Until now, the United States has refused to switch systems, although A.S. 515’s endorsement of the

¹⁶ Vincent LoTempio, *Patent Reform Act of 2010: An Overview*, LOTEMPPIO L. BLOG (May 3, 2010), <http://www.lotempiolaw.com/2010/05/articles/patents/patent-reform-act-of-2010-an-overview/>.

¹⁷ *Id.*

¹⁸ See Parthum & Signore, *supra* note 4, at 374.

¹⁹ See *id.*

²⁰ See *id.*

²¹ See *id.*

first-to-file procedure could provide many indispensable modifications to the current U.S. patent system.

1. The Effect on § 102(g) Priority Date

Under the present first-to-invent system, patent examiners have the burden of determining the origin of an innovation through interference proceedings.²² The Manual of Patent Examining Procedure (MPEP) defines interference proceedings as occurring when an inventor claims his invention preceded that of another's, resulting in the need for an examiner to analyze each claim, along with any extrinsic evidence, in order to determine "dates of conception and reduction to practice" per conditions of 35 U.S.C. § 102(g).²³ Although 35 U.S.C. § 135 governs the majority of interference proceedings, § 102(g) places a standard of reasonable diligence on inventors who were "first to conceive and last to reduce to practice"²⁴ According to USPTO director David Kappos, interference proceedings occur only .01% of the time; as a result, he feels "we already essentially have a first inventor to file system."²⁵ Therefore, the transition to a first-to-file system should not create many additional difficulties and would result in the elimination of all interference proceedings, consequently eliminating the arduous task of determining 102(g) priority dates of claims.

²² Michael F. Martin, Article, *The End of the First-to-Invent Rule: A Concise History of its Origin*, 49 IDEA 435, 467 (2009).

²³ See *Manual of Patent Examining Procedure: § 2301.03 Interfering Subject Matter*, U.S. PAT. & TRADEMARK OFFICE, http://www.uspto.gov/web/offices/pac/mpep/documents/2300_2301_03.htm#sec2301.03 (last modified Dec. 18, 2008); 35 U.S.C.A. § 102(g) (West 1999).

²⁴ 35 U.S.C.A. § 102(g) (West 1999); 35 U.S.C.A. § 135 (West 1999).

²⁵ Vincent LoTempio, "Patent Reform Act of 2010" and "First Inventor to File" Rule Change, LOTEMPION L. BLOG (Mar. 22, 2010), <http://www.lotemplolaw.com/2010/03/articles/patents/patent-reform-act-of-2010-and-first-inventor-to-file-rule-change/>.

2. The Effect on 102(b) Statutory Bar

Under 35 U.S.C. § 102(b), grace periods are allotted to inventors that allows them to publically disclose their inventions one year prior to the earliest filing date.²⁶ If the inventors fail to file within one year from their disclosure, all patent rights are lost.²⁷ A transfer to the first-to-file method, under A.S. 515, would eliminate “the one-year grace period unless the inventor was the ‘first discloser’.”²⁸ Inventors are the “first disclosers” if they file an application first with *any* patent office.²⁹ Under A.S. 515, there is no longer a need for this time limitation. By permitting inventors to file their invention in *any* patent office, the need for a grace period is obsolete. Foreign inventors would greatly benefit by no longer being held to separate standards when filing for a patent within the United States.

3. Proponents and Opponents of the First-to-File System

Foreign and domestic corporations, like Bose, ExxonMobil, and Microsoft, are major proponents of the first-to-file system because reformation will help streamline the “international harmonization” of the patent process, in addition to also mitigating issues stemming from dissimilarities in the systems of the U.S. and surrounding countries.³⁰ Collectively, these companies want the U.S. to accommodate their interests in the patent system reform in order to help them avoid international adversity. The first-to-file

²⁶ See Parthum & Signore, *supra* note 4, at 376.

²⁷ *Id.*

²⁸ Dennis Crouch, *Patent Reform Act of 2010: An Overview*, PAT. L. BLOG (Mar. 8, 2010), <http://www.patentlyo.com/patent/2010/03/patent-reform-act-of-2010-an-overview.html>.

²⁹ See ROGER WILLIAM ET AL., *THE LAW AND PRACTICE RELATING TO LETTERS PATENT FOR INVENTIONS* 37 (William Clowes & Sons, Ltd. 1900).

³⁰ See Crouch, *supra* note 28.

system replaces interference proceedings with accurate derivation proceedings, ensuring respective inventors are first to file, a major benefit to these large corporations.³¹

A majority of the opponents to the first-to-file system are “independent inventors, small businesses, and universities.”³² These entities argue that larger companies have greater resources, both financially and technologically, and thus possess a clear advantage in the race to file at any patent office.³³ The variance in the amount of resources makes it difficult for smaller companies to compete in the marketplace.³⁴ As a result, they are wary of elimination of the current one-year grace period provided under the first-to-invent system.

4. Overall Significance of First-to-File

While possible that independent inventors and smaller companies may have fewer resources than larger corporations, such individuals and small entities gain an advantage in the first-to-file system with “provisional filing.” Independent inventors can file a provisional patent application within one year of completing their designs.³⁵ Such applications provide inventors with a simplified method by which to acquire an earlier filing date with relative ease, thus reducing the potential disadvantages resulting from the loss of the one-year grace period.³⁶ Aside from mitigating any advantageous gains experienced by larger corporations, the first-to-file method also benefits the U.S. patent system by unifying the American innovative market with that of the rest of the world.

³¹ *First-to-File vs. First-to-Invent: Who Really Benefits from Changing the U.S. Patent System?*, GEN. PATENT CORP., <http://www.generalpatent.com/first-file-vs-first-invent-who-really-benefits-changing-u-s-patent-system> (last visited Apr. 20, 2011).

³² Parthum & Signore, *supra* note 4, at 375.

³³ Michael A. Glenn, Article, *Article I and the First Inventor to File: Patent Reform or Doublespeak?*, 59 IDEA 441, 458 (2010).

³⁴ *Id.*

³⁵ Vito J. DeBari, *International Harmonization of Patent Law: A Proposed Solution to the United States' First-to-File Debate*, 16 FORDHAM INT'L L.J. 687, 713 (1993).

³⁶ *Id.* at 711.

Countries such as India and China are prospering through innovation, and their success illustrates how an internationally harmonized patent system would ultimately benefit the United States.

B. How Should Damages be Proven?

Immersed within A.S. 515 is a damages clause that requires courts to “identify the methodologies and factors that are relevant to the determination of damages, and ... consider only those methodologies and factors relevant to making such determination.”³⁷ The proposed statute also increases the responsibility among parties by maintaining that every party must “state, in writing and with particularity, the methodologies and factors the parties propose for instruction to the jury in determining damages ... specifying the relevant underlying legal and factual bases for their assertions.”³⁸ Moreover, the amendment adheres to a stricter standard than the current damages section in the Patent Reform Act of 2009 by requiring “the court [to] award the claimant damages adequate to compensate for the infringement....”³⁹ By instilling a stricter analysis requirement before awarding damages, A.S. 515 reduces the opportunity for plaintiffs to take advantage of jury sympathies and the lax damages standards found in the 2009 Reform Act.

Only when a party lacks “evidentiary basis” is a jury allowed to consider the specific methodologies brought by each party and grant “summary judgment on damages” under A.S. 515.⁴⁰ By compelling an analysis that meets the “methodologies and factors” criteria, courts are forced to assume the role of gatekeeper, with duties that involve protecting parties from excessive damages without specifically limiting damages

³⁷ S. 515, 111th Cong. § 4(b) (2009).

³⁸ *Id.* § 4(b)(2).

³⁹ 35 U.S.C.A. § 284 (West 2000).

⁴⁰ Crouch, *supra* note 28.

for the infringed parties.⁴¹ As gatekeeper, courts have flexibility in choosing methods for determining reasonable royalty damages in patent infringement suits.⁴² Unlike the 2009 Reform Act, which attempted to reform the court's role in proper damage determination, A.S. 515 uses a "methodologies and factors" criteria in conjunction with the factors set out in *Georgia-Pacific Corp. v. United States Plywood Corp.*⁴³ in order to provide a more thorough analysis.⁴⁴ The fifteen *Georgia-Pacific* factors include:

[1] Royalties patentee receives for licensing the patent in suit; [2] Rates licensee pays for use of other comparable to the patent in suit... [4] Licensor's established policy and marketing program to maintain patent monopoly by not licensing others to use the invention; [5] Commercial relationship between licensor and licensee, such as whether they are competitors or inventor and promoter... [7] Duration of patent and term of license; [8] Established profitability of the products made under the patent, its commercial success and its current popularity; [9] Utility and advantages of patent property over old modes and devices... [11] The extent to which the infringer has made use of the invention and the value of such use; [12] The portion of profit or selling price customarily allowed for the use of the invention....⁴⁵

The adjustments to the damages section of the 2009 Reform Act are likely to gain support during congressional hearings due to the addition of the "methodologies and factors" requirement. This section is expected to result in swift and harsh punishment that is not excessive or unfair. The heightened standard is beneficial to all parties and restructures a damage and royalty calculation system that currently proves to be difficult in a "dynamic marketplace."⁴⁶ The enhanced role of courts ensures fairness and uniformity among damage awards, and provides an increasingly clear picture of the standard required of parties in a case.

⁴¹ See Albany-Jenei, *supra* note 5.

⁴² 35 U.S.C.A. § 284.

⁴³ See *Georgia-Pacific Corp. v. United States Plywood Corp.*, 318 F. Supp. 1116 (S.D.N.Y. 1970).

⁴⁴ See Parthum & Signore, *supra* note 4, at 362.

⁴⁵ *Georgia-Pacific Factors for Determining Reasonable Royalty*, SUNSTEINLAW, <http://www.sunsteinlaw.com/media/Georgia-Pacific.pdf> (last visited May 30, 2011).

⁴⁶ See Parthum & Signore, *supra* note 4, at 362.

C. Willful Infringement

Under the current patent law system, “the court may increase the damages up to three times the amount found or assessed” when willful infringement is found.⁴⁷ A.S. 515 proposes a specific definition for the term “willful.” By assigning a concrete meaning to this word, the present requirement that a court require proof of “objective reasonableness” by the infringer becomes obsolete and a more stringent standard takes its place.⁴⁸ The reform states that to be “willful” a party must be found “objectively reckless” by “clear and convincing evidence.”⁴⁹ Possible proof of “objective recklessness [would exist] if the infringer was acting despite an objectively high likelihood that his actions constituted infringement of a valid patent....”⁵⁰ A verdict of willful infringement is not solely based on the infringer’s particular “knowledge of the infringed patent.”⁵¹ Instead, the plaintiff has a burden to prove more than “knowledge alone” to have a viable willful infringement claim; therefore, more specific and articulate facts will be required, and all cases wavering the “clear and convincing” line should be decided in favor of the defendant.⁵²

Proponents of willful infringement reform believe the transition will not be difficult, primarily because the current patent law system already uses “clear and convincing evidence.”⁵³ The heightened burden of proof placed upon infringed parties eases the probability that a defendant will be charged for willful infringement, and thus

⁴⁷ 35 U.S.C.A. § 284.

⁴⁸ See *In re Seagate Technology*, 497 F.3d 1360 (Fed. Cir. 2007).

⁴⁹ S. 515, 111th Cong. § 4(d)(1) (2009).

⁵⁰ *Id.*

⁵¹ *Id.* § 4(d)(3).

⁵² Crouch, *supra* note 28.

⁵³ *In re Seagate*, 497 F.3d at 1371.

face high penalty damages.⁵⁴ Such proponents also believe there will be less of an incentive to file “time-consuming willfulness claims” due to the higher burden, therefore providing relief to both the court and the parties of the “length and [costs] of patent litigation.”⁵⁵

Reform opponents, on the other hand, contend that it is already too difficult under the current system of “objective reasonableness” for infringed parties to claim damages when “willful infringement” has occurred.⁵⁶ Further, a heightened standard, as proposed in A.S. 515, would make it even more arduous for infringed parties to truly obtain reasonable damages.⁵⁷

A higher burden of proof is seemingly appropriate for willful infringement cases due to the time-constraints faced by courts with presumably large dockets. Society could benefit by a reduction in the amount of litigation of burdensome and repetitive willfulness claims brought by desperate patent holders. With this reform, petty willful infringement claims are likely to become extinct, and thus release some of the strain on the resources of the court.

D. Opportunities to Correct an Issued Patent

1. Reexamination Process

The USPTO uses a procedure called “reexamination” to correct an already issued patent, when new evidence is presented concerning third party claims to the patent.⁵⁸

⁵⁴ See David R. Clonts, *The Federal Circuit Puts the Willfulness Back Into Willful Infringement*, INTELL. PROP. & TECH. L.J., Dec. 2007, at 9, 12.

⁵⁵ Christopher Lanks, *In re Seagate: Effects and Future Development of Willful Patent Infringement*, 111 W. VA. L. REV. 607, 633 (2009).

⁵⁶ See Parthum & Signore, *supra* note 4, at 366.

⁵⁷ See Clonts, *supra* note 54, at 637.

⁵⁸ See Robert J. Yarbrough, *Patent Reexamination*, YARBROUGH LAW, <http://yarbroughlaw.com/Publications/pubs%20patent3%20Patent%20Reexamination.htm> (last visited Feb. 23, 2011).

The reexamination process has been a steady and reliable tool in lieu of patent litigation, which can be costly and time consuming.⁵⁹ The patent holder benefits from the reexamination process because it provides an opportunity to narrow the claims of their patent “in light of [any newfound] prior art” that the examiner might not have previously discovered.⁶⁰

There are two types of reexamination proceedings, *ex parte* and *inter partes*. *Ex parte* proceedings arise when the USPTO determines there is a “substantial new question of patentability.”⁶¹ Any person may file for a reexamination proceeding during the enforceability period of the patent, though they are not allowed to be present at the reexamination proceeding.⁶² The reexamination process proved significant during proceedings in *NTP, Inc. v. Research in Motion, Ltd.* Research in Motion (RIM) found prior art, which it used to invalidate NTP’s patents.⁶³ The USPTO examined thousands of pages that had been turned in by both RIM and NTP through reexamination proceedings, and eventually rejected two of NTP’s patents.⁶⁴

Inter partes proceedings are similar to *ex parte* proceedings in that they both entail a USPTO determination of the presence of a “substantial question of patentability.”⁶⁵ A crucial difference is that a third party requester can participate in the *inter partes* examination proceedings upon the condition that the patent “application was filed on or

⁵⁹ Parthum & Signore, *supra* note 4, at 368.

⁶⁰ See Yarbrough, *supra* note 58.

⁶¹ 35 U.S.C.A. § 303(a) (West 2002).

⁶² *Manuel of Patent Examining Procedure: § 2209 Ex Parte Reexamination*, U.S. PAT. & TRADEMARK OFFICE, http://www.uspto.gov/web/offices/pac/mprep/documents/2200_2209.htm#sect2209 (last modified Dec. 18, 2008).

⁶³ See *NTP, Inc. v. Research in Motion, Ltd.*, 397 F. Supp. 2d 785 (E.D. Va 2005).

⁶⁴ See *id.*

⁶⁵ 35 U.S.C.A § 313 (West 2002).

after November 29, 1999”⁶⁶ Although third party requesters may partake in the proceedings, they are estopped from later asserting that a claim is invalid based on assertions that were raised or “could have [been] raised” at the proceeding.⁶⁷

A.S. 515 focuses on inter partes proceedings by paying close attention to removal of the language “could have been raised” from the statute.⁶⁸ The elimination of this phrase serves to provide a third party requester with protection from the estoppel effect discussed above. In addition to the language amendment, A.S. 515 also proposes that an administrative patent judge be required to preside over all ex parte and inter partes hearings.⁶⁹ In effect, a judge of this nature possesses more knowledge of the patent application, as well as the patent process as a whole.⁷⁰

2. Post-Grant Review Process

Under the new reform, a process akin to the reexamination proceeding is introduced; it is called “post-grant review.”⁷¹ The post-grant review replaces litigation by allowing third parties to challenge a patent after issuance.⁷² During the post-grant process, the USPTO reviews the basis of whether one or more claims of a patent are invalid.⁷³ Unlike reexamination, post-grant review is only available nine months after a patent has been issued.⁷⁴ Also, this type of evaluation is handled directly by the patent

⁶⁶ *Manual of Patent Examining Procedure: § 2609 Optional Inter Partes Reexamination*, U.S. PAT & TRADEMARK OFFICE, http://www.uspto.gov/web/offices/pac/mpep/documents/2600_2609.htm#sect2609 (last modified Dec. 18, 2008).

⁶⁷ Parthum & Signore, *supra* note 4, at 368.

⁶⁸ S. 515, 111th Cong. § 5(a) (2009).

⁶⁹ *See id.*

⁷⁰ *Id.* § 6(b).

⁷¹ Parthum & Signore, *supra* note 4, at 369.

⁷² *Id.*

⁷³ *Id.*

⁷⁴ *Id.* § 5(c).

appeals board, and a “supplemental examination” ensures that the patent holder has completed his “duty of disclosure.”⁷⁵

Generally, a post-grant review can supplement the reexamination process, though A.S. 515 permits post-grant review to replace reexamination when there is “a showing that the petition raises a novel or unsettled legal question.”⁷⁶ Extending the use of the post-grant review is likely to be beneficial to all those involved. Apprehensions associated with reexamination, such as its time consuming nature and inability to consistently avoid litigation, are of no substantial concern with post-grant reviews. Moreover, the post-grant review process is “not limited to patents and printed publications” like the reexamination proceeding.⁷⁷ Overall, the post-grant review process can have a “dampening effect on aggressive patent portfolio strategies” and provide further fundamental patent review.⁷⁸

3. Proponents and Opponents of Reexamination and Post-Grant

Although both the advocates and the opponents of A.S. 515 have their qualms, there remains little conflict between the groups regarding the reexamination and post-grant review processes. A few individuals fear an increase in post-grant reviews will slow an inefficient patent review process; however, it can be countered that a three panel judging board could “enhance the process’s reliability.”⁷⁹ Conversely, some individuals maintain that a lower standard of reexamination will result in an increase of post-grant

⁷⁵ Crouch, *supra* note 28.

⁷⁶ S. 515, § 5(b).

⁷⁷ Parthum & Signore, *supra* note 4, at 370.

⁷⁸ Bronwyn H. Hall, *Post-Grant Patent Review*, BERKELEY (Apr. 16, 2004), https://elsa.berkeley.edu/~bhhall/papers/BHH04_BCLT%20handout.pdf.

⁷⁹ Stephen G. Kunun, Article, *The Metamorphosis of Inter Partes Reexamination*, 19 BERKELEY TECH. L.J. 971, 988 (2004).

reviews that invalidate “only bad patents;” therefore, ascertaining that a post-grant review process will allow for a quicker and cheaper system, while maintaining accuracy.⁸⁰

Overall, the “could have been raised” estoppel effect has hindered many third parties from adequately challenging the validity of a patent.⁸¹ Thus, the reformation will reduce the estoppel’s effect, resulting in an increased quality of future patent applications and a curtailment of the lengthy review process. Overall, the inter partes reexamination and post-grant process should be more beneficial than detrimental to the patent process.

E. Is Best Mode a Necessary Requirement?

Under the current patent statute, an inventor is required to disclose the method, or best way, “of carrying out [the] invention.”⁸² If this condition is ignored, an inventor would likely lose in litigation due to the insufficiency of fulfilling this requirement, regardless of the merits behind the claim.⁸³ This rigid obligation is an elevated issue in the current best mode system. Although the best mode requirement aspires to improve the quality of disclosure by allowing the public to recognize the societal need for an invention, its unduly subjective standard results in both time and money being wasted on the search for information that could show an inventor concealed evidence, and therefore knew of the particular best mode at the time of filing his or her application.⁸⁴ A.S. 515 appears to support the best mode requirement; aside from eliminating the invalidation clause, which terminates a patent during litigation upon noncompliance with the best

⁸⁰ Matthew Sag, Article, *Patent Reform and Differential Impact*, 8 MINN. J. L. SCI. & TECH. 1, 95 (2007).

⁸¹ See Parthum & Signore, *supra* note 4, at 368.

⁸² 35 U.S.C.A § 112 (West 1975).

⁸³ *Id.*

⁸⁴ See Vincent LoTempio, “*Patent Reform Act of 2010*” and Best Mode Requirement, LOTEMPPIO L. BLOG (Apr. 3, 2010), <http://www.lotempiolaw.com/2010/04/articles/patents/patent-reform-act-of-2010a-and-best-mode-requirement/>.

mode requirement, A.S. 515 essentially leaves the remaining best mode requisites intact.⁸⁵

Proponents of the amendment believe the best mode requirement is an unnecessary distraction during litigation, because it precludes the court from focusing on the merits of the patent application.⁸⁶ They believe that by removing the best mode from litigation, it will forestall the loss of exceptional patents in the future, an issue many patents have met due to the hierarchy of the best mode requirement over the specific claims aligned with the patent application itself.⁸⁷

On the other hand, opponents of the reform reason that the public needs to be informed of the best method used by the inventor in order to foster innovation and creativity.⁸⁸ They maintain that if this requirement is removed, patent applicants will withhold important technical pieces of their invention from the public, resulting in quick, though possibly inept, litigation.⁸⁹

By and large, patent invalidation due to failure to meet best mode requirements seems unnecessary and is an effortless conduit for removal of an exceptional patent by a challenging party with no substantial consideration allotted to the merits. Procedural issues should not serve as a shortcut in which to disclaim a patent. Instead, courts and the USPTO should base all patent applications on the merits of the application itself. The current patent act grants third party challengers the ability to needlessly burden the patent holders, and in turn, stifles innovation and creativity. A.S. 515 is capable of reversing

⁸⁵ S. 515, 111th Cong. § 15(a) (2009).

⁸⁶ See Parthum & Signore, *supra* note 4, at 384.

⁸⁷ *Id.*

⁸⁸ 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).

⁸⁹ See *id.*

this effect by providing a way for patent holders to reclaim their inventions and the public, their creativity.

F. Public Deception Through False Marking of Products

The false marking statute allows “any person” to file a false marking claim, even if damages are minimal or non-existent.⁹⁰ The false marking statute intends to deter public deception through false marks on unpatented products that falsely indicate that the product has been patented or has a patent pending.⁹¹ Although the false marking statute operates to protect the public and promote competition, it still remains the center of much debate.⁹²

In *Forest Group, Inc. v. Bon Tool Company*, the Federal circuit held that “a fine of ‘not more than \$500’” may be awarded to an infringed party on a per article basis, instead of a traditional award of single damages per violation.⁹³ The court’s ruling resulted in an increase of litigation pertaining to false marking statute violations.⁹⁴ Due to the per article damage analysis, the possibility for copious penalties increased, causing plaintiffs to strive to take advantage of the subsequently generous damage awards.⁹⁵

Under A.S. 515, an individual must have “suffered a competitive injury as a result of a violation of [the] section...” in order to meet the standing requirement needed to file a false marking claim.⁹⁶ This amendment is substantial in comparison to the “any person” standard required under current patent law.⁹⁷

⁹⁰ 35 U.S.C.A. § 292(a) (West 1994).

⁹¹ *See id.*

⁹² MaryDilys Anderson, *Risks of False Marking: Reducing a Company’s Exposure*, INTELL. PROP. & TECH. L. J., July 2010, at 21, 21.

⁹³ *Forest Group, Inc. v. Bon Tool Co.*, 590 F.3d 1295, 1304 (C.A. Fed. 2009).

⁹⁴ *See Anderson, supra* note 92.

⁹⁵ *Id.*

⁹⁶ *Id.* at 23.

⁹⁷ *Id.*

Those in favor of narrowing the class of people eligible to sue argue that increasing the burden of potential infringed patent holders will benefit the court system by forestalling much of the litigation that arises as a result of the *Forest Group* holding.⁹⁸ Thus, the false marking statute accomplishes the significant goals of reducing patent litigation and controversy.

In opposition to the reform of the false marking statute are those who feel the amendments portray ambiguous language which creates an excessive burden on the plaintiff to prove “competitive injury.”⁹⁹ Such uncertainty has many individuals worried about the costs that will arise as a result of this heightened standard.¹⁰⁰

It seems apparent that the courts will benefit greatly by a reduction of false marking litigation due to an increased burden upon the plaintiff to prove that he or she sustained a “competitive injury.” Although it might initially be difficult to define “competitive injury,” court precedent will eventually establish its limits and boundaries. The increased burden will reduce unnecessary litigation and prevent defendants from having to pay heinous damages in false marking suits.

G. Where Should Patent Litigation Reside?

The objective of “venue statutes is to protect defendants from the inconvenience of having to defend ... [themselves] in a trial court that” may be prejudicial or controversial.¹⁰¹ Currently, venue in patent infringement suits may be brought either (a) “where the defendant resides;” or (b) “where the defendant has committed acts ... and

⁹⁸ *See id.*

⁹⁹ See Joel Hammond, *Patent Reform May Have ‘No Clear-Cut Winner’*, CRAINS (Dec. 6, 2010), <http://www.crainsicleveland.com/article/20101206/FREE/312069957>.

¹⁰⁰ *See id.*

¹⁰¹ William C. Rooklidge & Renee L. Stasio, *Venue in Patent Litigation: The Unintended Consequences of Reform*, INTELL. PROP. & TECH. L. J., Mar. 2008, at 1, 1.

has a regular and established place of business.”¹⁰² Historically, jurisdiction has proven to be an issue for many corporations as they are subject to personal jurisdiction in many states. A.S. 515 allows transfer of venue only “upon a showing that the transferee venue is clearly more convenient than the venue in which the civil action is pending.”¹⁰³

Proponents of this transfer of venue reform tend to be larger corporations that have significant concerns regarding “forum shopping by smaller companies,” as well as plaintiffs who take advantage of the lax venue requirements that are currently in use.¹⁰⁴ These advocates are seemingly satisfied with this amendment, because although the “proposed reform does not change the method of determining venue,” it still provides possible relief.¹⁰⁵

Of course, the opponents of this additional venue option are smaller corporations who want the added advantage over corporations with deep pockets.¹⁰⁶ Additionally, there is an underlying belief that the preferable, or most appropriate, venue will not be chosen because a limited number of courts in the nation have the “expertise and timeliness” to handle patent infringement cases.¹⁰⁷ Therefore, these individuals further believe that unfamiliar courts will handle a greater number of patent infringement cases, possibly resulting in an adverse effect on the purpose and policy of intellectual property law.¹⁰⁸ As a solution, some argue that there should only be one major appellate court, the

¹⁰² 28 U.S.C.A. § 1400(b) (West 1999).

¹⁰³ S. 515, 111th Cong. § 8(a) (2009).

¹⁰⁴ Parthum & Signore, *supra* note 4, at 382.

¹⁰⁵ *Id.* at 383.

¹⁰⁶ *See id.* at 382-83.

¹⁰⁷ *Id.* at 383.

¹⁰⁸ *See id.*

Federal Circuit, that handles all appellate decisions in order to reduce any advantages that forum shopping may offer.¹⁰⁹

Ultimately, there should be benefits available for large corporations which are heavily involved in litigation. The amendment provides such relief by disabling smaller parties from taking advantage of forum shopping tactics. Congress has been under the heavy influence of these larger corporations to pass this bill, thus even if only a portion of A.S. 515 is passed, the venue reformation has significant support and is likely to be a viable contender.

H. Who Sets Proper Filing Fees?

Currently, the USPTO does not have complete rulemaking authority to set fees during the patent process.¹¹⁰ There are many areas of fee setting that are left to Congress and the judiciary, primarily to prevent the USPTO from developing a monopoly over the patent process.¹¹¹ A.S. 515 states that, “The Director shall have authority to set or adjust by rule any fee established or charged by the Office...[provided that] fee amounts are in the aggregate set to recover the estimated cost to the Office for processing, activities, services and materials relating to patents and trademarks, respectively....”¹¹² The language suggests that the purpose of the reformation is to provide the USPTO with proper authority to adjust any regulatory fees, though congruently safeguard against the Director being able to hold the authority to ensure that specific “fees...remain [within] the Office.”¹¹³

¹⁰⁹ *Id.*

¹¹⁰ *Id.* at 385.

¹¹¹ *See id.*

¹¹² S. 515, 111th Cong. § 9(a) (2009).

¹¹³ Donald Zuhn, *House to Vote on Bill that Would Give USPTO Fee-Setting Authority*, PATENTDOCS (May 17, 2010), <http://www.patentdocs.org/2010/05/house-to-vote-on-bill-that-would-give-uspto-feesetting-authority.html>.

Members of USPTO favor this revision because providing the USPTO with fee-setting authority could help the USPTO set up an intelligent and thorough financial plan for the future.¹¹⁴ USPTO Director David Kappos has stated that the Office plans to receive “between \$146 and \$232 million more than its appropriated amount in FY 2010.”¹¹⁵ This money could be used to benefit the USPTO by providing resources to help improve patent efficiency.¹¹⁶

Currently, the main opponents of this reform are members of the American Intellectual Property Law Association (AIPLA) who believe that Congress needs to ensure that fees paid by inventors will be used specifically to process patent applications, instead of used to fund other ambiguous needs established by the USPTO.¹¹⁷ In addition to AIPLA, there are many individuals who maintain that the USPTO fee structure is not the cause of its problems, but instead its inefficient management of time, as well as its inability to manage the bulk of patent applications.¹¹⁸

USPTO should receive some control over the fee structure because it has the ability to use the surplus money to create more examiner positions for the review and evaluation of patent applications. The major concerns over the USPTO’s efficiency and time management may be put to rest if the USPTO was able to train and/or hire more examiners for the future. As David Kappos states, this reform makes certain “the USPTO gets the funding it desperately needs to operate efficiently and to protect the intellectual property rights of all innovators.”¹¹⁹

¹¹⁴ *See id.*

¹¹⁵ *Id.*

¹¹⁶ *See id.*

¹¹⁷ *See id.*

¹¹⁸ *See id.*

¹¹⁹ David Kappos, *Putting the USPTO to Work for Independent Inventors*, USPTO (Nov. 10, 2009), http://www.uspto.gov/blog/director/entry/director_s_forum_david_kappos.

I. Educating Courts on Patent Law

Implementation of a trial program may be a minor issue compared to other major reformation topics discussed thus far, although it is not less significant. Such a program could educate district courts across the country on patent litigation. A.S. 515 establishes various pilot programs that will run for a duration of ten years in the courts with the greatest number of patent protection cases filed this past year.¹²⁰ The USPTO is dedicated to spending money on this program to develop these courts, and the Director has stated that at least five million dollars will be spent on training the judges on major patent issues, as well as hiring law clerks with patent expertise.¹²¹

This program will serve as a major tool to help prepare district courts for intricate issues that may appear during patent litigation.¹²² Congress will have authority over the program during its implementation by being able to require trial courts to furnish detailed reports about each case.¹²³ With this program, patent litigation could become more efficient and fair throughout the nation.

IV. Conclusion

The Patent Reform Act of 2010 has the ability to majorly impact the United States patent realm, and it is an exciting time for those who interact with the patent system. Although this decade has faced a low passage rate of prior patent reform acts, it seems that the Patent Reform Act of 2010 has tried to maintain a balance between the proponents and opponents of patent reform.

¹²⁰ S. 515, 111th Cong. §16 (2009).

¹²¹ Edward C. Kwok, Karen J. Wang & Gregory P. Webb, *Overview of the Proposed Patent Reform Act of 2010*, HAYNES & BOONE, LLP (2010), http://www.haynesboone.com/files/Publication/9bbac289-c2c6-447a-ad82-77d39b4ef017/Presentation/PublicationAttachment/1b2be6bc-dcb4-470c-8f96-8201c49ed0ec/Proposed_Patent_Reform_Act_2010.pdf.

¹²² Parthum & Signore, *supra* note 4, at 390.

¹²³ *Id.*

The first-to-file system will unify the United States' system with those of the rest of the world, and will provide large companies with a strategic and innovative advantage in the market. There are many changes to the damages provision that will reduce litigation in courts due to the higher burden placed upon parties. Judicial efficiency is always a major concern for the courts, which is why the increased burden within the damages and false marking provisions greatly improves the chances for this patent reform bill to pass in Congress. Furthermore, reexaminations and post-grant reviews will refine the patent system and its accuracy by providing in-depth examinations of patents that have already been filed.

Whether Congress concentrates on the major reforms such as first-to-file, or the minor ones such as the pilot program, each piece of the Patent Reform Act of 2010 plays an integral role in transforming U.S. patent law. Though it seems that patent reform may not have made significant progress in recent history, the Patent Reform Act of 2010 can serve as the catalyst that takes the U.S. patent system to the next level. Regardless of whether the Patent Reform Act of 2010 is passed by Congress this year, a major transformation appears to be in the near future.