

**Introductory Statement
of
Professor Lee A. Hollaar
for the
Panel Discussion
on
Inter Partes Reexamination
at the
United States Patent and Trademark Office**

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Despite what some critics of the patent system demand, it is not reasonable (and may not be even possible) to perform the examinations necessary to assure that all patents issued are really valid in light of the prior art. It would be far too expensive to conduct a prior art search that includes all relevant art throughout the world, even if such art was somehow available.

And the expense of getting a patent plays an important, but often overlooked, role in the effectiveness of patent examination. If the cost of getting a patent is too high, inventors won't apply for patents, perhaps keeping their inventions as trade secrets, and descriptions of the state of the art won't end up in the place where they can be most easily found by examiners and others: the collection of issued (and pending) patents.

We saw the problems this causes when the Office discouraged the filing of patent applications for software-based inventions. (Not by having high costs, but promoting the perception that such patents wouldn't be granted.) Many techniques remained trade secrets, so that it is difficult now to cite them as prior art when they are reinvented, or find them in a prior art collection.

This is why reexamination is not an admission that the patent system is flawed, but a vital part in keeping its application costs reasonable while weeding out those patents that should not have been initially granted. It substitutes an administrative procedure for lengthy and expensive infringement litigation, and permits the removal of a "sword of Damocles" by somebody aware of a patent suspected of being invalid.

The question before us is how to make reexamination more effective and widely used than it has been historically and even is today. The revisions over the past

decade have been important, but may not have been sufficient. There are a number of concerns, brought up most recently in the FTC report, that should be addressed, possibly through statutory changes, to make reexamination more frequently used and effective.

The FTC suggested a “post-grant review” procedure to quickly weed out bad patents. It appears that inter partes reexamination could satisfy that recommendation if broadened to allow review based on considerations such as enablement along with a lower fee for prompt filing of the reexamination request.

In 1995, when the USPTO was considering the rules for third-party reexamination in anticipation of Congress’ adoption of the statutory change, I submitted the following comment:

While I am in agreement with the proposed rules for reexamination practice, I believe that there should be a special reduced fee for reexamination requested within a short period (say, six months) following the issue of a patent. If requested by the patent owner, this special fee should be the same as for a continuing application; for a third-party request, it might be twice the normal application fee.

Such a special fee would encourage reexamination of patent soon after it is issued if prior art is brought to the attention of the patent owner or the Office. Even if early publication of patent applications is adopted, there will be patents that issue before the early publication date, particularly those that were made special. Encouraging the reexamination of questionable patents shortly after their issue strengthens the patent system by allowing for the early correction of problems caused by an examiner not being aware of pertinent prior art.

The reduced reexamination fee can be further justified by noting that the request will be made shortly after the original examination of the application has been completed. It is likely that the same examiner, who is already familiar with the case, will be available for the reexamination. The effort is comparable to that required for a continuing application filed at the end of the six month period following a final rejection.

Many people are concerned that if they are aware of a patent and produce something found to be infringing, they will be socked with trebled damages for willful infringement. This keeps them from reviewing patents as they are issued,

and therefore filing for reexamination promptly after a patent issues. It needs to be clear that more than just knowledge of a patent is necessary to show willful infringement.

The FTC also recommended changing the burden of proof necessary to find a patent invalid should be changed from “clear and convincing evidence” to “the preponderance of the evidence.” Rather than change the burden of proof in litigation, it might be better to require all questions of validity raised in litigation to be first handled in reexamination, where there is no presumption of validity or deference to the past decision of an examiner, allowing the court to review the reexamination decision with proper deference.

Biography

Lee Hollaar is a professor in the School of Computing at the University of Utah, where he teaches intellectual property law and computer networking. He has been involved with computers for almost 40 years, working on both hardware and software systems. He received his PhD in Computer Science in 1975 from the University of Illinois and a BS degree in Electrical Engineering from the Illinois Institute of Technology in 1969.

He is the author of *Legal Protection of Digital Information*, published by BNA Books in 2002 and available on the Internet at digital-law-online.info.

Professor Hollaar was a committee fellow with the Senate Judiciary Committee, where he worked the patent reform bill and what became the Digital Millennium Copyright Act, a visiting scholar with Judge Rader at the Court of Appeals for the Federal Circuit, and the chair of IEEE-USA's intellectual property committee. He is a registered patent agent, primarily working as an expert witness or technical advisor in intellectual property infringement and antitrust litigation.

The views expressed are his own, and not necessary those of the University of Utah or any other organization.