

Commentary

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Patent Reform: The Sky Isn't Falling, for the Most Part

Bipartisan patent reform legislation has defied skeptics and made substantial progress in Congress this year. Although some in the patent community have not embraced specific elements, most, at least grudgingly, acknowledge a broad need for modernization of the patent system. Many small inventors, however, have maintained a unique and uncompromising skepticism about proposed reforms—and understandably so. Lacking the legal resources of big corporations, most small inventors save time and money by using a system they know and understand. Adapting to change, small inventors fear, will cost both time and money and endanger their livelihoods.

Three of the principal changes to patent law that small inventors have spoken out against are the switch from a “first to invent” system to a “first to file” system, changes to venue, and changes to application disclosure. Even though small inventors have a right to skepticism about changes in patent law, it is worth considering that some of these revisions in the legislation will actually benefit their entrepreneurship in the long term.

Small inventors, for example, have argued that changing from a “first to invent” to a “first to file” system will enable larger and better funded entities to steal ideas from small inventors before the inventor can file an application. The current system, in reality, is equally susceptible to such abuse.

Under the current “first to invent” system, the same problem exists when multiple individuals claim the invention. When this occurs, an aggrieved inventor can enter into an interference proceeding to determine who really came up with the invention. In a “first to file” system, a derivation proceeding would take the place of the interference proceeding. The derivation proceeding would be used to determine who spawned an idea when one party accuses the other of misappropriating the invention. Regardless of the system, when the misappropriation of an invention occurs, small inventors will have to defend their work in a proceeding before the U.S. Patent and Trademark Office.

However, one important advantage a small inventor has over larger competitors in a “first to file system” is flexibility. It is much easier for a small inventor to have an idea and apply for a patent the next day than it is for a large entity to do so; the larger an entity, the more complex the internal bureaucracies involved. This bodes well for small inventors, and they should consider these realities before railing against a change supported by almost every other sector of the

patent community.

Small inventors have also expressed concerns with regard to changes to venue. At present, plaintiffs, including small inventors, can pick just about any district in which they want to file suit. This gives plaintiffs a major leg up on defendants, at least when it comes to choosing the forum. The proposed changes to venue would limit which districts are available to plaintiffs; these would generally be limited to districts that have an actual nexus with the parties. Small inventors are concerned about this limitation.

The problem with their concern is that, even though current law gives plaintiffs who are small inventors an edge while acting as plaintiffs, they are severely disadvantaged when acting as defendants. As much as large entities complain about the diversion of resources from research and development because of patent litigation, at least such entities have the resources needed to dedicate to litigation.

Many small inventors simply do not have the funds to prosecute a trial across the country, especially in a “rocket docket,” when the legal fees seemingly come all at once. Limiting the venue—in many cases to districts with an actual nexus with a defendant—will help prevent this problem and will benefit the small inventor. Small inventors are frequently plaintiffs in patent suits, but they also find themselves in the crosshairs of litigation. Finally, small inventors claim that the new disclosure requirements of the patent reform legislation will dramatically increase the chances of infringement at home and abroad. On this valid point they are absolutely right; this is why I sponsored an amendment to ease the burden on small inventors when the patent reform bill came before the House last year. Under current law, a patent applicant may maintain nondisclosure of the application after 18 months if the applicant does not apply for a patent in another country that requires publication after 18 months. This helps not only small inventors but also all inventors who desire to keep their applications safe from would-be infringers.

Nondisclosure of patent applications protects American intellectual property assets from unscrupulous entities at home and abroad. The threat of early infringement by countries like China and India is particularly real.

Theft of intellectual property hurts the small inventor especially hard, because an inventor often spends years developing a single idea at great personal and

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three parties were using black binders and the first few witnesses often had difficulty identifying which binder they were being asked to review. We began to color-code the binders and the problem never recurred. Remember, anything you can do to help the court perform its job will inure to your benefit.

Lesson #6: Maintain good relations with opposing counsel.

Perhaps this goes without mentioning, but it will usually be to your benefit to maintain good relationships with your adversaries. For example, in this litigation, all discovery disputes were resolved informally between the parties without requiring court's involvement. In the spirit of helping the court to perform its role, the congeniality of counsel will be appreciated.

In this particular case, one of the provisions of the Local Rules of the Southern District of New York was very helpful in avoiding discovery motion practice. The Local Rules contain a mechanism that prevents the precipitous filing of motions by requiring that a party contemplating a motion first submit a letter to the court requesting a pre-motion conference. This method worked well and allowed the parties to resolve a number of issues that otherwise would likely have required extensive (and expensive) briefing.

Lesson #7: Manage your time effectively.

The most important lesson of all: Time management will always be key to the presentation of your case. Unfortu-

nately, most lawyers tend to be terrible at time management. It is vital to learn to make a realistic estimate of how long that killer cross-examination will really take and to be able to stick to one's predetermined allocations of time so as not to run out of time when there are witnesses who still must be examined. This is an area in which almost all trial lawyers could improve. We can only hope that, with discipline and practice, we will collectively be able to do so. **TFL**

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Endnotes

¹*Yeda Research and Dev. Co. v. ImClone Sys. Inc.*, 443 F. Supp. 2d 570, 578 (S.D.N.Y. 2006).

²*Id.* at 594–595 n.43.

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financial sacrifice. It is not that large inventors are not negatively affected—it is that the proportional impact on small inventors is much greater.

Also, at present, if the Patent and Trademark Office rejects an application, the idea behind the application still has a chance to remain a trade secret. Publication prior to the granting or rejection of a small inventor's patent not only exposes the inventor to early infringement but also erases any prospect of maintaining the idea as a trade secret. Again, this is especially harmful for inventors with few patents or products and little money available for litigation.

As originally introduced, the patent reform bill had proposed eliminating provisions in current law that permit applicants to delay publication. During the debate on this legislation, I offered an amendment, which was adopted, that will allow applicants to delay publication until the later of three months after a second action by the Patent and Trademark Office or 18 months after the filing date. This amendment is a good compromise that protects American inventors.

There is no reason that the small inventor community must be tread upon by patent reform legislation. In fact, the little guys come up with some of the biggest and most important ideas, and their constructive

participation in advancing patent reform would be most useful in crafting legislation designed to foster innovation. Patent reform must protect the future of the inventor in his or her garage, and the entire patent community should concern itself with preserving these roots of innovation. Throughout this debate, some small inventors have dropped their objections while others have maintained a vitriolic rancor. What will benefit the final legislative product the most, and thereby benefit small inventors the most, is for those within that community to find a middle ground—something like the sky isn't falling, for the most part.

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