HISTORIAN'S CORNER

As Time Goes By: Of Babies and Bathwater*

You may have noticed that the topic of the recent Presidents' Forum, "What to do about NPEs: Do We Risk Throwing the Baby Out With the Bath Water," had a familiar ring about it. The title appears to echo that of a paper by Matthew Dowd that won 1st Prize in our Association's 2006 Conner Writing Competition: "Elimination of the Best Mode Requirement: Throwing the Baby Out with the Bathwater."

As far as patent reform legislation is concerned, various factors play a role in the likelihood of throwing out the good with the bad. Political concerns are often paramount. For example, when it came to the legislative debate over best mode prior to the AIA, a Congressional tipping point came in 2007 when the Chair of the Senate Judiciary Committee, Senator Leahy, mustered ten votes to defeat, by a single vote, a patent reform amendment before the Committee that would have repealed the best mode disclosure requirement.[1]

At the time, Senator Leahy apparently was concerned, and perhaps rightly so, that repeal would harm the quality of disclosure provided in patent applications. Indeed, one might reasonably conclude that repeal would harm both the quality and the quantity of such disclosure.

As a result, the best mode disclosure requirement was not repealed under the AIA. Instead, the AIA severely weakened the efficacy of the requirement by eliminating the opportunity for a defendant in a patent infringement action to assert best mode as an invalidity/unenforceability defense to alleged patent infringement.

Patent lawyers appear to be squarely stuck between a rock and a hard place in terms of providing counsel to their inventor clients regarding best mode under the AIA. On the one hand, we need to be able to explain that the obligation to disclose the client's best mode is mandated by the statute, and thus needs to be provided. On the other hand, in the interest of full disclosure, so to speak, we might add that there is little likelihood that the requirement can, or will be, enforced. The net result is that the quality and quantity of disclosure in patent applications will likely be diminished – effectively weakening the patent system without repealing the disclosure requirement.

Some colleagues in the IP field have told me that they don't care whether we have a strong patent system or a weaker one. They apparently believe that they will continue to do well, at least economically-speaking, either way. Nonetheless, such a view appears short-sighted because a weaker patent system may lead to disuse, and that would presumably have serious economic consequences for all concerned.

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The current debate over non-practicing entities ("NPEs"), often pejoratively referred to as "patent trolls," perhaps sets a new standard for murkiness. As you may recall, "patent troll" was coined by Peter Detkin back in 1999, while he was Intel's patent counsel, as a way to negatively characterize certain patent holders opposing Intel. The tables turned, however, when Mr. Detkin left Intel to co-found Intellectual Ventures, which some may consider to be an example of a patent troll in Detkin-speak.

[Thomas Murner's Woodcut (circa 1512)]

The moniker "NPE" is often applied to patent owners who do not have products in the marketplace, but rather rely on their patent portfolio as a source of revenue. Consider the Wright Brothers. Would they properly be labeled as NPEs/patent trolls using today's verbiage?

In a speech at DePaul University College of Law on October 15, 2013, former Chief Judge Paul Michel decried legislative efforts to attack NPEs/patent trolls in bills currently pending in Congress, which he collectively referred to as "AIA II."[2] In light of Judge Michel's comments and the plain language of the bills themselves, it might be reasonable to conclude that AIA II, if enacted, will have the effect of discriminating against, and disadvantaging, one class of patent holders vis-a-vis another, more well-funded, class of patent holders.

Perhaps well-funded companies would like us to forget that, when they got their start, they too were non-practicing entities. Patent lawyers, however, are hard-pressed to forget that all patentees are stake-holders in the patent system. It makes logical sense for them to be treated equally to ensure that innovation will continue to survive and thrive.

With kind regards,

Dale Carlson

* The opinions expressed herein are solely those of the author and are not to be attributed to the NYIPLA or its Board of Directors.

[1] IPO Daily News, July 20, 2007, at www.ipo.org.

[2] "Judge Michel: Patent Reform Bills Would Weaken the Patent System," Olivia T. Luk, at www.ipwatchdog.com, posted October 16, 2013.