HISTORIAN'S CORNER

"As Time Goes By - Re-tuning Patent Reform at the Fork in the Road"

by Dale Carlson

Yogi Berra once observed "when you come to a fork in the road.... take it." It seems that we may have come to a fork in the road, so to speak, as far as efforts to change the patent system are concerned.

During the last few months, proposed legislation has been introduced into Congress that would, if enacted, dramatically alter the legislative landscape for patents. The proposed legislation was introduced against a back-drop of recent rulings from the Supreme Court that have dramatically altered the judicial landscape for patents.

Some critics say that the 1952 Patents Act is outmoded. Perhaps ironically, critics made that charge back in 1964 - only a dozen years after the legislation was enacted. As is the case now, back then our country was experiencing a "technological explosion", resulting in a mounting backlog of patent applications that in percentage terms mirrors the backlog that the patent office is currently experiencing.

A patent reform proposal being considered in 1964, presumably as an alternative to hiring more patent examiners, was so-called "deferred examination" whereby some patent applications would effectively be put in "limbo" for a period of time, thus reducing the backlog.

Paul Rose, a co-author of the 1952 Act, questioned the motivation behind the proposal. He offered advice as to how to distinguish a good patent reform proposal from a bad one. He said: "We should be thinking in terms of operating our system to increase its incentive force, rather than in terms of how we can amend it so as to operate it more cheaply and easily."

Query: do the current reform proposals in Congress serve to enhance the patent system by increasing its incentive force; or are they primarily intended to make the system operate more cheaply and easily? The answer to this question may be found in the opening salvo of a July 19, 2007 Wall Street Journal squib entitled "Broad Patent-Law Overhaul Wins House Panel's Backing": "The House Judiciary Committee passed a sweeping overhaul of U.S. patent laws, a move long sought by technology companies eager to streamline the process and reduce the costs of patent-infringement lawsuits".

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Sadly, it is not clear that the "incentive force" value of patents is foremost in the minds of the proponents of the reform legislation now; nor was it back in 1964 according to Mr. Rose.

The fate of the 1964 reform initiative is instructive. We don't have a deferred examination system to this day. Even so, the "parade of horribles" propounded by reform proponents then, including one predicting that the Patent Office would collapse under its own weight without streamlining of the patent examination process, didn't materialize. Instead, the Patent Office has survived and thrived.

Moreover, the U.S. economy has continued to flourish, despite the absence of any "sweeping" changes to the 1952 Act. Perhaps the 1952 Act is more resilient than some would lead us to believe.

Nonetheless, recent Supreme Court decisions raise the specter of tougher times ahead for our patent system. The Ebay decision calls into question the patentee's entitlement to a permanent injunction. The KSR decision calls into question the validity of all patents issuing prior to the time of that decision.

The likely consequence of these decisions may be unintended ones, inasmuch as the decisions increase the level of uncertainty about the strength and value of patents. One is hard-pressed to believe that uncertainty is a good thing for the patent system, or a good thing for our clients having a need to know the value of the patents they have, or would like to have.

Our Association needs to rise to the challenge posed by the recent case law developments and patent reform initiatives. With the echoes of our Amicus Brief submission in KSR still ringing in our ears, there is one thing that is certain. Our Association's voice, albeit sometimes a lone one, can be heard. We can only hope that it will be heard, and heard in time to keep the current "golden age of patent law" from becoming a dim memory.