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## Patent system upgrade efforts under debate

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As patent attorney Nabeela Rasheed watched President Barack Obama's State of the Union address on Tuesday, she zeroed in on the message that innovation directly correlates with investment in new jobs.

"We have to invest in our inventors, we have to invest in our scientists and we have to provide those individuals with the resources to bring their inventions to light," Rasheed said. "One aspect of that is a patent system, and a patent system that is in harmony with the patent systems across the world — which has caught up with us innovation-wise."

Rasheed, a shareholder at McAndrews, Held & Malloy Ltd. who holds a doctorate in biochemistry, said that the United States needs to provide a proper launching pad for its inventors. The Patent Reform Act of 2011, which was introduced on Tuesday by Democratic Sen. Patrick Leahy of Vermont, could deliver a much-needed jump-start to the U.S. patent system, she said.

The country's lawmakers began discussing patent reform in the 1990s and introduced the first concrete proposals in 2005, Rasheed said. In the past five years, these bills, including Leahy's Patent Reform Act of 2009, never came to fruition.

If the Patent Reform Act of 2011 passes, it would become the most far-reaching revision of the patent system since 1952, Rasheed said.

"I think that out of all of the bills that I have seen for patent reform, this one has the best chance of getting through," Rasheed said. "People have the stomach for patent reform; this is as palatable a bill as I think one can find."

The legislation includes a proposal to swap the current "first-to-invent" system for a "first-to-file" system. Like Europe, the U.S. would then grant patents to the first inventors who file their applications.

The bill's other provisions, such as post-grant review proceedings, which are also used in Europe, could lead to stronger patents, Rasheed said. This measure would allow a chal-

lenger to petition the U.S. Patent and Trademark Office to review a patent within nine months of its issuance.

Even though most patent attorneys support patent reform, some like Paul C. Craane express doubts over the new proposal's chances of success.

Craane, a partner at Marshall, Gerstein & Borun LLP, has practiced in domestic and foreign IP law for 17 years. Even though the bill boasts bipartisan support, no one knows if new lawmakers will accept the challenge of patent reform, he said.

"I don't think that anyone should be persuaded that this means it's going to be an easy run," Craane said. "We don't have the same House and same Senate in place.

"And, frankly, there has been a pretty strong surge not to move forward with this Patent Reform Act," he said.

Paul Michel, former chief judge of the U.S. Court of Appeals for the Federal Circuit, joined dissenters in opposing the patent reform legislation, because he "sees other priorities that should be addressed by Congress that are not being addressed by Congress," Craane said.

"The primary one that former chief judge Michel emphasizes and beats the drum on is the idea that the patent office needs to do more, but we're not going to give them any more funding," he said.

While the U.S. Patent and Trademark Office collects fees to pay for its operations, those fees are consistently diverted to other purposes, Craane said. In addition to losing money, as of this December, the patent office faced a backlog of more than 700,000 patent applications.

The Board of Patent Appeals and Interferences, which could potentially handle post-grant review proceedings, also faces a major backlog. According to the board's statistics, it currently takes a challenger an average of 2½ years to receive a decision after filing a notice of appeal with the board.

"Nobody knows what all is going to be required to administer the program," Craane said. "It seems somewhat inappropriate to say,

'here are additional duties we would like you to perform,' without first addressing the issue of how we are going to fund it."

Paul R. Kitch, a partner at Nixon, Peabody LLP who focuses on patent prosecution and litigation involving complex technology, agreed that increasing funds and reducing the backlog are key to improving the patent office.

"Every year, millions of dollars in the USPTO's revenue are diverted by Congress for other purposes," Kitch said. "That sort of ties the USPTO's hands in its ability to plan and invest in what it needs to tackle this backlog.

"The future of our country is investing in innovation and protecting our corporations and companies and individual inventors that spend the time to come up with these things," he said.

Kitch also said the idea of post-grant review proceedings seems like an "anti-U.S. manufacturers' step," since manufacturers rely on the patent system to protect their innovations abroad.

"This post-grant review system is simply a tool to allow foreign companies to increase the cost on U.S. companies to secure patent protection and then to delay the time they can implement that protection," he said. "In Europe, when you get a patent application, if you're a smaller company, all your competitors can file oppositions against it and the opposition can drag on for five years or longer."

Rasheed, however, argued that if a company feels strongly enough about a particular patent, they end up bringing a challenge in the courts.

Under Leahy's proposal, two parties could instead solve the issue in a cheaper proceeding within the patent office. The risk of overburdening the system could be alleviated by fees collected for those proceedings, she said.

Rasheed also pointed out that clients who work on a global platform are familiar with proposed reform measures, such as post-grant review proceedings.

"I don't think it'll affect clients too adversely and it will provide some clients an additional proceeding by which to challenge their competitors' patents," she said.