

# LITIGATORS CORNER: A Reader Comments



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In my January *IP Today* column ("The Long Walk From the Gobi Desert to the River Styx: How the Poor Inventor Views the System"), I wrote about the inventor's difficulties in conceiving, developing, patenting, licensing and enforcing a patent on his (or her) invention. Among other things, I described some of the serious disadvantages an individual inventor faces when confronting the legal system.

An in-house attorney responded to my column. He asked to remain anonymous, but was willing to share with my *IP Today* readers his thoughts about the view from the corporate side: that the "poor corporation" is often "held hostage by an unworthy inventor," who files what amounts to a "paper patent application." According to my colleague, these applications are examined by a Patent Office that, "based on its new agenda to grant anything that's filed," issues the patent without sufficient scrutiny. "[B]ecause there is little disclosure (no examples)

and uneventful prosecution, the claims can be interpreted to mean whatever the inventor says they mean," he surmises. Finally, according to my colleague, everyone suffers from a legal system that is too slow, too expensive, and which provides inconsistent and uncertain results. The corporation, meanwhile, has been busy spending money and developing products which benefit the public. When confronted by an inventor who asserts a patent, but hasn't actually built anything, the "poor corporation" has to pay what amounts to a ransom to avoid an injunction sought by a litigious plaintiff who is insured -- or is represented by a contingent fee lawyer.

I beg to differ.

First, it worries me that an inventor who pursues a "paper patent" -- that is, one who has not actually built his invention -- should **not** be allowed to have a patent. The principal right in a patent, the right to exclude, is a hallmark of all property rights, and patents should not be an exception to the general nature of property. Rather, patents are in the mainstream of traditional property rights. Requiring an inventor to physically build his invention before it can be patented is tantamount to requiring that the invention be practiced before it can be protected. That to me is inconsistent with the notion of property. Insisting that an invention must be physically reduced to practice before it can be patented seems much the same as saying that I have to walk on my lawn every day before I have the right to tell you to stay off it. The idea of property is inconsistent (at least in countries which use English common law as the basis for their legal systems) with the concept of "use it or lose it." Rather, property is property because I, and no one else, decide if, when, and how it should be used.

There are, of course, exceptions. In certain instances, the Patent Office can require that a model of the invention be provided. 37 CFR 1.91(b) says that a "working model or other physical exhibit may be required by the Office if deemed necessary for any purpose in examination of the application." See, for example, *Newman v. Quigg*, 886 F.2d 329 (Fed.

Cir. 1989), for a tussle over working models of a perpetual motion machine. Newman submitted models, they didn't work, and his application was rejected.

Nor would a requirement that an inventor actually **build** his invention prove workable, even if my reader's preference to avoid "paper patents" were to be followed. Suppose Congress enacted a requirement that every inventor be required to actually build his invention -- that is, to achieve a reduction to practice, instead of the constructive reduction to practice that results from the filing of a patent application. Once the new statutory requirement existed, then there would have to be a new PTO employee whose job it would be to decide whether the model that was presented was actually the described invention. Is this yet another job for the Patent Office, the very institution my reader says "cannot tell up from down"? He also says that the Patent Office gives only lip service to Sections 103 and 112 ("What's section 112 anyway? Is 103 still part of the statute?" are his exact words.) But an office that does not presently apply the statutory requirements with consistency and precision can hardly be expected to make a reliable and adequate judgment as to whether a patent applicant has accomplished more than a constructive reduction to practice.

So-called paper patents are prior art, too, and therefore serve a principal goal of the patent system: to teach the public what was formerly unknown. That body of information is prior art, and prevents anyone from patenting that which is already known, or not sufficiently distinct from that which is known. *In re Sivaramakrishnan*, 673 F.2d 1383 (CCPA 1982) is just one case that holds that even a "paper patent" is prior art, and that the lack of commercialization is no reason that the patent cannot be used as a reference. So we should be careful in requiring commercialization or actual reduction to practice -- or whatever you want to call it. Doing so could boomerang by reducing the quantity of prior art which can be employed against later patents. There would be fights, too; one side would claim that the invention wasn't actually reduced to practice, and the other side would take the opposite view. Instead of simplifying things, they would thus become more complicated, and generate even more of the issues that make our litigation process operate more slowly than everyone would like.

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So the solution isn't to make the inventor jump through yet another hoop. A better way to reduce the number of bad patents would be to restore the funding that was swiped from the Patent Office, thereby making sure it has **enough qualified examiners**. We should all be screaming to our representatives and senators.

The truth is that no matter how much we improve the Patent Office, some bad patents will always get through. The best way for a corporation to deal with the issue of the unmeritorious patent is to meet it head on. Any corporation can – and should -- evaluate the patents it confronts on a regular basis. If the corporation engages in research and development and makes products as a result, then it has potential prior art and potential prior inventors. My reader commented that his hypothetical company, "Acme Corp. has been successfully building mousetraps for years and continuously introduces new products based on its substantial investment in R&D." Any such company should have its own patents, which protect its research and development efforts, as well as serve as evidence of prior art and the inventions that were already made by Acme when some gaffly inventor comes knocking on its door.

Nor does a corporation have to cave, fearing an injunction and jeopardy to

its key business. In my experience, many corporations do exactly the opposite: They ignore the first few letters, respond only when pressed, ask for claim charts -- and then take many months to

look at the patent. I venture that many such respondents have little intention of negotiating a license with the inventor. They are simply stalling for time; this is quite obvious to those of us who have occasion to contact parties who should consider licenses. In one of our cases, the corporate infringer turned down a chance to buy a patent from our client for less than one hundred thousand dollars several years earlier. Instead, it began practicing the technology and was, of course, sued. It could not persuade a jury that it had done anything else other than steal the invention from our client. The bill for its theft ended up being in the tens of millions of dollars. So, the key to all its problems was this infringer's lack of respect for the inventor's patent.

With reference to my reader's comment that the litigious inventor is often represented by a contingent fee lawyer, I will point out that I – like any good attorney -- have turned down numerous cases that, for one reason or another, do not have a real chance for success.

What should the "poor" corporation do? A corporation confronted with a bad patent should – I hate to make so radical a suggestion – **follow the law so it will not be sued**. If the patent passes a "straight face" test, then it should be more closely evaluated. If it meets the requirements of the patent laws and a fact-finder is likely to conclude by a preponderance of evidence that the company infringes, then it is time to negotiate a license. However, if the patent doesn't measure up, then the company confronted with the bad patent should have the courage to say

so and, if necessary, defend its position later on in court.

Another suggestion: **The resolution of patent disputes by negotiation, rather than litigation**, would certainly help our federal courts, which are jammed with lots of cases resulting from many new laws passed in the past few decades, but unaccompanied by comparable increases in resources. In other words, our federal courts suffer from the same disease as the patent office.

My reader was down on our courts: too expensive, too slow, and too inconsistent. But in my opinion, corporations still have a better shot at success through our courts than do individual inventors. Corporations have resources; inventors don't. My reader felt that corporations face the risk of injunctions; but any infringer faces such a possibility after a trial, and anyone knows that preliminary injunctions are the exception, not the rule, and a rather rare exception at that. Markman hearings favor the defendant, especially the one with resources. Rulings from the Federal Circuit have, in recent years, expanded the scope of prosecution history estoppel and reduced the scope of the doctrine of equivalents.

The legal system we have isn't a bad one; we Americans often expect a great deal, and can be quite demanding. I would not trade our court system for that of any other country in the world. That doesn't, however, mean that it is perfect. As my reader points out, it is slow, and that is probably particularly true of patent cases. **IPT**