

LITIGATORS CORNER:

What Now? Post-Grant Oppositions and the Proposed Budget



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Last year, I wrote two columns about post-grant opposition procedures. In *Post-Grant Opposition: Building on Sand* (August, 2004), I described how unrealistic our approach to reforming patent law really is: we are trying to build on sand, despite the recognition, even by the people and organizations that espouse post-grant oppositions, that we have not allocated the funds needed to do the job. Patent Office backlogs are high; the PTO has lost hundreds of millions of dollars because “user fees” aren’t really user fees, but instead are general revenues that can be taken at will from the PTO and applied elsewhere.

In a subsequent column, *Dear AIPLA: Keep Our Message Consistent* (October, 2004), I described how, in 2001, the AIPLA strongly supported putting first things first, by telling Congress that:

Before turning to the specific comments that AIPLA wishes to make regarding the needed improvements to the existing reexamination procedures and/or possibly augmenting these systems with an opposition system, we feel compelled to comment on what we perceive to be a much more urgent and compelling problem: the fiscal crisis confronting the USPTO. As important and needed as strengthening the post-grant procedures of the Office is, the improvement of these procedures in this time of crisis is, to use a hackneyed cliché, truly like rearranging the deck chairs on the Titanic [sic: Titanic]. The imperative of improving the procedures for strengthening U.S. patents recedes drastically when we are facing a situation where inventions in an increasing number of areas may well not issue until after their commercial life has expired.

Then, in 2002, the AIPLA reiterated its stand that our first order of business should be to deal with PTO funding. Only after that problem was addressed, said the AIPLA, would it be time to consider a “robust post-grant opposition system.” The AIPLA even recommended that Congress reject the proposed fee bill. There was no question about where the primary intellectual property law association in the United States stood.

Anyone who has been watching the news for the past few days knows that the administration has submitted a budget for 2.57 trillion dollars. That’s \$2,570,000,000,000.00. Only in Washington D.C. could this amount of money represent an austere budget. There is actually a promising sign for the PTO in that it has been singled out to receive \$1.7 billion, a 10% increase from 2005. In addition, the PTO will have full access to its fee collections in 2006. All excellent news – if the budget is passed.

But everyone wants to protect his turf, so I have no idea whether the PTO’s funding will actually be increased, or whether fee diversion will actually stop. Either way, the battle over the budget has begun: Baltimore’s Mayor Martin O’Malley says the budget cuts proposed for urban areas are like the September 11 attack. Nothing like hyperbole. Amtrak, as usual, faces elimination of its subsidy. According to CNN, if this proposed budget is passed, one hundred and fifty programs will end up being eliminated or scaled back. Farm subsidies will go down. Food stamps will be reduced. The EPA’s budget will get cut by six percent. The Hubble space telescope won’t be repaired, nor will its lifetime be extended, say the news reports. Even the Air Force’s and the Navy’s procurement of aircraft and ships will be reduced. The Department of Homeland Security gets no more money.

You get the drift: money’s tight, according to these reports. So I ask again: where is the money going to come from to pay for a post-grant opposition proceeding that, according to its advocates, will be fair and speedy? We cannot know that Congress will appropriate enough funds so that the PTO can take on this new task. The proposed budget includes some increase in funding for the PTO but, as far as I can tell, post-grant oppositions are not addressed in the budget. Only normal operations of the PTO are addressed. Thus, it isn’t going to be possible to pay for a post-grant opposition, even assuming the idea had substantive merit and benefited both patent owners and opposers.

According to what I have heard, the PTO is now short by about 900 examiners. It takes about three years before a case is picked up in some art units. Patents that are electronically filed are first printed out in the PTO so they can be scanned into the PTO’s electronic system. In other words, the paperless patent system is not yet paperless: an electronic file gets turned into a paper file, so it can be scanned and turned back into an electronic file. We need to put the money where it’s needed: into more and better examiners, for starters.

The AIPLA responded to one of my columns with a letter to the editor of this publication. The letter noted the AIPLA’s efforts to end fee diversion. All well and good, so far. But the letter goes on to say that its June 2004 testimony was at a “hearing convened by the [House Subcommittee on Courts, the Internet and

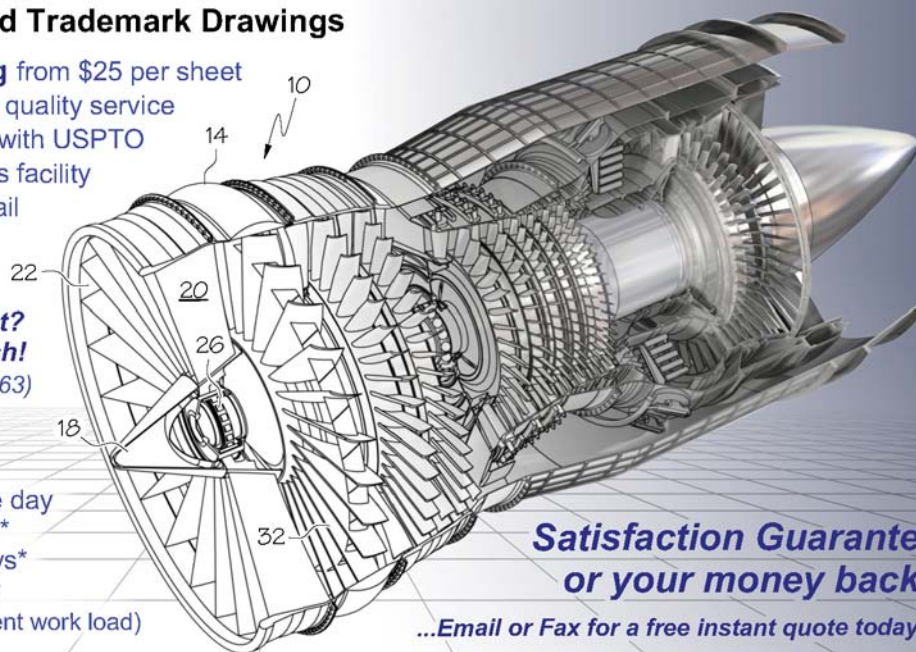
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Intellectual Property] to explore the proposals developed by the USPTO, the FTC and NAS to establish a post-grant opposition system.” The name of the committee is intriguing: “Intellectual Property” comes after “Internet,” which may be a comment on our relative importance.

The AIPLA should have repeated what it said in 2001: that a post-grant opposition was “rearranging deck chairs on the Titanic.” Why did it not repeat what it said in 2002: that the paramount task was to insure that the PTO could function? The 2004 AIPLA testimony said that “any time patents are issued which, on their face, appear to be of questionable validity, it reflects negatively on the patent system and undermines the confidence of business and consumers.” That is exactly why the PTO needs better examiners in adequate numbers. We must focus on insuring the PTO works right, or at least better, not on new procedures. Now that it looks like the PTO may be given better funding and more examiners, it is crucial that the money be spent on the first task: insuring that examinations are better and faster.

It should come as no surprise that, as far as I am concerned, we shouldn’t have any post-grant proceeding. But the one being proposed now by the AIPLA is even poorer than a 1996 proposal from the AIPLA’s Committee on Oppositions. The most recent AIPLA proposal has been modified from the 1996 proposal; the modifications favor an opposer, and are disadvantageous to the patent owner. For example, in the 1996 proposal, a patent owner in an opposition would have been expressly allowed to file broadening amendments during an opposition. Now, however, the AIPLA proposes that “[n]o amendment enlarging the scope of the claims of the patent shall be permitted in the opposition.” That seems to be to be terribly unfair to a patent owner.

Second, the statutory grounds that could be raised in an opposition were broader in the 1996 proposal than they are now. Several subsections of Section 102 and some portions from Section 112 have been removed in the later proposal. That reduces the finality of an opposition for the patent owner, and gives the opposer and others second, third, and fourth bites at the apple in litigation, or in reexaminations. The

1996 proposal doesn’t appear to allow the requestor to hide its identity, either.

Third, despite the AIPLA’s criticism of reexaminations (their deficiencies are one of the AIPLA’s justifications for post-grant oppositions), reexaminations would continue to exist along with post-grant oppositions. According to Section 340 of the AIPLA’s proposed statute, a patent owner can get pounded with an opposition, and then with a reexamination. That’s like running the Shawnees’ gauntlet twice, as I described in my December, 2004 column, *The Gobi Desert Revisited*.

Let’s stay focused. Our Congress has much on its hands these days. Its attention to the problems of a small government agency, and to a narrow constituency of law, is precious. When the message is watered down or changed, we lose the chance to do some real good. Improving the quality of PTO examiners and examinations should be the only issues addressed by Congress. And, if the PTO does get better funding under this budget, or if fee diversion ends, then we need to use those resources to improve what the Patent Office does now. **IPT**