



POSITION STATEMENT

Balance in U.S. Patent Law

Approved by the IEEE-USA Board of Directors

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IEEE-USA supports enforceability of intellectual property (IP) rights through litigation; the ability to enforce is necessary to realize a property right. IEEE-USA also supports legislative and judicial action to curb abusive patent litigation – as long as the action targets, and is based on, the litigant’s behavior – especially where the litigant has engaged in a pattern and practice of abuse and not because of any characteristics of the entities or intellectual property involved.

IEEE-USA recognizes that abusive patent litigation does exist just as abuse exists in any other field of litigation. IEEE-USA cautions against introducing distinctions between rules and procedures specific to patent litigation. While IP litigation can be expensive in time, effort, and resources, it is also clear that IP litigation is no different from other, equally expensive, complex litigation in time, effort, and resources. Evidence does not show that patent litigation is rampant, nor does it show that it is being abused any more than other civil litigation. Legislation that imposes barriers to litigation – based on the type of litigation – risks incorporating inequities into the U.S. justice system. Therefore, IEEE-USA opposes any legislation that singles out problems in patent litigation, generic to all civil litigation.

Further, IEEE-USA opposes legislative or court remedies that purport to address abuse, but that broadly reduce IP availability or enforceability; or that tip the balance in favor of technology users at patent owners’ expense.

IEEE-USA also opposes legislation or common law changes that create selective barriers to obtain patent protection legitimately; or to enforce, defend, or commercialize IP for specific types of companies or entities, or between specific types of technology fields. Examples of specific types of selectively burdened companies or entities include individual inventors, small companies, startups, universities, companies with invent-to-license, other non-practicing business models, and companies with less abundant financial positions. Examples of specific types of selectively burdened technology fields or industries, or those that have been threatened with selective legislation include business methods, software, medical diagnostics, drugs, biologics, and medical treatment methods. The U.S. patent system should nurture these entity types, technology fields and industries, which have historically contributed extensively to innovation and job creation.

A functioning IP system must be fair, and as importantly, be perceived to be fair. Discrimination is as corrosive in economic fields as it is anywhere else. Nondiscriminatory access to the legal system for enforcing and defending IP property rights is essential for securing the property rights necessary for investment. When innovators are unable to secure the property right embodied in a patent, investment is deterred and commercial activity, innovation and job creation impeded.

IEEE-USA supports U.S patent system reform if the reforms reasonably balance all parties' rights. Since 2005, changes to the U.S. patent system have both weakened IP rights and discriminated against certain IP holders and classes of IP. These changes have also rebalanced the patent system in favor of large, multinational, market incumbents, and against highly innovative companies in several ways. For example, the *America Invents Act of 2011*:

- created a special additional way to single out and challenge patents that cover business methods (like no other technologies);
- reduced the availability of patent protection by expanding the definition of “prior art” and weakening the grace period; and
- expanded the ability of infringers to challenge patents in proceedings within the U.S. Patent and Trademark Office (USPTO) with no compensating ability of applicants to maintain the strength of their patents, while simultaneously closing many of the opportunities that patent owners had to amend their patents to cure any problems.

Since 2011, proposals to reduce inventors' ability to enforce their patents, based on characteristics of the patent or patentee, include:

- instituting a “loser pays” model for attorney fees in patent litigation — but with prejudice against the patent owner;
- requiring a patentee to plead infringement in detail at the outset of the case, before discovery; but not requiring corresponding specificity in declaratory action by accused infringers;
- allowing an accused infringer a “second bite at the apple” to prove invalidity again in a later case — with no mirror-image provision for a patentee; and
- confining venue choices based upon convenience of the defendant, or the business of the defendant, without corresponding provisions for the patentee.

Recent court decisions have also weakened IP rights, as well as discriminated against certain IP holders and classes of IP. Examples include:

- reducing the availability of injunctive relief for patentees, especially for patentees that do not practice their inventions, such as academic and research institutions, invent-to-license firms, and startups that may have failed as practicing businesses, which were converted into IP licensors;
- reducing patent protection available for technologies that are readily understandable though hindsight “common sense,” information industries (relative to “goods” industries) and inventions that flow through a series of stages (for example, multiple stages of manufacture, then distribution, then use);
- essentially eliminating patent protection for computer-implemented business methods and innovation use, and diagnostic methods in the medical and biotech industries; and
- imposing a knowledge or intent requirement that had not been present in the law, thereby selectively burdening inventors in fields that call for the cooperation of multiple parties or devices acting together, such as telephony and computer networks.

IEEE-USA is concerned that the trend of these patent-related initiatives, while perhaps unintentional, whittles away at IP rights and protections. While each of these initiatives purports

to address a specific, separate, patent-related concern--both individually and when viewed as a whole--they erode the protection available to, and the value of, IP rights. IEEE-USA urges Congress to consider the economic effect of the initiatives, in combination with other recent initiatives and their cumulative effect on the entire IP environment and innovation ecosystem.

IEEE-USA supports reduced fee levels; the Patent Office's *pro bono* program; and similar initiatives that lower barriers for small entities, startups, and similar entities.

IEEE-USA supports reforms specifically targeted at bad behavior within the IP system, that correct past imbalances, or that improve the IP system in a balanced way. Examples include:

- ensuring the Federal Trade Commission has jurisdiction to investigate and prosecute entities that send demand letters with false or misleading information, or that engage in repeated litigation that suggests bad faith in asserting an IP right, and ensuring that state laws in such matters are preempted;
- ensuring that, for issuance of an injunction after a full adjudication on validity and infringement, irreparable harm is presumed;
- establishing balance in *inter partes* reviews, post-grant reviews and covered business method reviews, by statutes or regulations that require these reviews to be either (a) conducted under district court standards for burden of proof and claim interpretation; or (b) with a right to freely amend claims;
- permanently ending fee diversion (the practice of Congress appropriating to the USPTO less than the USPTO's fee collection levels);
- continuing and expanding the pilot program that Congress established under P.L. 111–349 §1 to provide the judiciary with the authority to tailor judge assignments and staff training to improve patent litigation efficiency;
- expanding the use of special masters and neutral court-appointed experts in patent litigation;
- providing balanced venue reform, including narrowing venue, so long as the narrowing is balanced and reflects both plaintiff and defendant concerns; and
- providing by statute or regulation that paid-applicant patent examination fees directly correlate with examination time allocated to an examiner, enabling proper examination of complex patent application matters, and reducing both allowance and rejection errors.

Finally, IEEE-USA strongly encourages the USPTO to focus on examination quality, not just “patent quality.” Reduction in rejection errors is as equally important as reduction in allowance errors.

This statement was developed by the IEEE-USA Intellectual Property Committee and represents the considered judgment of a group of U.S. IEEE members with expertise in the subject field. IEEE-USA advances the public good and promotes the careers and public policy interests of nearly 150,000 engineering, computing and allied professionals who are U.S. IEEE members. The positions taken by IEEE-USA do not necessarily reflect the views of IEEE, or its other organizational units.