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Guest

WARF challenges show need for patent reform

Grady Frenchick • Published 10/10/06
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The recent out-of-state challenges, including one from California, to stem cell patents held by the [Wisconsin Alumni Research Foundation \(WARF\)](#) lack merit and underscore the need for serious patent reform in the United States.

Specifically, the process of challenging patents, such as those held by WARF, needs streamlining. Patent "trolls" need to be exterminated, and the [United States Patent and Trademark Office \(PTO\)](#), which has agreed to re-examine the WARF stem cell patents, needs improved resources to speed its job.

Carl Gulbrandsen, managing director of WARF, believes the challenge to the WARF patents is politically motivated, an attempt to save face with California taxpayers who have passed a \$3 billion initiative to support stem cell research. I couldn't agree more, and based on what I have witnessed in the WARF patent controversy, I believe the following reforms would help:

- First, provide for balanced, rapid patent challenges at the PTO, relying on published materials rather than court-manufactured evidence challenges. The current court processes, however, are unwieldy, time-consuming, and costly to all involved. Administrative processes should exist for legitimate patent challenges.

Historically, the PTO challenge process has been weighted in favor of patent holders through an ex parte re-examination request. Under an ex parte re-examination request, challengers have no input beyond their initial request for a patent review, unless there is a direct response from the patent holder, something not required and generally not offered. Should patent examiners determine the ex parte re-examination challenge to be without merit, the patent stands.

In situations where examiners determine an ex parte challenge does have merit, the patent holder and the examiners work out the details between themselves, essentially reprocessing the patent application. Two of the three recent challenges to the WARF stem cell patents are ex parte re-examination requests.

Less weighted on the side of the patent holder is the relatively new PTO inter partes challenge, or inter partes re-examination request, which

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allows greater participation by the challenging party. It is the basis of the challenge to a third WARF stem cell patent. Should the PTO determine the inter partes challenge to the WARF stem cell patent has merit, the challenger - in this case the [Foundation for Taxpayers and Consumer Rights](#) of Santa Monica, Calif. - will be allowed to counter with its own papers each time WARF files a document at the PTO.

Inter partes challenges of this ilk are long-lasting. As an example, a challenge filed in 2003 involving a Pennsylvania plastics company is still underway, three years and more than 750 pages later. The cost of such cases can easily range in the hundreds of thousands of dollars.

In addition, the loss of an inter partes re-examination request by the challenger produces a very nasty result. Publications used by the PTO challenger in inter partes re-examination cannot be used later in court in a patent infringement suit. That "penalty" means that operating businesses with legitimate "prior art" defenses (i.e., legitimate challengers) do not use the PTO inter partes re-examination process. The risk of "killing" a good piece of prior art in the PTO process, making it unusable in court, is simply too great.

Trolling for trouble

- Reform number two: Completely exterminate so-called patent trolls. Patent trolls are patent litigation entrepreneurs who regularly use weaknesses in the system to bilk legitimate businesses out of millions of dollars. Many cases brought by trolls, such as the [eBay](#) patent litigation, other e-commerce patent disputes, and the \$614 million Blackberry dispute are settled out-of-court simply because it is cheaper and less risky than undertaking lengthy court litigation.

The solution to trolling is to require all patent applications to be published as quickly as six months after filing. While the trolls have been under attack, they still exist because current patent law allows U.S. patent applications to be filed but never made public.

An over-simplified analogy would be that of someone who invents a broom, but not the technology to mass-produce brooms. The inventor applies for a broom patent, but keeps the application secret until someone else, unaware of the first patent application, invents a broom making machine. Once the broom-making machinery is in widespread use, the broom inventor completes the patent application and sues the broom manufacturers, claiming patent infringement.

By requiring that all patent applications to be published as quickly as possible, those developing subsequent technology and producing goods and services could find the published applications of trolls and avoid infringing on prior inventions.

- Reform number three: Give the PTO the resources to get the job done quickly and efficiently. The office needs at least half again as many examiners and associated resources as it currently has. Technology, which grows geometrically, has been outstripping the agency's ability to process patent applications.

The introduction of biotechnology in the 1980s and business method patents of the 1990s further mushroomed the overload. With the resources to hire more examiners and outsource work to qualified consultants, the PTO could remove a major bottleneck, speeding products and technologies to market faster, with less concern by honest manufacturers about potential patent infringement.

In the case of stem cell and other critical medical technologies, the results could be life-saving.

Our patent system was designed to promote inventions for the benefit of all by protecting the intellectual property of creative individuals and organizations and, thereby, catalyzing the free-enterprise system. The premise behind the system remains sound. The processes, however, require changes to ensure the benefits of invention are not delayed, missed altogether, or inadvertently infringed upon as the pace of invention and product introduction quickens.

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