

# **Low-Quality Patents in the eye of the Beholder: Evidence from Multiple Examiners**

**Rassenfosse, Jaffe, and Webster**

*Comments by*

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# **Irrational Ignorance at the Patent Office**

**Frakes and Wasserman**

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# **Is This Obvious?**

**Mitchell and Schuett**

*Comments by*

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# How to Reduce Irrational Ignorance

- Fees
- More intensive exam
- Tougher Non-obviousness standard
- IPR
- Patent Prosecution Highway
- Gold plated patents
- Technology and industry specific exam practices



# Examination Errors

Exam Outcome Proper Outcome	No Patent	Narrow Scope	Broad Scope
No Patent		<u>Narrow Grant</u>	<u>Broad Grant</u>
Narrow Scope	<i>Narrow Rejection</i>		<u>Too Broad</u>
Broad Scope	<i>Broad Rejection</i>	<i>Too Narrow</i>	

# Examination Errors

Exam Outcome Proper Outcome	No Patent	Narrow Scope	Broad Scope
No Patent		Obviousness	Utility Subj. Matter
Narrow Scope	Obviousness		Enablement
Broad Scope	Utility Subj. Matter	Enablement	

- Patent examiners can never finally reject a patent application; applicants dissatisfied with the outcome can come back an unlimited number of times to try again through various mechanisms. Lemley and Moore

# Should Enablement Get More Attention From the PTO?

- Yes
  - Better disclosure means better knowledge flow
  - Social cost of enablement errors bigger
  - Examiners use technical skill
  - Third parties risk infringement when evaluating enablement
- No
  - PTO has too much to do, enablement is too hard w/o dramatic increase in resources

# Common Disclosure Global Family

Tokyo	No
Munich	No
Alexandria	Yes

## Less Rigor in U.S.

Error in U.S. (or EPO + Japan)

Noisy Standard

Differing Scope

# **Common Priority, Heterogeneous Claims**

- New claim sets and amendments
- How much heterogeneity?
  - Translation
  - Toole et al (2019) textual measures of claim similarity

# Similar Claims, Similar Property Rights?

- Noisy claim construction
  - Identical claim language and disparate property rights
    - *Baffle*: (1) includes right angle (2) excludes right angle
    - *Right angle corner piece*: (1) must be pre-formed (2) may be formed by user
- Different languages and legal traditions
  - Common law/civil law

# **Similar Claims, Similar Property Rights?**

- Unit of analysis
  - Claim to claim
  - Claim set to claim set
  - Union of claims across patents in family



# **Rassenfosse, Jaffe, and Webster are careful**

- “We have estimated the panel FE model on the subsample of 322,583 applications with the same number of claims at filing across jurisdictions.”
- “In a similar vein, we have considered only one-to-one equivalents, effectively excluding continuation and divisional applications from the sample.”

# America Invents Act

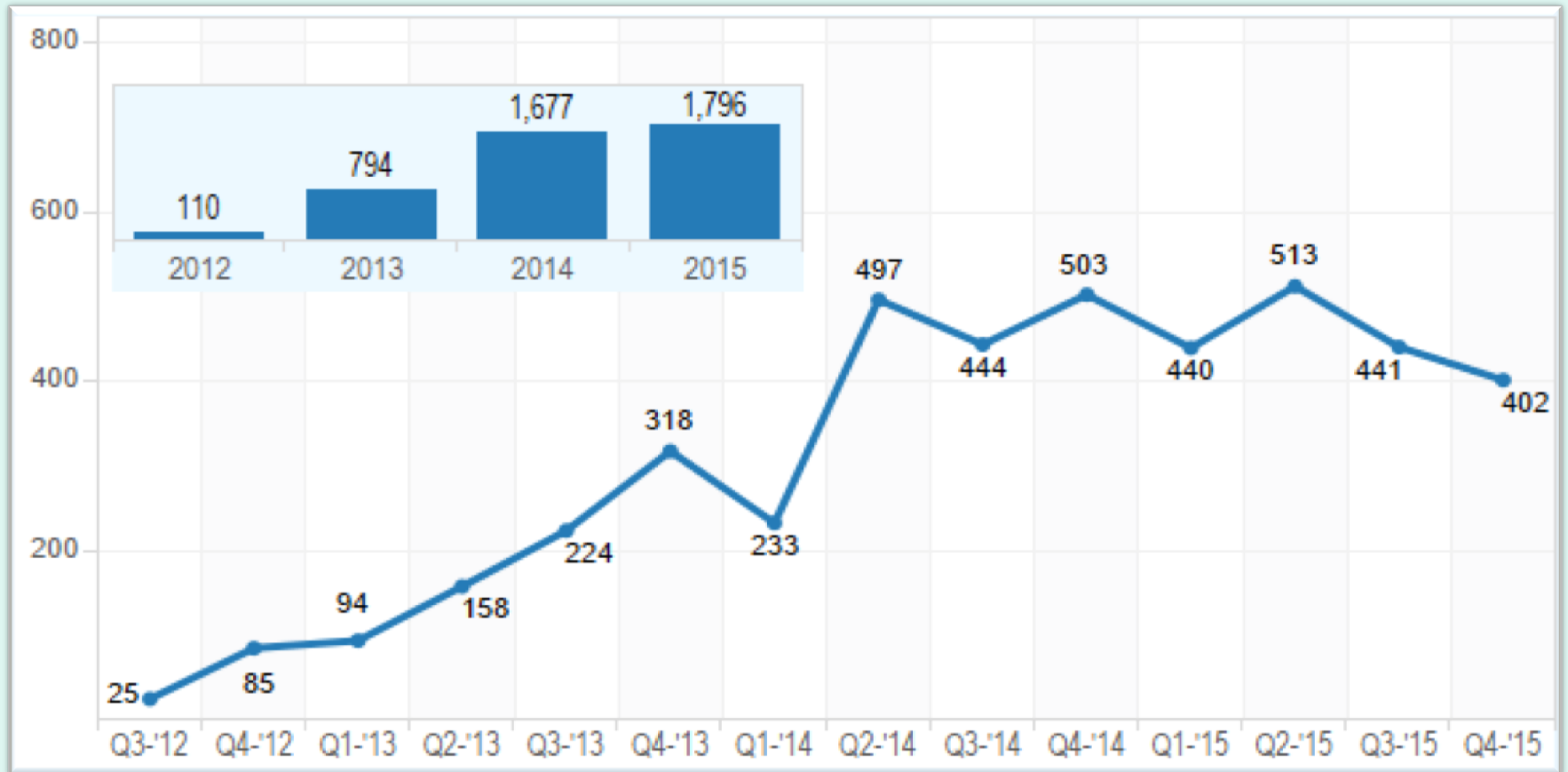
## New Procedures at the PTAB

- Three new forms of post-grant proceedings
  - *Inter Partes Review (IPR)*
  - Post-Grant Review (PGR)
  - Covered Business Method Review (CBM)
- Method of challenging validity outside of litigation
- IPR first available in September 2012
  - Replaced Inter Partes Reexam

# Second Time the Charm?



# Total PTAB Petitions



Source: Law 360

# Why are IPRs more popular than Inter Partes Reexamination?

White House Press Release (September 16, 2011):

“[The AIA] will give a boost to American companies and inventors who have suffered costly delays and unnecessary litigation, and let them focus instead on innovation and job creation. . . . The Patent and Trademark Office will offer entrepreneurs new ways to avoid litigation regarding patent validity, at costs significantly **less expensive than going to court.**”

# Dragon Slaying



# “Litigation by other Means”

- Most IPR petitions come from firms defending against a district court patent lawsuit
  - Potential to bifurcate lawsuit and resolve validity issues in quick and low cost forum



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# Valuable and Obvious Inventions

- Patent atty Selden filed patent application on horseless carriage powered by an internal combustion engine May 8, 1879
- November 5, 1895, Selden was issued U.S. patent No. 549,160
- In 1899, financier William Whitney purchased the patent for \$10,000 plus 5% of subsequent royalties

# Valuable and Obvious Inventions

- Successful first lawsuit in 1901
- January 9, 1911, Judge Walter Chadwick Noyes read the decision. “Every element in the [Selden] claim was old and the combination itself was not new.”

- “Planner may care not only whether idea is obvious, but also whether applicant has actually solved the problem.”
  - “ $e$  and  $\theta$  are unobservable to the planner”
- “The idea yields no profit unless protected by a patent.”
- Discrete

# Gold plated patents

- Obama campaign supported policy proposal by Lemley, Lichtman, and Sampat
  - Presumption of validity withdrawn from granted patents except
    - Gold plated patents subject to more rigorous (and expensive) examination

# Responses to Irrational Ignorance

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