IEEE-USA POSITION STATEMENT

BALANCE IN U.S. PATENT LAW

Adopted by the IEEE-USA Board of Directors, 18 Nov. 2016

IEEE-USA supports the necessary ability of owners to enforce their intellectual property (IP) rights through litigation. IEEE-USA also supports legislative and judicial action to curb abusive patent litigation, so long as it is targeted and based on the behavior of a litigant, especially where the litigant has engaged in a pattern and practice of abuse, and not because of any characteristics of the entities or IP 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 it is clear that IP litigation can be expensive in time, effort and resources, it is also clear that IP litigation is no different than other, equally expensive and complex litigation. Evidence does not show that patent litigation is rampant, nor does it show that it is being abused 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, and instead broadly reduce the availability or enforceability of IP, or tip the balance in favor of technology users at the expense of patent owners.

IEEE-USA also opposes legislation or common law changes that create selective barriers to legitimately obtaining patent protection; or to enforcing, defending, or commercializing IP for specific types of companies or entities, or between specific types of technology fields. Examples of specific types of companies or entities that have been selectively burdened 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 technology fields or industries that have been selectively burdened include business methods, software, medical diagnostics, and medical treatment methods. The US patent system should nurture these entity types, technology fields, and industries, which have historically contributed extensively to innovation and job creation.
A functioning patent system must be fair—and as importantly, one that is perceived to be fair. Discrimination is corrosive to the innovation economy. Nondiscriminatory access to the legal system for enforcing and defending IP property rights is essential for securing the property rights that are 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 is impeded.

IEEE-USA supports reform of the U.S patent system, as long as the reforms reasonably balance the rights of all parties. 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 way to challenge only business method patents (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 previously had to amend their patents to cure any problems.

Since 2011, proposals to reduce the ability of inventors 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 only 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 on convenience of the defendant, or the business of the defendant, without corresponding provisions for the patentee.
Recent court decisions have also weakened IP rights and 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 businesses;

- 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 methods in the medical and biotech industries; and

- imposing a knowledge or intent requirement that is not 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 the 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 that 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 statute or regulation 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 simply “patent quality.” Reduction in rejection errors is equally important to 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 the nearly 200,000 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.