

The **FTC**
Proposes

Let Opposing Forces Gather

Post-grant process could fix **questionable** patents **faster**.

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The Federal Trade Commission's first proposal calls for a new administrative procedure in which issued patents could be reviewed and opposed. The purpose of such oppositions would be to improve patent quality by providing an additional avenue for third parties to offer their expertise.

It's an idea whose time may have come. Europe and Japan already permit post-grant oppositions. Plus, the PTO proposed a similar idea in its 21st Century Strategic Plan.

Some detractors argue that oppositions could lead to vexa-

tious practices by competitors, but they ignore the cost of questionable patents to both competitors and the economy as a whole. Patent quality is a matter of ongoing debate in the patent world. The faster that questionable patents can be invalidated or corrected, the better.

An administrative opposition procedure would take useful advantage of third parties' strong motivation to locate prior art or other information highly relevant to the Patent and Trademark Office's consideration of a patent. Currently, third parties can contest a patent only through litigation in the courts (often slow and expensive) or re-examination by the PTO (offering limited scope and limited forms of third-party input).

Post-grant oppositions would provide an ongoing quality check on PTO examinations.

They would offer a means for third parties to bring to the attention of the PTO arguments on issues other than patentability. They would also offer an alternative to litigation for challenging patent validity in areas that cannot be used as the basis for re-examination—for example, flaws in written description and lack of enablement.

Third parties would be able to challenge a patent before they were threatened with litigation and before they had expended significant costs associated with a new product that might be infringing.

Supporters also argue that oppositions would bring the following economic benefits:

- A market-based means to focus an intensive inquiry on the most significant patents. The assumption is that competitors would not bring oppositions where they were uneconomic.

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- A timely resolution of uncertainty regarding patent validity. It would be critical that oppositions rapidly proceed to a decision.

Third parties would be able to challenge a patent before they had spent major costs on a product that might infringe.

- A less costly means than litigation to challenge issues. Patent

litigation has become very costly indeed.

However, arguments have also been made against the FTC's recommendation. Arguments against post-grant oppositions include the following:

- The lower cost of opposing a patent, compared with litigation, might lead to abuse and harassment of patentees. Oppositions, for instance, would give third parties some discovery—a process that can quickly become a burden for patentees if appropriate rules are not in place.

- The average cost of obtaining a patent would likely rise, as it became routine to challenge patent grants through oppositions. Independent inventors and startup companies might lack the financial resources to regularly defend against oppositions.

- An opposition system that did not address both validity and enforcement issues could result in

piecemeal analysis of patents and delays in asserting patents. In litigation, all issues of validity and enforcement are assessed in the same forum.

- Patentees would be disadvantaged if accused infringers could stay lawsuits by filing oppositions.

- Litigation is a better arena in which to challenge and defend issues that rely on the credibility of witnesses.

In short, a post-grant opposition procedure would need safeguards. But the emerging consensus seems to be that the benefits would outweigh the costs. ■

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