

## PATENT HARASSMENT CONCERN EXPRESSED IN LEGISLATIVE HISTORY

Date & Cite	Patent Harassment Section
April 18, 2007 – Berman Introduction of Patent Reform Act (House) [153 Cong. Rec. E773-05]	“Section 6 provides a needed change to the inter-partes reexamination procedure. Unfortunately, the inter-partes reexamination procedure is rarely used, but the changes we introduce should encourage third parties to make better use of the opportunity to request that the PTO Director reexamine an issued patent of questionable validity. Primarily though, Section 6 creates a post-grant opposition procedure. In an effort to address the questionable quality of patents issued by the USPTO, the bill establishes a check on the quality of a patent immediately after it is granted, or in circumstances where a party can establish significant economic harm resulting from assertion of the patent. The post-grant procedure is designed to allow parties to challenge a granted patent through a expeditious and less costly alternative to litigation. <b><u>Many have expressed concerns about the possibility of harassment of patent owners who want to assume quiet title over their invention. In an effort to address those concerns, the bill prohibits multiple bites at the apple by restricting the cancellation petitioner to opt for only one window one time.</u></b> The bill also requires that the Director prescribe regulations for sanctions for abuse of process or harassment.”
April 18, 2007 – Comments by Senator Leahy on Patent Reform Act [153 Cong. Rec. S4678-01]	“Second, poor patent quality has been identified as a key element of the law that needs attention. After a patent is issued, a party seeking to challenge the validity and enforceability of the patent has two avenues under current law: by reexamination proceeding at the USPTO or by litigation in federal district court. The former is used sparingly and some see it as ineffective; the latter, district court litigation, can be unwieldy and expensive. S. 3818 had created a new, post-grant review to provide an effective and efficient system for considering challenges to the validity of patents. The Patent Reform Act of 2007 has improved that system, and in particular, we have addressed concerns about misuse of the procedure. Post-grant review will include protections to avoid the possibility of misuse of the post-grant process. <b><u>The Director is instructed to prescribe rules to prevent harassment or abuse, successive petitions are prohibited, and petitioners are barred from raising the same arguments in court.</u></b> ”
April 18, 2007 – Comments by Senator Hatch on Patent Reform Act	“The Patent Reform Act of 2007 includes provisions to improve patent quality. Many complaints about the current patent system deal with the number of suspect and over-broad patents that are

Date & Cite	Patent Harassment Section
[153 Cong. Rec. S4678-01]	<p>issued. Because bad patents are generally of little value to productive companies, in many cases their value is maximized by using them as a basis for infringement suits against deep-pocket defendants. This bill institutes a robust post-grant review process so that third parties can challenge suspect patents in an administrative process, rather than through costly litigation. In the bill we introduced today, <b><u>Section 6 has been tightened by including an anti-harassment provision to discourage companies from colluding and perpetually harassing one company. I am hopeful this will serve as a deterrent to those who seek to abuse post-grant review process.</u></b>”</p>
January 24, 2008 – Senate Minority Report [S. REP. 110-259, 69]	<ul style="list-style-type: none"> <li>• <b><u>At 69:</u></b> “As one way to improve patent quality, the Committee is considering modification to the post grant review process, such as creating a brand new administrative system to review patents after their issuance or revising the current system. Such a process should serve to either solidify the patent's validity or to catch a patent that should have been rejected during the initial examination. The process should be timely and streamlined and should take issues off the table that cannot be resurrected in subsequent litigation, providing a cost effective alternative to litigation. <b><u>To protect patent holders from harassment and abuse by a competitor or infringer, the system must be narrowly crafted with appropriate safeguards.</u></b>”</li> <li>• <b><u>At 72:</u></b> “The Committee also needs to further assess the experiences of foreign countries as they have tinkered with their post grant opposition systems. We know that countries like Japan, Korea, China, Taiwan and the European Union faced various hurdles as they implemented or reformed their post grant systems. In fact, some of the countries scrapped their system and revised it to avoid some of the same problems that U.S. companies warn of today. <b><u>The risk of harassment is more than theoretical.</u></b> In the EU, Japan and other markets with a post-grant opposition system, U.S. patent holders have reported a pattern of practice where foreign competitors routinely use administrative opposition proceedings as a means of tying up issued patents in multiple challenges with the aim of depleting the useful life of the patent. News accounts in foreign markets have documented the eager interests of foreign competitors as they look forward to using the new post grant system in S. 1145 to gain a competitive business advantage against their U.S. competitors. If we know other countries had problems in</li> </ul>



Date & Cite	Patent Harassment Section
	<p>their reform efforts, why wouldn't we take the time available to us to more thoroughly study the issue to make sure we don't repeat their mistakes?"</p>
<p>May 12, 2009 – Patent Reform Act of 2009 – Senate Report by Committee on the Judiciary</p>	<p>Senator Leahy, at 18: [Earlier paragraphs discuss post-grant review] <b><u>“The Committee recognizes the importance of quiet title to patent owners to ensure continued investment resources. While this amendment is intended to remove current disincentives to current administrative processes, <u>the changes made by it are not to be used as tools for harassment or a means to prevent market entry through repeated litigation and administrative attacks on the validity of a patent.</u> Doing so would frustrate the purpose of the section as providing quick and cost effective alternatives to litigation. Further, such activity would divert resources from the research and development of inventions. As such, the Committee intends for the USPTO to address potential abuses and current inefficiencies under its expanded procedural authority.” [note: similar quote appears in House Report, 2011, below]</u></b></p>
<p>February 11, 2011 – Hearing Transcript, House Judiciary Committee</p>	<p>→ Testimony from Senator Reed, p. 49-50:</p> <ul style="list-style-type: none"> <li>• Mr. REED. Well, thank you very much, Mr. Chairman. I appreciate all of the testimony I’ve heard here today. And I am just a country lawyer, and a lot of times I’ll say a lot of the problems here, blame it on the lawyers. And one thing that’s been brought to my attention that I am greatly concerned about is law firms, such as a group called the Patent Assassins. I don’t know if you’ve heard of them. But some advertising came into my office where they specialize in going through and attacking legitimate patents, in my opinion, through the reexamination post-grant review process. And I’m concerned about that because in their materials they talk a lot about, well, we have the expertise, we have the specialty to tie these legitimate patents up. <b><u>They don’t use the term “legitimate patents,” obviously, but tie these up and we can attack it through the PTO Office. And to me that’s just a symbol of something that demonstrates commitment to frivolous action that’s going to abuse the process. So I am concerned about, in particular, the post-grant review proposals that are in the Senate bill or the House bill.</u></b> And, Judge, with all due respect, you’re the gentleman I was most eager to listen to today—with respect to these folks, too, over here—because you’re 22 years on the bench. What are your thoughts on</li> </ul>

Date & Cite	Patent Harassment Section
	<p>that?</p> <ul style="list-style-type: none"> <li>• Judge MICHEL. Congressman, the challenger is always going to say, “the patent is obviously bad. My people told me so. This is not an abusive challenge. This is a solid challenge and I think I’m going to win.” The other side is going to say “no, this is a frivolous challenge that’s needlessly delaying court litigation and keeping things open in terms of do I own a right or not,” as Mr. Horton said. So obviously what you need is some kind of mechanism in trying to separate the wheat from the chaff. That’s why I think it’s so important to have a meaningful threshold. And the threshold suggested in some of the recent proposals—and I believe it’s still in the current Senate proposal—is that there has to be a likelihood shown in order to start the proceeding that at least one claim of the patent is invalid. That seems to me to be a pretty good threshold. <b><u>But if you’ve no threshold, it is wide open to abuse and I think it will happen.</u></b> Look, the reality is lawyers, litigators, get paid to get advantage for their client any way they can, and they’re very tempted to press the limits. That’s the nature of the litigation system. It’s true in the courthouse, it’s true in the Patent Office. So in both the courthouse and the Patent Office, you have to have meaningful thresholds to prevent abuse; because otherwise, sure as can be, it will happen.</li> <li>• Mr. REED. And because I was also interested in your testimony about in the courts. You seem to be comfortable that the courts are using tools to sanction frivolous behavior. <b><u>Are any of those tools available to the administrative process to the Patent Office that may be applicable to be applied there to make sure this abuse doesn’t occur in the administrative process?</u></b></li> <li>• Judge MICHEL. I don’t think so. The Patent Office is quite handicapped. They don’t have subpoena power, so you can’t force the production of witnesses or documents, except what’s pretty much volunteered by the parties. And they, of course, can disbar lawyers if they lie, cheat, and steal or do something blatant and prevent them from practicing in the Patent Office in the future. But realistically, their power to prevent frivolous filings is nil. So the question then is can they screen them out by declining to move forward with the proceeding because the threshold is not met.</li> <li>• Mr. REED. I appreciate that. Mr. Horton.</li> </ul>
February 28, 2011 –	<ul style="list-style-type: none"> <li>• S952: (statement by Sen. Chuck Grassley): “In addition, the</li> </ul>



Date & Cite	Patent Harassment Section
Congressional Record (Senate) [157 Cong. Rec. S936-02]	<p>bill would improve the current inter partes administrative process for challenging the validity of a patent. It would establish an adversarial inter partes review, <b><u>with a higher threshold for initiating a proceeding and procedural safeguards to prevent a challenger from using the process to harass patent owners.</u></b></p> <ul style="list-style-type: none"> <li>• S952: (statement by Sen. Chuck Grassley): “The bill would significantly reduce the ability to use post-grant procedures for <b><u>abusive serial challenges to patents.</u></b>”</li> </ul>
March 1, 2011 – Congressional Record (Senate) [157 Cong. Rec. S1034-02]	S1041 (statement by Senator Kyl): “The 2009 Minority Report also recommended that <b><u>the bill restrict serial administrative challenges to patents</u></b> and require coordination of these proceedings with litigation.”
March 8, 2011 – Congressional Record (Senate) [157 Cong. Rec. S1360-02]	S1374 (Senator Kyl): “Section 5 of the bill has been substantially reorganized and modified since the 2009 bill. In general, the changes to this part of the bill aim to make inter partes and post-grant review into systems that the Patent Office is confident that it will be able to administer. <b><u>The changes also impose procedural limits on post-grant administrative proceedings that will prevent abuse of these proceedings for purposes of harassment or delay.</u></b> ”
April 14, 2011 – Markup of H.R. 1249, America Invents Act, House of Representatives Committee on the Judiciary	<ul style="list-style-type: none"> <li>• (Chairman Smith): 1436-1439, p. 72: “The inter partes proceeding in HR 1249 has been carefully written to balance the need to encourage its use <b><u>while at same time preventing the serial harassment of patent holders.</u></b>”</li> <li>• (Chairman Smith): 1831-1834, p. 91: “The program forces the party to make a decision, and if you decide to initiate inter partes, you need to bring in your A game. <b><u>Inter partes review is not meant to simply be a program that you can use to harass a patent owner.</u></b> For it to truly be a meaningful and cheaper alternative to litigation, we must maintain the higher threshold.”</li> </ul>
June 1, 2011 – House of Representatives Report re AIA  [H.R. Rep. No. 112-98, pt. 1, (2011)]	S46-48: [Earlier paragraphs discuss post-grant review] “ <b><u>The Committee recognizes the importance of quiet title to patent owners to ensure continued investment resources. While this amendment is intended to remove current disincentives to current administrative processes, the changes made by it are not to be used as tools for harassment or a means to prevent market entry through repeated litigation and administrative attacks on the validity of a patent. Doing so would frustrate</u></b>

# Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

## Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

## Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

## Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

## API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

## LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

## FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

## E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.