

## New Economy-Patents Discussion Outline

*Note:* Italicized text is based on questions on which the Commission requested comment from the public.

I. *Are the concerns or problems regarding the operation of the patent system identified in the reports of the National Academies' Board on Science, Technology, and Economic Policy and the Federal Trade Commission<sup>1</sup> (the "NAS-STEP and FTC Reports") well-founded?*

[1] Find that the concerns and problems with the patent system identified in the NAS-STEP and/or FTC Reports are well-founded.

[2] Find that the concerns and problems with the patent system identified in the NAS-STEP and/or FTC Reports are not well-founded [and specify in what respects the reports are inadequate or ill-founded].

[3] Make no findings regarding the patent system.

II. *Which, if any, of the recommendations for changes to the patent system made in the NAS-STEP and FTC reports should be adopted?*

III. *Are there other issues regarding the operation of the patent system not addressed in either report that should be considered by the Antitrust Modernization Commission?*

[4] The Commission makes no specific recommendations with respect to changes to the patent system advocated in the NAS-STEP or FTC reports.

[5] The Commission recommends that Congress seriously consider recommendations in the NAS-STEP and FTC Reports for the purpose of encouraging innovation while avoiding abuse of the patent system that on balance will likely deter innovation, and unreasonably restrain competition, and thus reduce consumer welfare.

If so:

In particular, the Commission recommends that Congress consider NAS-STEP and FTC recommendations targeted at:

[a] Increasing the quality of patents (*i.e.*, reducing the number of patents issued that are likely invalid or cover "obvious" inventions).

[b] Ensuring that the Patent and Trademark Office is adequately equipped to handle the burden of reviewing patent applications with due care and attention within a reasonable time period.

[c] Reducing the length and cost of patent litigation.

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<sup>1</sup> See STEPHEN A. MERRILL, RICHARD C. LEVIN & MARK B. MYERS, A PATENT SYSTEM FOR THE 21ST CENTURY (2004); Federal Trade Commission, *To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy* (Oct. 2003).

[6] The Commission endorses the following specific recommendations regarding patent law and possible reform as more fully described in the FTC and/or NAS-STEP Reports, as noted in brackets.

### General

[a] Consider potential harm to competition in deciding whether to extend the scope of patentability to new areas. [FTC Rec. #6]

[b] Expand the consideration of economic learning and competition policy concerns in patent law decision making. [FTC Rec. #10]

[c] Have PTO continue to implement the recognition that its patent review process is to benefit the public, not just patent applicants. [FTC Rec. #5.d]

### Filing and publication of patent applications

[d] Adopt the first-inventor-to-file priority rule. [NAS-STEP Rec. #7]

[e] Adopt a requirement that all patent applications be published within 18 months. [FTC Rec. #7; NAS-STEP Rec. #3]

### Review of patent applications

[f] Institute post-grant review procedures as an alternative to patent litigation in federal court. [FTC Rec. #1; NAS-STEP Rec. #2]

[g] Modify certain PTO rules to strengthen its review of patent applications. [FTC Rec. # 5.a-c; NAS-STEP Rec. #4]

[h] Increase PTO funding to allow improvements in review process. [FTC Rec. #4; NAS-STEP Rec. #4]

[i] Courts should tighten or reinvigorate the non-obvious requirement. [FTC Rec. #3; NAS-STEP Rec. #2]

[j] Recommend that PTO adopt procedural rules to limit continuations in patent applications. [ABA IP Section]

### Patent Litigation

[k] Enact legislation to modify or eliminate certain “subjective elements” in patent litigation (enhancement of damages for willful infringement, defense of inequitable conduct defense, best mode requirement). [FTC Rec. #9; NAS-STEP Rec. #6]

[l] Enact legislation to adopt a preponderance of the evidence standard for invalidity. [FTC Rec. #2]

[m] Create statutory protection for certain uses of patents from infringement claims. [FTC Rec. #8; NAS-STEP Rec. #5]

[n] Enact legislation creating stricter limits on the circumstances in which patentees may obtain injunctive relief.