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## Foreword

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# FOREWORD

DAVID OLSON\*

It is a particular pleasure to introduce readers to this special patent-themed issue of the *Boston College Law Review*. In response to the number of excellent and publishable articles on patent law they received this last cycle, the Law Review editors decided to dedicate an entire issue to this timely and important subject. It is not surprising that a great deal of important work is being done in patent law research: patent law, patent enforcement strategies, and attendant industries all continue to rapidly and significantly change. Despite this change, conflicts continue to beset the confluence of innovation and patent law. This is therefore a particularly tumultuous time for patent law and policy.

The Americans Invents Act (“AIA”), which took full effect in 2013, was the most significant revision to patent statutory law in the past sixty years.<sup>1</sup> Among its innovations, the AIA ushered in a (mostly) first-to-file system of granting patents.<sup>2</sup> Further, it changed the categories of prior art that can be used to invalidate patent applications,<sup>3</sup> changed certain rules for patent eligibility, such as eliminating the penalty of patent invalidity for those who fail to disclose the best mode of practicing their patented inventions;<sup>4</sup> and changed the methods for reviewing patent validity after a patent has been granted.<sup>5</sup> It also shifted more administrative responsibility to the Patent and Trademark Office.<sup>6</sup>

In addition, the courts have been actively deciding patent law cases. Both the Federal Circuit, the sole court of appeals for patent cases, and the Supreme Court have been deciding significant patent law issues with considerable frequency. There were many years in past decades in which the Su-

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<sup>1</sup> See Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (codified in scattered sections of 28 and 35 U.S.C. (2012)).

<sup>2</sup> See 35 U.S.C. § 102 (2012).

<sup>3</sup> *Id.* Whether this change is one of form or of substance is a subject of debate. Compare Daniel Taskalos, *Metallizing Engineering’s Forfeiture Doctrine After the America Invents Act*, 16 STAN. TECH. L. REV. 657, 695–96 (2013), with Nathan G. Ingham, Note, *Anticipating New References: Predicting the Contours of the New “Otherwise Available to the Public” Category of Prior Art*, 53 B.C. L. REV. 1533 (2012).

<sup>4</sup> Leahy-Smith America Invents Act, § 15(a), 35 U.S.C. § 282(b)(3)(A).

<sup>5</sup> *Id.*, § 18, 35 U.S.C. § 311–329.

<sup>6</sup> *Id.*, § 10, 35 U.S.C. § 41.

preme Court did not take any patent law cases at all.<sup>7</sup> Last term, it decided seven.<sup>8</sup> Despite this active judicial attention (or, perhaps, because of it), patent law is plagued with a great deal of uncertainty.<sup>9</sup>

The modern economy's ever-increasing valuation of intellectual property is the primary catalyst for this increasing attention to patent law.<sup>10</sup> In addition, the latest, highly publicized patent "war" amongst smartphone manufacturers has publicly highlighted how important patents are to the fierce competition governing this highly innovative area.<sup>11</sup>

Another reason for patent law's increased relevance are the changes in what Oskar Liivak calls the "patent ecosystem."<sup>12</sup> In the last couple of decades, patent holders have sought profits from their patent portfolios in significantly unprecedented ways. In contrast, before this trend, conventional wisdom taught that innovative market participants filed numerous patents to both protect their core innovations and to build defensive patent portfolios for use against competitors.<sup>13</sup> Thus, two big companies with overlapping patents would only in rare cases assert their patents, for fear of retaliation.<sup>14</sup> As a result, patent quality, coverage, definiteness, along with the injunctions or damages that accompany patent verdicts, were less important doctrines.<sup>15</sup>

Then came the patent "trolls." Much like a fairytale troll who lives under a bridge and jumps out to demand payment for passage, a patent "troll" is an entity that buys up patents rather than innovate itself and then sues successful companies that arguably (and often unknowingly) infringe one or more of the

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<sup>7</sup> See John F. Duffy, *The Festo Decision and the Return of the Supreme Court to the Bar of Patents*, 2002 SUP. CT. REV. 273, 275–77 (characterizing the Supreme Court's interest in patent law at the time as indicating a "continued retreat from patent law"). Importantly, last year's term is not atypical of the Supreme Court's interest in patent law in recent years. Each of the last several years, the Court has decided multiple patent cases.

<sup>8</sup> AIPLA, *Seven IP Cases Slated on Supreme Court Oral Argument Calendar*, IPWATCHDOG, Feb. 25, 2014, <http://www.ipwatchdog.com/2014/02/25/seven-ip-cases-slated-on-supreme-court-oral-argument-calendar/id=48214/>, archived at <http://perma.cc/7RHB-988H>.

<sup>9</sup> David S. Olson & Stefania Fusco, *Rules Versus Standards: Competing Notions of Inconsistency Robustness in Patent Law*, 64 ALA. L. REV. 647, 679 (2013) ("[O]ver the last six years, the Supreme Court has reversed each of the Federal Circuit's rules and replaced them with more contextual standards intended to decrease manifest error but at the price of some decreased predictability.").

<sup>10</sup> Irene Kosturakis, *Intellectual Property 101*, 46 TEX. J. BUS. L. 37, 40 (2014).

<sup>11</sup> Daryl Lim, *Standard Essential Patents, Trolls, and the Smartphone Wars: Triangulating the End Game*, 119 PENN ST. L. REV. 1, 4–8 (2014).

<sup>12</sup> Oscar Liivak, *When Nominal Is Reasonable: Damages for the Unpracticed Patent*, 56 B.C. L. REV. 1031, 1034 (2015).

<sup>13</sup> David S. Olson, *On NPEs, Holdups, and Underlying Faults in the Patent System*, 99 CORNELL L. REV. ONLINE 140, 141 (2014), <http://cornelllawreview.org/files/2014/04/99CLRO140-March1.pdf>, archived at <http://perma.cc/PN2F-RUR6>.

<sup>14</sup> *Id.* at 140–41.

<sup>15</sup> *Id.*; see Colleen V. Chien, *From Arms Race to Marketplace: The New Complex Patent Ecosystem and Its Implications for the Patent System*, 62 HASTINGS L.J. 297, 333–34 (2010).

patents in the “troll’s” portfolio.<sup>16</sup> The fairness of the patent “troll” label, and the question of who exactly qualifies as a patent troll, are the subjects of considerable debate.<sup>17</sup> Commentators likewise debate how much harm or benefit “trolls” actually cause.<sup>18</sup> There is no arguing, however, that the past fifteen to twenty years have seen a considerable increase both in the quantity and litigiousness of firms that assert patents without themselves manufacturing inventions.<sup>19</sup> And because non-practicing trolls cannot be deterred by the threat of countersuit, questions of patent scope, definiteness, obviousness, subject matter, and damages have become much more important.

This new generation of patent holders has also pioneered new approaches to monetizing patents, such as threatening end users with patent liability unless they pay a license fee.<sup>20</sup> This novel approach to patent litigation has resulted in a vast increase in the number of patent lawsuits, as well as jurisdictional anomalies like the explosion of litigation in the Eastern District of Texas, commonly regarded as friendly to patent plaintiffs.<sup>21</sup> As a result of these controversial tactics and strategies, patent law has caught the rare attention of mainstream media, Congress, the courts, and the Executive.

Because the AIA failed to settle many of these contentious issues, it also failed to decrease interest in patent law. The AIA’s failure is twofold. First, by the time it was passed, the AIA had been stripped of many of its more ambitious and controversial patent reform proposals. Second, the AIA’s broad language invites debate concerning its interpretation and application. Indeed, commentators argued about the AIA’s interpretation as soon as it was signed, resulting in proposals that it either be adjusted or replaced with more substantial reform. Even now Congress is considering more patent reform legisla-

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<sup>16</sup> Michael Abramowicz & John F. Duffy, *The Inducement Standard of Patentability*, 120 YALE L.J. 1590, 1650 (2011) (defining a patent troll as “a nonpracticing entity that has contributed little technology but hopes to use patenting as a source of profit”).

<sup>17</sup> Kristen Osenga, *Formerly Manufacturing Entities: Piercing the “Patent Troll” Rhetoric*, 47 CONN. L. REV. 435, 437 & n.1 (2014).

<sup>18</sup> See Olson, *supra* note 13, at 141–43.

<sup>19</sup> Megan M. La Belle, *Against Settlement of (Some) Patent Cases*, 67 VAND. L. REV. 375, 392–93 (2014).

<sup>20</sup> Gaia Bernstein, *The Rise of the End User in Patent Litigation*, 55 B.C. L. REV. 1443, 1469–70 (2014).

<sup>21</sup> Jonas Anderson, *Court Competition for Patent Cases*, 163 PENN L. REV. 631, 631 (2015). One of the changes put into effect by the AIA is designed to limit the kind of forum shopping that resulted in so many cases being filed in places like the Eastern District of Texas. See 35 U.S.C. § 299 (2012). See generally Dongbiao Shen, *Misjoinder or Mishap? The Consequences of the AIA Joinder Provision*, 29 BERKELEY TECH. L.J. 545 (2014) (explaining the provisions of the AIA directed to limiting forum shopping and examining their results).

tion.<sup>22</sup> The Obama Administration has also made executive-level patent reform a priority.<sup>23</sup>

Along with business interests and lobbyists, legal academics have joined the fray with passion and intensity. Recently, opposing groups of legal and economics professors submitted letters to Congress arguing about the state of the empirical evidence regarding patent law's ability to encourage invention and dissemination of new technology.<sup>24</sup>

All of which demonstrates that now is the time when patent scholars can make significant and meaningful contributions to the discussion of patent law and policy. This is why I am particularly pleased that the *Boston College Law Review* is publishing the insightful articles contained in this issue.

Oskar Liivak's article, *When Nominal Is Reasonable: Damages for the Unpracticed Patent*, deals with the vexing problem of patent "trolls" and the appropriate remedies for noncommercialized patents.<sup>25</sup> Liivak argues that awarding substantial royalty damages to noncommercializing patent holders is both bad policy and contradictory to Supreme Court precedent. He asserts that courts have erroneously awarded patent infringement damages, and thus he proffers a correction: that patent holders that neither commercialize nor attempt to commercialize their patents should be entitled to no more than nominal damages when they sue for patent infringement.

Importantly, Liivak's proposal is nuanced and allows both acts in preparation of commercialization, and unsuccessful efforts to commercialize, to be awarded substantial patent royalty damages. Although I worry somewhat about the proposal's effect on upstream inventors, and about whether true patent trolls would figure out ways to game Liivak's categorization, his proposal is an important one that could lead to substantial changes to the way that courts award patent damages. Unlike many reform proposals that rely on legislative or executive action, Liivak needs only to convince judges of his interpretation of the law. Moreover, Liivak's article is particularly timely because courts are engaged in an ongoing debate about how to award damages in patent cases. Thus, this article may find an unusually receptive audience in the courts.

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<sup>22</sup> See Innovation Act, H.R. 9, 114th Cong. (2015); Support Technology and Research for Our Nation's Growth Patents Act, S. 632, 114th Cong (2015).

<sup>23</sup> Press Release, White House Office of the Press Secretary, Fact Sheet: White House Task Force on High-Tech Patent Issues, WHITE HOUSE (June 4, 2013), <https://www.whitehouse.gov/the-press-office/2013/06/04/fact-sheet-white-house-task-force-high-tech-patent-issues>, archived at <https://perma.cc/G4KX-2N58>.

<sup>24</sup> See Letter from Clark D. Assay et al., to Members of U.S. Congress (Mar. 25, 2015), archived at <https://perma.cc/UUM3-PFPX?type=pdf>; Letter from Michael Amramowicz et al., to Members of U.S. Congress (Mar. 10, 2015), archived at <https://perma.cc/9ZA3-9K3P?type=pdf>.

<sup>25</sup> Liivak, *supra* note 12, at 1034.

Dmitry Karshedt's article *Upstream Patents* takes on another important problem in patent law: incentivizing early stage invention that does not yet have a definite application for end users.<sup>26</sup> In so doing, Karshedt persuasively explains that certain Supreme Court decisions regarding patentable subject matter, utility, and written description all seek the same end: the disallowance of patents on early stage inventions that have no known application for end users. The Court disallows such patents because it worries that they will be used to block beneficial downstream innovation and thereby arrest important developments.

Karshedt argues that these "upstream patents," disallowed by the Court, all suffer from the same problem: lack of completeness. He then analyzes the arguments on both sides of the issue of upstream patenting of "incomplete" innovations and observes the inconsistency of legal decisions addressing this problem in different areas of innovation. For instance, a microscope is granted patent protection, while genetic material useful in identifying certain genetic sequences is not, even though both innovations are used to make downstream discoveries, and both are of little use to consumers on their own.

He concludes that disrupting downstream innovation is a reasonable concern, but that it is also socially beneficial to encourage upstream innovation. He thus proposes that Congress create a new patent right dubbed the "research patent," which would have both a limited term and constraints on the potential damages awarded for infringement. In sum, Karshedt's proposal encourages upstream innovation while attempting not to overly burden downstream applications of that innovation. Given the importance of discoveries of research tools in chemical and genetic fields, among others, Karshedt's proposal has much to recommend it to legislative consideration.

As explained, the AIA did not specifically address how its reforms were to be implemented. Professor Greg Dolin's article, *Dubious Patent Reform*, partly fills this gap by analyzing the implementation of one of the most important changes wrought by the AIA: the Post Grant Review (PGR) procedures.<sup>27</sup> Although the AIA created many opportunities for relevant, analytical scholarship, the PGR—the new procedures by which anyone can challenge the validity of a patent after it issues—is one area in which analysis is particularly needed. One of the essential benefits of Dolin's article is that he does not just examine and explain the new PGR procedures, but also historically situates them in the broader effort to improve patent quality. Doing so allows Dolin to demonstrate that PGR suffers from many of the same flaws that have plagued earlier attempts to improve patent quality, such as the prior patent reexamination process.

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<sup>26</sup> Dmitry Karshedt, *Upstream Patents*, 56 B.C. L. REV. 949 (2015).

<sup>27</sup> Greg Dolin, *Dubious Patent Reform*, 56 B.C. L. REV. 881 (2015).

In his analysis, Dolin argues that the costs of PGR are too expensive and fail to achieve a sufficient degree of certainty with respect to patent validity. In other words, Dolin asserts that PGR is, on balance, unwise and should therefore be subjected to further reform efforts. He provides a very useful service to academics, practitioners, and legislators alike by contrasting PGR with historical models of reexamining and assuring patent quality. Significantly, he also uses empirical data on the old patent re-examination system to assess and critique the probability of PGR's relative functionality. Given Dolin's comprehensive historical analysis, in addition to his sustained critique of the new PGR, his article will be of benefit to authors and legislators in assessing the new PGR procedures and whether they should be maintained or adjusted.

The final patent piece in this issue is Brian Love's essay, *Inter Partes Review as a Shield for Technology Purchasers: A Response to Gaia Bernstein's The Rise of the End User in Patent Litigation*. Love's essay responds to Professor Bernstein's earlier *Boston College Law Review* article, *The Rise of the End-User in Patent Litigation*.<sup>28</sup> In her article, Bernstein cataloged how patent holders (mainly trolls) have adopted the strategy of suing numerous end users of technology in order to exploit their lack of sophistication and resources and thereby obtain a multitude of small settlements.<sup>29</sup>

Love agrees with Bernstein's assessment that patent lawsuits against end users are often abusive and detract from overall social welfare. Professor Love disagrees, however, with Professor Bernstein's assertion that the procedures to challenge patent validity created by the AIA are of little use to end users. Specifically, Love suggests that the new *Inter Partes Review* ("IPR") procedures instituted by the AIA may provide important tools for end users and small technology purchasers to combat abusive patent assertion. He also suggests that manufacturers can use IPR to effectively protect purchasers of their products by obtaining stays of patent litigation or having patents outright invalidated.

This is possible because, although previously disallowed, IPR allows anyone to file a procedure to challenge the validity of a patent. Love demonstrates his points with the results of a new empirical study he conducted to test whether IPR provides defenses for end users and small technology purchasing entities. The results of Love's study are encouraging: end users and small entities have been quite successful both in having patent litigation

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<sup>28</sup> Brian Love, *Inter Partes Review as a Shield for Technology Purchasers: A Response to Gaia Bernstein's The Rise of the End User in Patent Litigation*, 56 B.C. L. REV. 1075 (2015).

<sup>29</sup> See Bernstein, *supra*, note 20, at 1469–70.

stayed pending IPR and in having patent claims subject to IPR invalidated.<sup>30</sup> Love notes that notwithstanding these results, end users and small technology-purchasing entities seem to be underrepresented in the percentage of IPRs filed relative to the percentage of patent litigations in which they are defendants. He notes that IPR's expense is the most likely culprit and concludes both with further suggested reforms and an endorsement of the reforms suggested in Bernstein's article, on the basis that IPR does not completely protect end users from abusive patent assertion.

I wish the reader of this issue of the *BCLR* very profitable reading. I congratulate and thank the *Boston College Law Review* for publishing scholarship that makes important contributions to the critical discussions surrounding patent law and policy

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<sup>30</sup> Love's article also supports Dolin's contention that PGR, on the other hand, is not likely to be particularly effective. Love reports that through March 2014, almost 1000 IPR petitions were filed, while only 4 PGR petitions were filed. Love, *supra* note 28, at 1079–80.



