

To: Senator

From: Joe *file*

Re: Hearings on S. 1679

Nov 29, 1979

copies: Kevin, Linda, Mary, Tom, Eve, David B., Press, Bob, Ann M.,
Leg, Indiana Dept.

Tomorrow morning you will be chairing full Judiciary Committee hearings on your patent reexamination bill, S. 1679. This is one of the most popular concepts among the patent bar and business community.

Basically the problem is that many patents are challenged in court on the basis that the patent examiner missed pertinent data in the initial patent examination. As you know, between 2% to 28% of the search files in the Patent Office are missing so even with the best of efforts there is always a chance of something being missed. When these materials are found by patent challengers and presented in district courts about 50% of the patents are found to be invalid. Many districts, such as the 9th, are notorious as "anti-patent" courts and rarely find patents valid when new materials are presented. Because the judges rarely have technical expertise in the area they are not able to adequately assess the importance of this new material and some tend to find the easiest course of action to be to invalidate the patent.

Your bill would allow the patent holder or challenger to present this missing material to the Patent Office and seek a reexamination. If the Commissioner determined that this new material does raise questions about the patent's validity the patent examiner would consider this data and rule on whether or not the patent is still valid. The patent owner would have the option of narrowing the claims of the patent if they are found to be too broad or could appeal any decision of the Patent Office negating the patent. If the Commissioner determined that no new issues are contained

in the challenge or subsequent reexamination upheld the patent there would be no appeal although the challenger would have the option of filing an action in the district court. Of course the Patent Office's determination would be on the record to protect the patent holder.

Your bill would only allow the Patent Office to reexamine printed materials that are being used to challenge the patent. Other charges requiring expert testimony, such as prior usage in the market, would still require litigation.

Patent reexamination would help the courts by reducing their workload and provide an inexpensive alternative for settling patent validity cases to the courts (it routinely costs \$250,000 for litigation according to the American Patent Law Assn. versus \$750-\$1,000 for Patent Office reexamination).

There are some technical questions about S.1679 which will be raised, but they are not controversial and I think that we can accomodate most of them.

There are 9 witnesses appearing. All of them with one exception will be very supportive of your efforts. Patent Commissioner Sidney Diamond will lead off. The Administration will be proposing a very similar reexamination to yours in a few days and Diamond will probably mention it while supporting your efforts. All of the representatives of the patent bar, small and large businesses, and the Patent Office will support reexamination. We will have a small business "horror story" to illustrate the problem.

The only opposition will be from Edward Irons from the Washington, D.C. firm of Irons and Sears. He is something of a patent gadfly and is afraid that reexamination will be used as a pretext for slipshod examination. We will have many witnesses addressing this question. Attached is a copy of the witness list for your information.

WITNESS LIST

Hearings On
S. 1679, PATENT REEXAMINATION

before the
SENATE JUDICIARY COMMITTEE

November 30, 1979

Room 5110 DSOB - 9:30 A.M.

Mr. Sidney A. Diamond, Commissioner
U.S. Patent and Trademark Office
Arlington, Virginia

PANEL - Representing the American Patent Law Association

Mr. Donald R. Dunner, President
American Patent Law Association
Arlington, Virginia

Mr. Donald W. Banner, former Commissioner
U.S. Patent and Trademark Office
McLean, Virginia

SMALL BUSINESS PANEL

Mr. Eric P. Schellin, Chairman of the Board of Directors
National Small Business Association
Arlington, Virginia

Ms. Barbara N. Wyatt, President
Funnelcap, Inc.
West Boylston, Massachusetts

Mr. Arthur R. Whale, Chairman
National Council of Patent Law Associations
Indianapolis, Indiana

Mr. Robert B. Benson, Chairman
President Carter's Domestic Policy Review's
Subcommittee on Patents
Milwaukee, Wisconsin

Mr. Edward S. Irons, Attorney
Irons and Sears
Washington, D.C.

Mr. Paul L. Gomory, Director
Washington Office of Phillips Petroleum Company
Washington, D.C.