

**AMERICAN BAR ASSOCIATION**

**SECTION OF INTELLECTUAL PROPERTY LAW**

321 North Clark Street  
Chicago, IL 60610-4714  
(312) 988-5598

FAX: (312) 988-6800  
E-mail: [iplaw@abanet.org](mailto:iplaw@abanet.org)  
[www.abanet.org/intelprop](http://www.abanet.org/intelprop)

April 4, 2008

Honorable Orrin Hatch  
United States Senate  
104 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senator Hatch:

I am writing to express the views of the Section of Intellectual Property Law of the American Bar Association on an important issue relating to S. 1145, the "Patent Reform Act of 2007." It is expected that S. 1145 will be considered in the Senate in the next few weeks. The issue addressed in this letter is that of sanctions to be imposed for inequitable conduct in proceedings before the U.S. Patent and Trademark Office. The views expressed herein have not been approved by the ABA House of Delegates or Board of Governors, and should not be considered to be views of the Association.

We believe that additional reform of the law of inequitable conduct beyond that provided in S. 1145 as reported by the Judiciary Committee is needed.

The March 2008 Hatch Proposal

We have reviewed your recent proposed amendment on inequitable conduct, which is identified by its Senate Legislative Counsel file number, GRA08297.xml, and which was made available in mid-March. This proposal provides for patent reissue proceedings in the PTO whenever a court, upon motion, finds substantial grounds to believe that intentionally deceptive conduct has taken place before the PTO in efforts to obtain or enforce a patent. The patentee must then promptly seek reissue of the patent in the PTO, by reporting the court's findings and providing the information not previously revealed to and considered by the Director. If the Director finds that a substantial new question of patentability of any claim of the patent is raised by the new information, reissue proceedings will be held. If one or more of the original claims is determined to be unpatentable, the patentee must surrender the patent, with a right of reissue of any claims determined to be patentable. Criminal and antitrust law sanctions for misconduct are preserved, as is the authority of the PTO to sanction misconduct in practice before the Office. Otherwise, no further sanctions could be imposed for the original concealment or misrepresentation of information subsequently provided.

This latest amendment to address the problem of inequitable conduct represents an approach that the Section can support. Requiring the patent owner to return to the Office in the reissue proceeding and reveal previous misconduct is likely to result in quickly stripping away any invalid claims of the patent. On the other hand, compared to existing law, meritless allegations of "inequitable conduct" should often prove to be a counterproductive litigation tactic. A patent owner who did no wrong should be more than willing to return to the Office, set out the information in question and have the patentability of the claims quickly confirmed in the reissue.

The July 2007 Hatch Amendment

As you know, the Section also supported the amendment that you offered at Committee markup on July 19, 2007. That amendment provided for a judicial determination of unenforceability of a patent claim based on misconduct before the USPTO that involves knowing and willful deception of the Office regarding material information, and results in the allowance of a claim that, absent such deception, would not have been allowed. The amendment provided that the misconduct must be established by clear and convincing evidence and, once established, other claims could also be declared unenforceable. Subject to concerns discussed

**CHAIR**

Pamela Banner Krupka  
*Los Angeles, CA*

**CHAIR-ELECT**

Gordon T. Arnold  
*Houston, TX*

**VICE CHAIR**

Don W. Martens  
*Irvine, CA*

**SECRETARY**

Robert O. Lindefield  
*Pittsburgh, PA*

**FINANCIAL OFFICER**

Theodore H. Davis, Jr.  
*Atlanta, GA*

**SECTION DELEGATES TO  
THE HOUSE OF DELEGATES**

Jack C. Goldstein (2008)  
Donald R. Dunner (2009)

**IMMEDIATE PAST CHAIR**

Susan Barbieri Montgomery  
*Boston, MA*

**ASSISTANT TO THE SECRETARY**

Amy J. Benjamin  
*New York, NY*

**ANNUAL REPORT EDITOR**

Thomas M. Wozny  
*Milwaukee, WI*

**NEWSLETTER EDITOR**

Jennifer Mahalingappa  
*Bethesda, MD*

**CHAIR, CONTENT  
ADVISORY BOARD**

Joseph M. Potenza  
*Washington, DC*

**COUNCIL MEMBERS**

Robert A. Armitage (2008)  
*Indianapolis, IN*

Q. Todd Dickinson (2008)  
*Fairfield, CT*

Barbara J. Grah (2008)  
*Minneapolis, MN*

Antoinette M. Tease (2008)  
*Billings, MT*

June M. Besek (2009)  
*New York, NY*

John J. Gresens (2009)  
*Chicago, IL*

Benjamin Chia Ho Hsing (2009)  
*New York, NY*

Marylee Jenkins (2009)  
*New York, NY*

Jonathan S. Jennings (2010)  
*Chicago, IL*

Gale Roy Peterson (2010)  
*San Antonio, TX*

Joseph M. Potenza (2010)  
*Washington, DC*

Cheri M. Taylor (2010)  
*Reston, VA*

L. Marisia Campbell (2011)  
*Ottawa, ON, Canada*

Samson Helfgott (2011)  
*New York, NY*

Cynthia E. Kernick (2011)  
*Pittsburgh, PA*

Richard Rainey (2011)  
*Washington, DC*

**SECTION STAFF**

Michael C. Winkler  
*Director*

Amy Mandel  
*Communications and Marketing*

Carlos Vivanco  
*Technology Analyst*

Hayden W. Gregory  
*Legislative Consultant*  
740 15th Street N.W.  
Washington, D.C. 20005-1009  
202-662-1772  
[gregoryh@staff.abanet.org](mailto:gregoryh@staff.abanet.org)

below, the Section continues to believe that the earlier amendment that you offered also provides an acceptable and needed reform of the law of inequitable conduct.

One feature of the previously offered amendment involved a proposed change to the reissue statute that would allow an innocent purchaser of a patent to immunize the patent against an unenforceability challenge by filing for reissue, offering to surrender the patent and fully disclosing information that had previously been withheld or misrepresented. Upon further consideration, the Section has concluded that it does not support such a provision for purging the effect of inequitable conduct. We believe that providing this opportunity to an innocent purchaser could result in sham transactions designed only to avoid the consequences of misconduct before the Office. Removing the limitation to innocent purchasers would allow patent owners to benefit from their own misconduct or that of their representatives. A patent that includes a broad claim that only issued as a result of inequitable conduct can have a substantial *in terrorem* effect on competitors, even if no lawsuit is brought. Furthermore, the public's interests are not served by a provision that would allow an owner of such a patent to hold the patent until challenged and only then fall back on narrower claims when the enforceability of the patent is challenged. That approach could prolong the deterrent effect of an issued invalid patent and could, in effect, provide incentive for misconduct before the Office.

Accordingly the Section continues to support the previous amendment without the reissue purge provision as an effective reform measure.

We look forward to continuing to work with you and other senators to resolve this and other issues concerning the patent reform measures in S. 1145.

Sincerely,



Pamela Banner Krupka  
Chair  
Section of Intellectual Property Law

cc: Senator Patrick J. Leahy  
Senator Arlen Specter