

The Individual Inventor Motif in the Age of the Patent Troll

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Abstract

The individual inventor motif has been part of American patent law since its inception. The question is whether the recent patent troll hunt has damaged the individual inventor's image and, in turn, caused Congress, the United States Patent and Trademark Office ("USPTO"), and the courts to not be as concerned with patent law's impact on the small inventor. This Article explores whether there has been an attitude change by looking at various sources such as congressional statements and testimony in discussions of the recent proposed patent reform legislation, the USPTO's response to comments on two recently proposed sets of patent rules, and recent Supreme Court patent decisions. These sources indicate that the rhetoric of the motif has remained unchanged, but its substantive impact is essentially nil. This investigation also provides a broader insight into the various governmental institutions' roles in patent law.

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Table of Contents

Introduction	3
I. The Individual Inventor and the United States Patent System	7
<i>A. The Individual Inventor Motif Defined</i>	7
<i>B. Historic Usage of the Motif</i>	9
1. Legislative	10
2. Administrative	11
3. Judicial	12
II. "Patent Trolls" and the Individual Inventor Motif	12
<i>A. Patent Trolls and the Current Patent Reform Movement</i>	13
1. The Patent Troll	13
2. Definitional Problems	14
<i>B. Patent Troll's Impact on the Individual Inventor Motif</i>	16
1. Legislative View	17
2. Administrative View	22
3. Judicial View	28
III. Implications	34
<i>A. Resilience of the Motif</i>	35
<i>B. Emptiness of the Motif</i>	36
<i>C. Roles of the Different Institutions in Patent Law</i>	38
Conclusion	40

DRAFT – 7/1/2009

Introduction

The garage inventor is as American as apple pie.¹ We enjoy stories of independent inventors, working against all odds to provide society with amazing technological breakthroughs. The stories are so entertaining that popular movies are made about such individuals—such as *Flash of Genius*, telling the story of Robert Kerns, the inventor of the intermittent windshield wiper system.² Intel has even launched an ad campaign, championing the inventor, portraying individuals such as Alay Bhatt, the inventor of the Universal Serial Bus ("USB"), as a modern-day rock star.³

The individual inventor story that sits behind this cultural reverence reads as follows: A lone individual toils in her limited free time—evenings after work and perhaps the weekend—to come up with an amazing breakthrough that turns out to be incredibly beneficial to society.⁴ This entrepreneur is unconstrained by both the bureaucracy of a large corporate structure and the traditional thinking in a given technological field. The drive and ingenuity of these small inventors is the life-blood of American innovation. It's the Thomas Edisons, Steve Jobs, and Bill Gates that bring about true innovations.

This "individual inventor motif"—that small inventors play a crucial role in creating revolutionary inventions and, in turn, spurring

¹ See Michael Meurer, *Inventors, Entrepreneurs, and Intellectual Property Law*, 45 HOUS. L. REV. 1201, 1202-03 (2008); Mark Janis, *Patent Abolitionism*, 17 BERKELEY TECH. L. J. 899, 910 (2002).

² See *FLASH OF GENIUS* (2008), available at <http://www.imdb.com/title/tt1054588/>.

³ See *An "Intel Start" TV ad—Sponsors of Tomorrow* (May 6, 2009), available at youtube.com/watch?v=jqLPHrCQr2I.

⁴ See Meurer, *supra* note 1, at 1202-03 ("Received wisdom holds that small business plays an especially important role in the American economy in terms of job creation, and that entrepreneurs are disproportionately responsible for revolutionary innovations.").

the American economy—is, for the most part, widely accepted.⁵ The individual inventor motif is perhaps strongest in those technologies where independent invention is most likely—such as the information technologies and business methods. These are technological areas where resources do not act as a high barrier to invention, and thus small inventors can easily participate.⁶ The patent system has traditionally taken the individual inventor motif to heart and seen patents as a vehicle to both fuel individual inventors and protect them from large corporations.⁷

There is another, more recent narrative that Americans are becoming more and more aware of—the story of the "patent troll."⁸ The narrative is as follows—patent trolls are patent holders who, while not commercializing the patented invention themselves, seek royalties from other companies who have.⁹ They holdup such companies, asserting their patent rights at the right time to maximize the royalties they can get. Patenting is about profit, not invention.

The alleged infringer does not have the usual retaliatory mechanism—the ability to assert their own patents in return—because the patent troll does not sell any products or offer any services. The lack of production by the patent troll also means that society receives no benefit from the patent, just the tax of the patent troll.¹⁰ Such

⁵ *Id.*; see also Janis, *supra* note 1, at 910-11.

⁶ See John R. Allison, *et. al.*, *Software Patents, Incumbents, and Entry*, 85 TEX. L. REV. 1579, 1580-81 (2007).

⁷ See, e.g., J. Douglas Hawkins, *Importance and Access of International Patent Protection for the Independent Inventor*, 3 U. BALT. INTELL. PROP. L.J. 145, 148 (1995) ("Independent inventors accounted for about half of all patent filings in the United States around fifty years ago.").

⁸ See, e.g., Laurie Flynn, *Chip Make Wins Battle, but Faces Bigger War*, NEW YORK TIMES C8 (Sept. 29, 2008) ("Patent troll is a derogatory term used to describe companies or individuals who make their money suing companies for patent infringement.").

⁹ John Golden, *"Patent Trolls" and Patent Remedies*, 85 TEX. L. REV. 2111, 2112 (2007).

¹⁰ Mark Lemley & Doug Lichtman, *Rethinking Patent Law's Presumption of Validity*, 60 STAN. L. REV. 45, 48 (2007) ("Sadly, a large and growing number of 'patent trolls' today play

"trolling" is common in the same fields that most individual inventors operate—information technologies and business methods. These technological areas are more susceptible to holdup because many of the products are multi-component, allowing a patent covering even the smallest part to holdup the whole technology.¹¹ This facilitates the extraction of a larger rent.

The intersection of these two popular narratives—that of the individual inventor and that of the patent troll—is the focus of this Article. Patent trolls are the targets of the current patent reform movement.¹² One of the difficulties that has plagued the push for change, however, is a definitional one—what exactly is a patent troll?¹³ Another intertwined question is whether business methods should be patented, a question presently before the Supreme Court in *Bilski v. Doll*.¹⁴

This is where the individual inventor—the person who is supposed to be promoted by the patent system—comes in. The individual inventor could easily fit within the definition of a patent troll—both are individual who are non-producing and monetize their patents by seeking royalty arrangement with larger companies. Both individuals are also prevalent in the business method arena. The

this exact strategy, using patents on obvious inventions quite literally to tax legitimate business activity.").

¹¹ Mark Lemley & Carl Shapiro, *Patent Holdup and Royalty Stacking*, 85 TEX. L. REV. 1991, 2008-09.

¹² See Paul Heald, *Optimal Remedies for Patent Infringement: A Transactional Model*, 45 HOUS. L. REV. 1165, 1199 (2008) ("To conclude, one thrust of current patent reform efforts focuses on remedies, with the most frequent object of discussion being the "patent troll," the nonexploiting owner of a patent whose business model is based on extracting licensing fees from unintentional infringers.").

¹³ Ronald Mann, *Do Patents Facilitate Financing in the Software Industry?*, 83 TEX. L. REV. 961, 1023-24 (noting that it "is difficult to discern any principled distinction between the desire of the inventor to appropriate the value of his invention and the desire of operating firms to appropriate the value of their inventions.").

¹⁴ See *Bilski v. Doll*, --- U.S. ---, 2009 WL 221232, *1 (June 1, 2009).

biggest difference is that traditional thinking vilifies one and reveres the other.

This Article examines this intersection to gain a better understanding of the individual inventor motif's place in patent law. The individual inventor has been championed even before there was United States patent law. But how has the hunt for the patent troll impacted the individual inventor motif? This question is answered by looking at both the rhetorical use of the motif and the impact of substantive changes on individual inventors in all three branches of government—Congress, the United States Patent and Trademark Office ("USPTO"), and the courts (particularly the Supreme Court).¹⁵ What the Article finds is that the individual inventor motif is incredibly resilient, at least rhetorically, remaining essentially unscathed by the introduction of the patent troll into the discourse.¹⁶ This inquiry also unveils additional, beneficial information about the motif. For example, the motif's rhetoric is completely divorced from any substantive impacts of patent law changes on individual inventors. While the rhetoric lives on, almost every recent patent law change has been to the detriment of small inventors.¹⁷ Variations in the motif's usage also tells a great deal about the various governmental institution's roles in the patent system—with the USPTO catering the most to individual inventors and the courts being the most insulated, and irreverent, to such interests.¹⁸

This Article proceeds in three parts. Part I describes the individual inventor motif and looks at the treatment of the motif by the patent system prior to the introduction of the patent troll. Part II then examines the impact of the introduction of the patent troll, both

¹⁵ See Part II.B., *infra*.

¹⁶ See Part III.A., *infra*.

¹⁷ See Part III.B., *infra*.

¹⁸ See Part III.C., *infra*.

in the motif's rhetorical usage and the substantive impact of patent law changes on the individual inventor. Finally, Part III explores the implications of the Article's findings, both on the motif itself and the roles of various institutions in the patent system.

These findings have tremendous import for the individual inventor motif and the patent system in general. The individual inventor motif has been around for a long time and has continuously been invoked in patent discourse. This Article provides, for the first time, a complete picture of the motif—from its rhetorical strength to its lack of substance. Furthermore, pushes for patent reform at all three institutions have been constant over the past several years. Those who engage the patent system for reform can also learn about the motif's effectiveness from this Article's findings.¹⁹ The additional insight into how the different institutions operate within the patent system can help such activists further—shedding light on which arguments play better in different venues.

I. The Individual Inventor and the United States Patent System

A. The Individual Inventor Motif Defined

The individual inventor is iconic in American culture.²⁰ From Thomas Edison and the light bulb to Bill Gates and the modern computer operating system, small inventors play prominent roles in

¹⁹ See, e.g., Amy Kapczynski, *The Access to Knowledge Mobilization and the New Politics of Intellectual Property*, 117 YALE L. J. 804, 838 (2008) ("The process that has led to this reform effort has also turned up significant rifts in the coalition of IP industries.).

²⁰ See Meurer, *supra* note 1, at 1202-03; Janis, *supra* note 1, at 910.

This Article will use the term "individual inventor" interchangeably with small inventor and independent inventor. Essentially, the Article is talking about inventors who are working on their own, not within a company, and if they are with a company, it is a small company. The USPTO's definition of "small entities" provides a good rule of thumb of who the subject is of the individual inventor motif. 37 C.F.R. § 1.27 (defining "small entities").

American history and culture.²¹ Accompanying this cultural affinity for individual inventors is the commonly accepted notion that small inventors are crucial to America's technological progress.²² The garage tinker is the true inventor, the story goes, creator of the most groundbreaking inventions. Individual inventors are successful because they are nimble—they think outside the box. They are not constrained by the bureaucracy of large corporation or wed to the current thinking.

This view of the individual inventor, what I will call "the individual inventor motif," is infused throughout much of the history of the United States patent system.²³ The motif's use supports the conclusion that one of the main goals of the patent system should be to assist, and in some ways protect, the individual inventor.²⁴

Interestingly, there is not much structurally that prompts this view.²⁵ The U.S. Constitution does identify "Inventors"—the individual creator, not corporations—as the target of the patent incentive.²⁶ And many of the founding fathers, the same individuals who played a significant role in shaping the U.S. patent system, were solo inventors themselves.²⁷ But invocations of the individual

²¹ Meurer, *supra* note 1, at 1203-04.

²² *Id.* Meurer notes, however, that "[e]vidence on this point is not well developed, but may be right." *Id.* at 1237.

²³ The motif's origins trace back well before the U.S. patent system. Janis, *supra* note 1, at 908-10 (discussing the British patent system's invocation of the individual inventor motif).

²⁴ *Id.* at 910-12. Muerer points out that it is far from clear that patents actually help individual inventors, particularly the slightly larger small company obtaining patents. Muerer, *supra* note 1, at 1230-35.

²⁵ Muerer, *supra* note 1, at 1203-04 ("Only a few IP law doctrines target small firms for specific benefits . . .").

²⁶ U.S. CONST. art. I, § 8 ("To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries"). The patent statutes also award patents to named inventor, not corporations. 35 U.S.C. § 116.

²⁷ See Dana Rohrabacher & Paul Crilly, *The Case for a Strong Patent System*, 8 HARV. J.L. &

inventor motif in the patent discourse is more the product of the collective belief in the narrative itself—that small inventors are crucial to technological innovation and the patent system should support their activities.

B. Historic Usage of the Motif

All three governmental branches have employed the individual inventor motif before and often made it part of their analysis of the patent system. Mark Janis noted in his discussion of the what he calls the "heroic inventor motif"²⁸ that "[c]ommentaries and legislative studies on U.S. patent law reform in the mid-twentieth century periodically acknowledged the interests of individual inventors."²⁹ The USPTO has also played to the motif, mainly through its separate fee structure and tailored resources for individual inventors.³⁰ The courts, while not as much, have also given credence to the individual inventor narrative.³¹

Janis cataloged usage of the individual inventor motif in patent law in the late 1990s and early 2000. All three branches paid homage to the individual inventor, albeit in vary degrees.

TECH. 263, 270 (1995) (noting many of nation's founding fathers were technologists).

²⁸ While Janis uses the term "heroic inventor motif" versus this Article's usage of "individual inventor motif," there is not much not much substantive difference between what the articles are discussing. Janis focuses more on what the individual inventor does—creates a major invention—while I am focuses on a larger class of individuals—all individual inventors, regardless of the significance of their discovery.

²⁹ Janis, *supra* note 1, at 916.

³⁰ Janis also notes "[a]nother example comes from mid-1960's symposium commentary from PTO officials in honor of the 175th anniversary of the U.S. Patent System. A symposium article published in the Journal of the Patent Office Society offered a poetic ode to the 'Godly Inventor,' commencing, 'A spark ignites your restless mind, a fearless soul, it starts to grind . . .'". *Id.* at 911-12.

³¹ *Id.* at 912 ("The heroic inventor motif also manifests itself in judicial opinions.").

1. Legislative

In Congress, the main reform effort during the time Janis studied was the legislation that eventually passed as the American Inventor's Protection Act of 1999.³² Key provisions in the bill dealt with the publication of the patent application prior to issuance.³³ The proposed legislation changed the longstanding practice that kept applications secret until the patent was allowed and issued. The legislation as originally proposed would publish all applications eighteen months after filing.³⁴

Janis noted that this publication requirement meet strong resistance from the individual inventor's lobby, which argued that early publication would essentially lead to theft by large corporation of the small inventor's idea.³⁵ As William P. Parker, President of the Vermont Inventors Association, put it—"[t]he idea-thieves can make money from the idea before the patent even issues and when they are challenged, are in a better position financially to defend themselves than the legitimate owner."³⁶

Congress responded by amending the proposed legislation to allow patent applicants to opt out of the eighteen-month publication if the applicant was willing not to file for patents in foreign jurisdictions (which required such pre-publication).³⁷ This amendment allowed individual inventors, who most likely would not be filing foreign given the high cost and low benefit of such filing to individuals, to avoid the alleged theft from early publication. Congress also changed

³² *Id.* at 919-20.

³³ *Id.*

³⁴ *Id.*

³⁵ *Id.*

³⁶ *The Omnibus Patent Act of 1997: Hearings on S. 507 and H.R. 400 (S. Hrg. 105-95) Before Comm. on the Judiciary, 105th Cong. 49 (1997).*

³⁷ 35 U.S.C. § 122(b), 154(b).

the name of the legislation to the American Inventors Protection Act, explicitly paying homage to the individual inventor.³⁸ The legislation also included provisions to help protect small inventors from the invention promotion business.³⁹ The final legislation did, however, contain provisions that individual inventors opposed.⁴⁰ But the changes made and the final naming of the act evidenced Congress's willingness to assist the individual inventor.

2. Administrative

The motif was also alive and well at the USPTO in the late 1990s and early 2000. The USPTO's website contained a special set of resources for small inventors. As Janis noted, the USPTO's "Independent Inventor Resources"⁴¹ section started with the following text: "To paraphrase our Declaration of Independence, America is the land of the free, home of the brave, and haven for the individual inventor. Nowhere else in the world does a government exist that supports its individual inventors to the extent that we do. The individual inventor is America's natural resource."⁴² The PTO also maintained, as it has historically, a separate fee schedule for small inventors, allowing those who qualified for small entity status to pay essentially half the usual amount for most patent application filing fees.⁴³

³⁸ Janis, *supra* note 1, at 920.

³⁹ *Id.* at 921; 35 U.S.C. § 297.

⁴⁰ Janis, *supra* note 1, at 919-21; Phyllis Schlafly, *Don't Fall for Phony Patent Reform*, at <http://www.eagleforum.org/column/1999/july99/99-07-14.html> ("This bill is called the American Inventors Protection Act, but should be called the Inventors Elimination Act. The individual inventors would be squeezed out and their inventions stolen from them, all for the benefit of the foreigners and the giant corporations.").

⁴¹ Janis, *supra* note 1, at 911-12.

⁴² *Id.* (quoting the website as it appeared on Dec. 20, 2001).

⁴³ Muerer, *supra* note 1, at 1203-04.

3. Judicial

Courts, while not as much as Congress and the USPTO, also showed some concern for individual inventors during this recent time period studied by Janis. For example, Judge Linn of the United States Court of Appeals for the Federal Circuit dissented from the courts en banc ruling on prosecution history estoppel, arguing, in part, that the majority's rigid rule "wrongfully sets in place a regime that increases the cost and complexity of patent prosecution to the detriment of individual inventors. . ." and "discounts the intrinsic worth in treating more fairly the individual inventor whose patent right is under administrative scrutiny."⁴⁴ Janis also identified other times the Federal Circuit, during this time period, discussed a particular patent rule's impact on small inventors.⁴⁵ Notably, however, the individual inventor motif never really played a deciding role in a majority decision during the time period Janis studied.

II. "Patent Trolls" and the Individual Inventor Motif

Given the persistence of the motif's presence in patent law, Janis's conclusion in 2002 that "[o]ne cannot help but expect that patent law reform debates will continue to revert periodically to narratives about the heroic inventor" seemed, at the time, incontrovertible.⁴⁶ However, recently a new "favorite villain" of the patent system has arrived—the "patent troll"—apparently one of a class of patent owners who do not provide end products or services themselves, but who do demand royalties as a price for authorizing the work of others."⁴⁷ This

⁴⁴ Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 234 F.3d 558, 620 (Fed. Cir. 2000) (en banc) (Linn, J., concurring in part and dissenting in part).

⁴⁵ See Janis, *supra* note 1, at 913-14 (citing examples in the on-sale bar, public use bars, and remedies areas).

⁴⁶ *Id.* at 922.

⁴⁷ Golden, *supra* note 9, at 2112.

description arguably includes the individual inventor. The question, explored below, is whether the advent of the patent troll has affected the individual inventor motif in the patent system.

A. Patent Trolls and the Current Patent Reform Movement

A major concern of current patent system is the patent holdup.⁴⁸ A patentee has a patent on a given product, or more likely a single component in a given product, and uses that patent to holdup the product and its producer after the producer has made a significant investment getting the product to market.⁴⁹ This holdup situation is particularly problematic when the patentholder is a non-producer.⁵⁰ That is, the patentee does not manufacture the patented invention herself. This exacerbates the situation because society does not gain anything from the patentee herself and the common counterstrategy of threatening the patentholder with patent infringement is useless.⁵¹

1. The Patent Troll

The patentees who are non-producing and engage in holdup behavior have been labeled "patent trolls."⁵² This activity is generally frowned upon because they act as only "tollkeeper[s]" on the road of innovation.⁵³ Patent trolls tax innovation by extracting licensing

⁴⁸ Lemley & Shapiro, *supra* note 11, at 2008-09.

⁴⁹ *Id.*

⁵⁰ *Id.*

⁵¹ There is, however, some societal value even in a patent being used by a patent troll—valuing in the information disclosed in the patent itself, for example. See Jeanne C. Fromer, *Patent Disclosure*, 94 IOWA L. REV. 539, 547-550 (2009).

⁵² See, e.g., Robert P. Merges, *Introductory Note to Brief of Amicus Curiae in eBay v. MercExchange*, 21 BERKELEY TECH. L.J. 997, 997 (2006). Jeremiah Chan & Matthew Fawcett, *Footsteps of the Patent Troll*, 10 INTELL. PROP. L. BULL. 1, 5 (2005).

⁵³ Robert Merges & Richard Nelson, *On the Complex Economics of Patent Scope*, 90 COLUM. L. REV. 839, 907 (using the term "tollkeeper" to identify a patentee that does not assist the real world development of the invention but simply takes license revenue for that development).

revenue without giving back anything in return.⁵⁴ Instead, "[b]y acquiring [patent] claims and threatening or pursuing litigation, the patent trolls seek and often receive economic settlements from genuine innovators and producers that greatly exceed the true economic value of the patents in question."⁵⁵ The holdup is "harmful rent-seeking," extracting more value than what the patent is worth.⁵⁶

Modern patent reform efforts are directed towards solving the patent troll/holdup problem. Two of the initial reports that sparked the modern patent reform movement—the Federal Trade Commission's 2003 report on innovation and competition and National Research Council 2004 on the patent system—both identified holdup as a significant problem of the U.S. patent system.⁵⁷ Recent books on the problems with the patent system also identify holdup and the patent troll as a critical component of the current patent problems.⁵⁸

2. Definitional Problems

The hunt is on, but it faces a significant hurdle recognized by many—who exactly is being hunted?⁵⁹ Some view a patent troll as

⁵⁴ See Br. of Amicus Curiae Yahoo! Inc. in Support of Petitioner, *eBay Inc. v. MercExchange, L.L.C.*, No. 05-130, at 2-3 (Jan. 26, 2006).

⁵⁵ *Id.* at 6-7.

⁵⁶ Michael J. Meurer, *Controlling Opportunistic and Anti-Competitive Intellectual Property Litigation*, 44 B.C. L. REV. 509, 509 (2003); see also Lemley & Shapiro, *supra* note 11.

⁵⁷ See FED. TRADE COMM'N, TO PROMOTE INNOVATION: THE PROPER BALANCE OF COMPETITION AND PATENT LAW AND POLICY (2003), available at <http://www.ftc.gov/os/2003/10/innovationrpt.pdf>; NAT'L RESEARCH COUNCIL, A PATENT SYSTEM FOR THE 21ST CENTURY (Stephen A. Merrill et al. eds., 2004).

⁵⁸ See, e.g., Dan Burk & Mark Lemley, THE PATENT CRISIS AND HOW COURTS CAN SOLVE IT 28-30 (2009); James Bessen & Michael Meurer, PATENT FAILURE: HOW JUDGES, BUREAUCRATS, AND LAWYERS PUT INNOVATORS AT RISK 160 (2008) (noting that "'troll-like' behavior is certainly a problem").

⁵⁹ The alleged originator of the term defined a "patent troll" as "somebody who tries to make a lot of money off a patent that they are not practicing and have no intention of practicing and

anyone having certain inherent characteristics—never practicing the patented invention and seeking to only license it.⁶⁰ Others go further with the definition, looking for more specific actions, such as asserting patents against practicing entities only where a holdup situation is highly possible in order to maximize royalties.⁶¹

It has become difficult to pick a definition that is not over or under inclusive. For example, as Mark Lemley points out, most universities can be viewed as patent trolls.⁶² Universities rarely, if ever, actually commercialize the patented technology they invent.⁶³ Instead, universities seek to transfer their inventions to others and, in the process, may assert patents in the hope of seeking royalties.⁶⁴ Such actions could be defined as the work of a patent troll, but university-originated inventions, purposively spurred in part by the patent system, are seen by most as beneficial, not problematic.⁶⁵

Just like universities, individual inventors can also arguably fall under the umbrella of patent trolls.⁶⁶ A garage inventor does not have the means to commercialize. Their main goal from the beginning, most likely, is to sell their patented technology to a larger company

in most cases never practiced." Brenda Sandburg, *Trolling for Dollars*, Recorder (S.F. Cal.), July 30, 2001, at 1 (describing the term as defined by its creator, Peter Detkin, then assistant general counsel for Intel Corporation).

⁶⁰ Mark Lemley, *Are Universities Patent Trolls?*, 18 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 611, 629 (2008).

⁶¹ *Id.* at 630 ("Instead of singling out bad actors, we should focus on the bad acts and the laws that make them possible. We will solve the troll problem not by hunting down and eliminating trolls, but by hunting down and eliminating the many legal rules that facilitate the capture by patent owners of a disproportionate share of an irreversible investment.").

⁶² *Id.* at 629.

⁶³ *Id.*

⁶⁴ *Id.*

⁶⁵ *Id.* at 629-30.

⁶⁶ See, e.g., Andrew Beckerman-Rodau, *The Supreme Court Engages in Judicial Activism in Interpreting the Patent Law in eBay, Inc. v. MercExchange, L.L.C.*, 10 TUL. J. TECH. & INTELL. PROP. 165, 173 (2007) ("In contrast, the so-called patent trolls are often individual inventors or small startups.").

who has the capability to bring it to market. In the process, they may have to assert their patent to obtain such a royalty. These characteristics and actions are part of the individual inventor narrative, but now they are also part of the patent troll's as well.⁶⁷ A patent troll is "one of a class of patent owners who do not provide end products or services themselves, but who do demand royalties as a price for authorizing the work of others."⁶⁸ The same could be said of the individual inventor.

As Ronald Mann puts it, "any effort to design a suitable definition of the term 'troll' is likely to lend credence to the view that the status as a troll is in the eye of the beholder."⁶⁹ Some individual inventors will introduce real holdup problems, and thus are legitimately patent trolls. However, a significant number will certainly not.⁷⁰

B. Patent Troll's Impact on the Individual Inventor Motif

Given the focus on eradicating the patent troll and the individual inventor's similarities to a patent troll, the individual inventor motif may be in real trouble in modern patent discourse. That is, has the individual inventor universally become the villainous patent troll or has the motif remained unscathed (or are we sitting somewhere in between)?

This section attempts to measure the current status of the

⁶⁷ See Part II.A., *supra*.

⁶⁸ Golden, *supra* note 9, at 2112.

⁶⁹ Mann, *supra* note 13, at 1023-24 (noting that it "is difficult to discern any principled distinction between the desire of the inventor to appropriate the value of his invention and the desire of operating firms to appropriate the value of their inventions.").

⁷⁰ See Marc Morgan, *Stop Looking Under the Bridge for Imaginary Creatures: A Comment Examining Who Really Deserves the Title Patent Troll*, 17 FED. CIRCUIT B. J. 165, 177 (2007) ("Similarly, individual inventors should not be considered patent trolls. Though they do not produce their innovations, individual inventors are crucial to America's technological growth and account for 18% or more of the patent filers in the USPTO.").

individual inventor motif in patent law in two ways. First, the usage of individual inventor rhetoric by all three governmental branches is examined to see if the motif is invoked as strongly as it was before the current emphasis of the patent troll.⁷¹ Second, major patent law changes by the three branches are examined to see if these changes—most seeking to remedy the harms of patent trolls—negatively impact individual inventors. From both of these measurements, the current status of the individual inventor, at least in the eyes of major government actors, is hopefully ascertained.

1. Legislative View

The major, modern patent reform bill has been before Congress since 2005.⁷² While the specifics of the legislation proposed over the last four years varies, a majority of the amendments—from damages reform to post-grant opposition mechanisms—are meant to remedy the holdup/patent troll problem. None of the proposed legislation has pass, with the 2009 version recently being proclaimed dead.⁷³ The Patent Reform Act of 2007—H.R. 1908—came the closest to becoming law—passing in the House, but failing in the Senate.⁷⁴ Thus, while there has been no significant, recent legislative changes, the discourse surrounding the proposed patent reform bills, particularly H.R. 1908, as well as their substance, provide insight as to Congress's current view of the individual inventor in the age of the patent troll.

⁷¹ The study performed by this Article can be contrasted to Janis's work. Janis's work covers a perfect, contrasting time frame—right before the reform movement that focuses on patent trolls and the major patent system reports.

⁷² Patent Reform Act of 2005, H.R. 2795, 109th Cong. § 136 (2005).

⁷³ Hal Wagner, *Patent Reform: A Witches Brew of Complications Since April 2nd* (May 3, 2009).

⁷⁴ Patent Reform Act of 2007, H.R. 1908, 110th Cong. § 123 (2007); Patent Reform Act of 2007, 153 Cong. Rec. H 10270, 10307 (Sept. 7, 2007).

a. Rhetoric

In general, the discussions surrounding pending patent reform legislation include a very positive individual inventor narrative. No one in Congress during this period questioned the need to support individual inventors or look out for their special concerns.⁷⁵ Discussions of patent trolls and holdups were kept distinct and separate from mentions of the small inventor.⁷⁶

In fact, small inventors were affirmatively made a part of the legislative process. Almost every committee meeting on patent reform included a panelist who was herself, or represented, an individual or small inventor.⁷⁷ The House Committee on Small Business even had a full committee hearing on the impact of patent reform on small businesses.⁷⁸

The floor debate concerning the 2007 House version of the patent reform legislation—H.R. 1908—provides a very interesting perspective on the rhetorical use of the individual inventor motif by congress. The legislation before the House contained many

⁷⁵ See 153 Cong. Rec. H at 10301 (statement of Rep. Jackson-Lee) ("On the other hand, Mr. Chairman, we must always be mindful of the importance of ensuring that small companies have the same opportunities to innovate and have their inventions patented and that the laws will continue to protect their valuable intellectual property.").

⁷⁶ See Hearing on Patent Trolls: Fact or Fiction? Before the H. Subcommittee on Courts, the Internet, and Intellectual Property, 109th Cong., 4 (2006) (statement of Congressman Bass) ("Dean Kamen really works and represents what is the heart of America's economics and industrial future. He is truly an inventor, and he owns and runs one of the Nation's few really successful modern development labs.").

⁷⁷ See, e.g., Hearing on Patent Reform in the 111th Congress: Legislation and Recent Court Decision Before the S. Judiciary Committee, 111th Cong. (2009) (including testimony from Taraneh Maghame, vice president of a small company); Hearing on Patent Trolls: Fact or Fiction? Before the H. Subcommittee on Courts, the Internet, and Intellectual Property, 109th Cong. (2006) (including the testimony of Dean Kamen, individual inventor).

⁷⁸ Hearing on The Importance of Patent Reform on Small Business Before H. Committee on Small Business, 110th Cong. (2007).

provisions that were seen as anti-small inventor.⁷⁹ H.R. 1908 switched the U.S. patent system from first to invent to first to file and provided for automatic publication of all patent applications at eighteen months.⁸⁰ H.R. 1908 also modified the damages provisions and established a post-grant review system.⁸¹ These provisions were seen by some as providing large companies an unfair advantage in defending against allegations of patent infringement from individual inventors.⁸²

Almost everyone who spoke out against the legislation, in particular the above identified provisions, invoked the individual inventor motif as the reason the legislation was harmful. For example, Reprehensive Gohmert argued as follows:

[The legislation is sponsored by] huge defendants who wanted to drag small entrepreneurs into dilatory situations so that their invention or component could be usurped without proper compensation, even though it might mean the bankruptcy of the inventor and the destruction of the opportunity for the little guys with the inventive vision and spirit, which actually spurred some of the greatest developments and wealth we know and have in this country.⁸³

⁷⁹ See, e.g., Adam J. Sedia, *Storming the Last Bastion: The Patent Reform Act of 2007 and its Assault on the Superior First-to-Invent Rule*, 18 DEPAUL J. ART, TECH. & INTELL. PROP. L. 79, 79 (2007) ("The bill, currently on the Senate's legislative calendar and likely to come up for vote soon, faces heavy opposition from several interest groups, particularly small inventors and the biotechnology industry.").

⁸⁰ H.R. 1908.

⁸¹ *Id.*

⁸² See, e.g., Darren Cahr & Ira Kalina, *Of Pacts and Trolls: How the Patent Wars May Be Coming to a Hospital Near You*, 19 NO. 1 HEALTH LAW. 15, 16 n.9 (2006) (Although large corporations argue in favor of changes that reduce the risks of patent litigation, small inventors criticize proposals that disadvantage individuals trying to enforce their patent rights while these same corporations often have significant intellectual property licensing arms.").

⁸³ 153 Cong. Rec. H 10270, at 10278 (statement of Rep. Gohmert) ("[I]t is big companies who do not want others to have the opportunities that they did.").

One House member, Representative Rohrabacher even went so far as to call the legislation the "Steal American Technologies Act."⁸⁴

Those supporting the legislation did not question the need to protect the individual inventor.⁸⁵ Some said that the legislation as proposed would actually help small inventors.⁸⁶ Most engaged the causation side of the argument, asserting that changes to the legislation were made or were going to be made to address the individual inventor concerns.⁸⁷ A few supporters went a step further, framing the discussion as one of balancing—framing the discussion as one of a tradeoff between eradicating patent trolls and aiding the small inventor.⁸⁸ But such comments were incredibly sparse and came in a far second to pro-individual inventor commentary from those who supported the legislation.

b. Substance

In sharp contrast to the unanimity of the rhetoric, the pending legislation, particularly the H.R. 1908 version of the patent reform act, was mainly anti-individual inventor. Most of the legislation's provisions—particularly damage reforms and the post grant review

⁸⁴ *Id.* at 10273-74 (statement of Rep. Rohrabacher).

⁸⁵ *See id.* at 10301 (statement of Rep. Jackson-Lee) ("On the other hand, Mr. Chairman, we must always be mindful of the importance of ensuring that small companies have the same opportunities to innovate and have their inventions patented and that the laws will continue to protect their valuable intellectual property.").

⁸⁶ *See id.* at 10282 (statement of Rep. Wexler) (" This bill will nurture and protect inventors, thereby promoting future Alexander Graham Bells and tomorrow's Microsofts.").

⁸⁷ *See id.* at 10279 (statement of Rep. Jackson-Lee) ("I am delighted that even though there are questions about, for example, the first-to-file over the first-to-invent, this committee saw fit to add my amendment which means that there will be periodic review so Congress will be instructed on whether or not this works on behalf of all inventors big and small.").

⁸⁸ *See id.* at 10276 (statement of Rep. Zoe Lofgren) ("A balanced approach to innovation is essential to all of these entities.").

provisions—were all provisions that assisted companies defend against allegations of infringement, particularly those allegations from patent trolls.⁸⁹ While such provisions helped those who were defendants in patent suits, the provisions generally hurt those who would be asserting patents. This is especially true for those with less resources or sophistication, which specifically includes small inventors. In addition, small inventors, given the unlikelihood that they would be manufacturing and selling products or services, benefit more from patent strength than methods to make patent defense easier. The legislation also included a shift to first to file and automatic publication, both moves made to harmonize U.S. patent law with most foreign patent systems, but also were generally seen as harmful to individual inventors.⁹⁰

The legislation was, however, eventually defeated. The current version, which includes similar, albeit not as many, anti-individual inventor provisions is unlikely to pass.⁹¹ And the provisions that were contained in H.R. 1908 as passed, and more recent versions of the legislation, include compromises to soften the impact on small inventors.⁹² Some of these are changes that were made during the House floor debate of H.R. 1908.⁹³ Accordingly, the substantive impact is currently nil, and the compromises and defeats may evidence the work of the individual inventor motif continuing to protect small inventors in the patent system.⁹⁴ Another explanation,

⁸⁹ See note 77, *supra*.

⁹⁰ See note 74, *supra*; but see Karen Simon, *The Patent Reform Act's Proposed First-to-File Standard: Needed Reform or Constitutional Blunder?*, 6 J. MARSHALL REV. INTELL. PROP. L. 129, ¶ 11 (2006) ("Inferences are costly, therefore, large inventors challenge the patents of small inventors more frequently.").

⁹¹ See note 68, *supra*.

⁹² See 153 Cong. Rec. H 10270, at 10297 (statement of Rep. Issa) (offering a floor amendment to the early publication portion of H.R. 1908).

⁹³ *Id.*

⁹⁴ See, e.g., John R. Allison, *et. al.*, *Valuable Patents*, 92 GEO. L. J. 435, 468 (2004) (discussing the success of the small inventors lobby).

explored more in Part III.B of the Article, is that the changes were made to protect the pharmaceutical industry, not the small inventor.⁹⁵

2. Administrative View

The USPTO own literature, particularly on its website, provides insight into its current view of individual inventors. The USPTO's response to comments on two recent rule packages also provides indication that the motif is alive and well at the USPTO. Both the rhetoric used by the USPTO regarding individual inventors as well as the substantive impact of its rulemaking is examined.

a. Rhetoric

The USPTO has continued to describe the individual inventor in a positive light. The USPTO website has what is now called an "Inventor Resources" section to assist individual inventors.⁹⁶ The section includes the following introductory commentary:

Throughout America's history, the innovation and dedication of individual inventors have played a critical role in our Nation's evolution into the most technologically advanced, economically vibrant power on earth. The pioneering discoveries of individual inventors have cured diseases, built communities and industries, and greatly enhanced our quality of life.

As it has since its founding in 1802, the USPTO is dedicated to assisting individual inventors in utilizing America's intellectual property system. To that end, following a top-to-bottom review of operations at the

⁹⁵ See Part III.B., *infra*.

⁹⁶ <http://www.uspto.gov/web/offices/com/iip/index.htm>.

USPTO, the former Office of Individual inventor Programs has recently become part of the new, comprehensive Inventor Assistance Program. The Inventor Assistance Program will have more consolidated resources available, allowing us to expand the scope of services provided to individual inventors in order to assure that you receive the special attention you deserve. Nothing could be more important, because America's inventors are our Nation's future.⁹⁷

The USPTO has also espoused positive rhetoric concerning individual inventors in its response to comments on one of the two rule packages it issued in the last couple of years.

The USPTO issued rules concerning continuation patent application filings and claim limitations rules that were set to go into effect at November 1, 2007.⁹⁸ The rules essentially limited the number of times a patent applicant could file for continuations of patent prosecution for a single application.⁹⁹ The rules also limited the number of claims per application.¹⁰⁰

A significant number of the comments received by the USPTO asserted that the rules would have a particularly harmful impact on

⁹⁷ <http://www.uspto.gov/web/offices/com/iip/welcome.htm>

⁹⁸ See *Changes To Practice for Continued Examination Filings, Patent Applications Containing Patentably Indistinct Claims, and Examination of Claims in Patent Applications*, 72 Fed. Reg. 46,716, 46,7161 (Aug. 21, 2007) (to be codified at 37 C.F.R. pt. 1). Due to litigation over the validity of the rules, the effective date, if they ever become effective, is still uncertain. See *Tafas v. Doll*, 559 F.3d 1345, 1364-65 (Fed. Cir. 2009) (finding the claim limitation rules valid, the continuation rules invalid because they conflict with 35 U.S.C. § 120, and remanding the case to the district court).

⁹⁹ See 72 Fed. Reg. 46,716 (Rule 78, pertaining to continuations, and Rule 114, pertaining to requests for continued examination).

¹⁰⁰ See *id.* (Rule 75, limiting the total number of claims per application to no more than five independent claims and twenty-five total claims and Rule 265, describing the examination support document needed to be submitted to go beyond these limitations)

small inventors, or as the USPTO identifies them, small entities.¹⁰¹ The USPTO confronted these comments head-on. They did not dispute the underlying premise, that small inventors' concerns were worthy of addressing. Instead, they answered whether the rules would have a negative impact on individual inventors and whether such concerns needed addressing.¹⁰² The USPTO also articulated the overall purpose of the rules as inventor neutral.¹⁰³ The rules' are meant to reduce examination backlog and improve the quality of examination across the board, not to address the patent holdup problem, or, more specifically, the patent troll problem.¹⁰⁴

b. Substance

The USPTO continues to adjust filing fees based on the filing entity's size.¹⁰⁵ Small entities still have their fees essentially cut in half as compared to other applicants.¹⁰⁶ The rationale is that higher fees uniquely bar individual inventor's access to the patent system because of their lack of resources.¹⁰⁷ The adjustment of filing fees is meant to equalize access to the patent system between large and small inventors.

The USPTO also made changes to the two recent rule packages to

¹⁰¹ See 72 Fed. Reg. at 46743-44, 46745, 46754, 46758, 46759-60, 46763, 46765-66, 46783, 46788, 46793, 46798, 46801, 46811, 46824, 46828 (containing comments concerned with the proposed rules' impact on small entities. A small entity, as defined by the USPTO, includes a "person, small business concern, or nonprofit organization." 37 C.F.R. § 1.27.

¹⁰² *Id.*

¹⁰³ See, e.g., 72 Fed. Reg. at 46760 ("The changes being adopted in this final rule [Rule 78] do not disproportionately impact small entities.").

¹⁰⁴ See 72 Fed. Reg. 46716; *Tafas*, 559 F.3d at 1350.

¹⁰⁵ See 37 C.F.R. § 1.16(a)(1) (2008) (setting forth the filing fee for both a regular applicant and a small entity).

¹⁰⁶ *Id.*

¹⁰⁷ See Mike Turner, Note, *The Future of the Corroboration Requirement in Patent Law: Why a Clear, Strict Standard Benefits*, 2008 U. ILL. L. REV. 1319, 1344 ("[T]he government has been careful to avoid shutting the door to the patent office on small entities.").

address substantive concerns of individual inventors.

One of the main substantive concerns with the continuation rule package was that limiting the continuations available would harm small inventors because such inventors are both more likely to file continuations and have less resources to effectively obtain adequate patent rights under a limited continuations environment.¹⁰⁸ Individual inventors need patents earlier in the development process to secure investment. Thus, they need to separate earlier allowed claims and then continue prosecution on the still rejected claims. In addition, small inventors cannot spend as much up front, and thus need continuations to spread out their application costs.¹⁰⁹ There was also argument that small entities simply make up the majority of continuation filings.¹¹⁰

The USPTO responded to these comments, as well as those from other types of inventors, by relaxing the limitation on continuations.¹¹¹ As compared to the initially proposed rules, an applicant could now file two, instead of one continuation, as a matter of right. An applicant can in addition file a request for continued examination. Furthermore, as the USPTO pointed out, a small inventor can file even more continuations, they just have to meet the justification criteria.¹¹²

¹⁰⁸ 72 Fed. Reg. at 46759, 46765-66.

¹⁰⁹ *Id.*

¹¹⁰ *Id.*

¹¹¹ *Id.* at 46759 ("The Office has made modifications to these proposed changes such that this final rule will permit an applicant to file two continuation applications or continuation-in-part applications, plus a single request for continued examination in an application family, without any justification.").

¹¹² 72 Fed. Reg. at 46745 (noting that if an applicant wishes to pursue more than two continuation applications, he must file a petition "showing that the amendment, argument, or evidence sought to be entered could not have been submitted during the prosecution of the prior-filed application.").

The USPTO also did a study to see what the substantive impact of the continuation limitation on small inventors. The USPTO found that 2.9% of applications filed by small inventors included enough continuations to require special justification under the new rules.¹¹³ This was in comparison to a slightly lower, 2.7% for all patent applications.¹¹⁴

There was also a substantive concern with the continuation rules' requirement that divisional applications be filed during the pendency of the initial application.¹¹⁵ Small inventors would not be able to spread out their prosecution costs over the sequential filing of divisional applications, particularly as aspects of the invention became commercially viable. The USPTO responded by amending the rules to allow for sequential filing of divisionals.¹¹⁶

There also was an argument that the limitation on the number of claims available to be filed under the continuation rules would harm small inventors.¹¹⁷ Individual inventors need more claims than the average inventor to provide adequate protection for their inventions and cannot pay the financial and procedural price of meeting the special requirement under the rules to get more claims.¹¹⁸

The USPTO responded by changing the proposed rules to allow for more claims to be filed than originally allowed.¹¹⁹ The USPTO also studied the filings of small entities and found that 24.4% of the cases would exceed the now amended limitation, as compared to a

¹¹³ *Id.* at 46760.

¹¹⁴ *Id.*

¹¹⁵ 72 Fed. Reg. at 46745.

¹¹⁶ *Id.* ("In response to those concerns and suggestions, § 1.78(d)(ii) as adopted in this final rule does not require that a divisional application be filed during the pendency of the initial application.").

¹¹⁷ *Id.* at 46765-66.

¹¹⁸ *Id.*

¹¹⁹ *Id.* at 46788.

23.7% for all applicants.¹²⁰ The difference in impact did not appear to be disparate between applicants as a general population and the individual inventor. Finally, small entities could file an examination support document ("ESD") in order to obtain claims beyond those initially allowed.¹²¹ And the USPTO specifically amended the rules to make this less burdensome on small entities, with § 1.256(f) removing the most onerous part of the ESD, the claim chart, exclusively for small entities.¹²²

There were also substantive concerns regarding the second, recent rule package that contained procedural changes to filing appeals to the Board of Patent Appeals and Interferences ("Board").¹²³ There was discussion about whether the rules added an additional filing cost that would significantly impact small inventors.¹²⁴ This discussion arose not so much in response to comments, but from the USPTO's discussion in response to the requirements of the Regulatory Flexibility Act.¹²⁵ Making assumptions about the number of individual inventor applicants that would exceed the space limitations, the USPTO concluded that the impact would be small.¹²⁶

¹²⁰ *Id.*

¹²¹ *Id.* at 46788.

¹²² *Id.* at 46788, 46743-44 (noting that this inclusion was also in response to the Regulatory Flexibility Act).

¹²³ See Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals; Final Rule, 73 Fed. Reg. 32938 (June 10, 2008) (to be codified at 34 C.F.R. Part 41).

¹²⁴ *Id.* at 32972.

¹²⁵ *Id.*

¹²⁶ *Id.* ("When [the assumption of the number of applicants going over the page limit] is compared to the 5,977 small entities that filed a notice of appeal with the Office in FY 2007 (21,653 notices of appeal were filed by large entities in the same period), it demonstrates that the petition fee has the potential to affect only 2.8% of the small entities filing an appeal. An effect on 2.8% of the small entities filing an appeal is not a disproportionate impact on small entities, nor is the actual number of 166 impacted small").

3. Judicial View

While the Federal Circuit is usually the first judicial body that comes to mind when discussing patent law,¹²⁷ there has been a significant amount of patent law activity at the Supreme Court during the patent troll era. Seven opinions on significant patent law areas have issued over the past four years.¹²⁸ And in almost every single one, amicus briefs were filed asserting that individual inventor's interests were at stake. Accordingly, the following analysis focuses on the Supreme Court and looks at both the rhetoric in, and substantive effect of, these decisions concerning the individual inventor.¹²⁹

a. Rhetoric

In only one patent case out of the eight the Supreme Court has issued since 2003 has the Court explicitly mentioned the individual inventor. In *eBay, Inc. v. MercExchange, L.L.C.*, the Supreme Court held that the general four-factor test for determining whether a

¹²⁷ See John M. Golden, *The Supreme Court as 'Prime Percolator': A Prescription for Appellate Review of Question of Patent Law*, 56 UCLA L. REV. __ (forthcoming 2009); Mark Janis, *Patent Law in the Age of the Invisible Supreme Court*, 2001 U. ILL. L. REV. 387.

¹²⁸ See *Quanta Comp., Inc. v. LG Elecs.*, 128 S.Ct. 2109 (2008); *KSR Int'l Co. v. Teleflex, Inc.*, 550 U.S. 398 (2007); *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437 (2007); *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007); *Lab. Corp. of Am. Holdings v. Metabolite Labs., Inc.*, 548 U.S. 926 (2006); *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006); *Ill. Tool Works Inc. v. Independent Ink, Inc.*, 547 U.S. 28 (2006).

¹²⁹ Interestingly, there was little mention of the individual inventor by the Federal Circuit over the last five years. A search was done on the CTAF database on Westlaw—"small inventor" "small inventors" "small entity" "individual inventor" "individual inventors" "individual inventor" "individual inventors" "entrepreneur" "entrepreneurs" "small entities" "small business" "small businesses" "garage inventor" "garage inventors" "start-up" "self-made inventor") & da(last 5 years) & patent!—and only one case included a discussion related to the individual inventor motif, in *Voda v. Cordis Corp.*, 536 F.3d 1311, 1329 (Fed. Cir. 2008), where the Federal Circuit dismissed Voda's argument the denial of a permanent injunction to Voda conflicts with the "self-made inventor" language in the Supreme Court's *eBay*.

permanent injunction should issue must be used in patent cases.¹³⁰ Under the facts of the case, there was a question as to whether non-practicing entities could obtain permanent injunctions.¹³¹

In the Court's decision, the majority rejected the categorical rule that all patentees who are both willing to license and are not commercially practicing their patents should not be awarded injunctions. The Court identified "university researchers" and "self-made inventors" as those who "may be able to satisfy the traditional four-factor test."¹³² The Court essentially stated that the "self-made inventor[]"—the individual inventor—could still obtain an injunction after the *eBay* decision.

One of the concurrences also focused on the type of patentholder seeking an injunction. The second concurrence, authored by Justice Kennedy and joined by Justices Stevens, Souter, and Breyer,¹³³ indicated that district courts should take note of "the nature of the patent being enforced and the economic function of the patent holder," which in *eBay* is "quite unlike earlier cases."¹³⁴ The concurrence singled out the existence of industries where firms use patents to mainly obtain licensing fees. Injunctions in these instances "can be employed as a bargaining tool to charge exorbitant fees to companies that seek to buy licenses to practice the patent."¹³⁵ In addition, the concurrence discussed the patent holdup problem, noting that "[w]hen the patented invention is but a small component of the product the companies seek to produce and the threat of an injunction is employed simply for undue leverage in negotiations, legal damages may well be sufficient to compensate for the infringement and an

¹³⁰ 547 U.S. 388 (2006).

¹³¹ *Id.*

¹³² *Id.*

¹³³ *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006) (Kennedy, J., concurring).

¹³⁴ *Id.*

¹³⁵ *Id.*

injunction may not serve the public interest."¹³⁶

The Court, accordingly, explicitly discussed the small inventor. The majority took a neutral view of the individual inventor—telling district courts to not immediately conclude that a small inventor does not deserve an injunction.¹³⁷ The majority did not, however, go so far to require an injunction for all individual inventors. The concurrence authored by Justice Kennedy, in contrast, did completely swing to one end of the spectrum, taking the patent troll-view of the individual inventor. The concurrence encouraged district court to watch out for patent holdup situations caused patent holders just looking to monetize their patents. These cases, involving non-practicing entities using patents solely for monetary purposes, is very different then "earlier cases."¹³⁸ In the concurrence's eyes, the individual inventor has definitely changed.

b. Substance

The rhetorical use of the individual inventor motif is inconclusive at best when comparing the majority decision in *eBay* to Justice Kennedy's concurrence. The substantive story, however, is a bit clearer. Almost all of the Court's recent patent decisions have reached holdings that are detrimental to individual inventors. The main reason this is the case is that all of the decision essentially weaken patent rights, and it's the patent right—not the shielding from accusations of patent infringement—that benefits individual inventors the most.¹³⁹

For example, while the majority in *eBay* expressly indicated that

¹³⁶ *Id.*

¹³⁷ *Id.*

¹³⁸ *Id.*

¹³⁹ *But see* James Bessen & Michael Meurer, PATENT FAILURE: HOW JUDGES, BUREAUCRATS, AND LAWYERS PUT INNOVATION AT RISK 173-77 (2008) (concluding that patents are not valuable to individual inventors).

"self-made inventors" should not be uniquely harmed by the Court's decision, this rhetoric has not stopped lower courts from denying injunctions to individual inventors. In fact, the language has been cited and then dismissed in a majority of cases denying injunctions to small inventors.¹⁴⁰ This is because the four-factor test for an injunction places small inventors at a disadvantage, particularly when read in light of Justice Kennedy's concurrence. As John Golden summarizes it:

Despite the unanimous Court's warning against "certain expansive principles suggesting that injunctive relief could not issue in a broad swath of cases," district courts have responded in apparent lockstep to Justice Kennedy's concerns about trolls. Since the Supreme Court issued its opinion in *eBay*, district courts appear to have consistently denied permanent injunctions in cases where an infringer has contested the patent holder's request for such relief and the infringer and patent holder were not competitors.¹⁴¹

Golden continues in his analysis by noting that "[s]ystematically curtailing injunctive relief for such patent holders may inflict injury on patent trolls, but it may also victimize those classes of inventors whom patent law should be most careful to protect."¹⁴² The class he is referencing is that of individual inventors.

The other recent patent decisions by the Court have all held opposite the position advocated for by individual inventors. For example, in *Microsoft Corp. v. AT&T Corp.*, the Court held that 35 U.S.C § 271(f), while making the combination of a patented invention

¹⁴⁰ See, e.g., *Voda*, 536 F.3d at 1329.

¹⁴¹ Golden, *supra* note 9, at 2113-14 ("Thus, the district courts' post-*eBay* practice may be in some tension with the Supreme Court's warning against the 'categorical denial of injunctive relief' to broad classes of patent holders.").

¹⁴² *Id.*

outside the United States actionable infringement in some cases, does not cover the sending of software from the United States to a foreign manufacturer who uses the software to make a U.S. patented invention abroad.¹⁴³ The argument by small companies and universities was that holding such activity to not be infringement created a loophole that large corporation could take advantage.¹⁴⁴ Large companies will be able to send their manufacturing abroad to avoid infringement.¹⁴⁵

In *MedImmune, Inc. v. Genentech, Inc.*, the Supreme Court concluded that a licensee can challenge the licensed patent's validity without terminating or breaching the underlying license.¹⁴⁶ The result of this holding is to also lower the bar as to what creates an "actual controversy" for purposes of sparking a valid declaratory judgment action—essentially allowing alleged infringers to control forum selection in patent suits.¹⁴⁷ Such a result, as some amici argued to the Supreme Court, "erode[s] the sanctity of contracts and interfere[s] with vital policies favoring amicable resolution of commercial matters" that are so crucial for patentees who depend on royalty streams to monetize their patents.¹⁴⁸ It also puts small inventors, who will normally be looking for licenses as opposed to overtly seeking out litigation, at a disadvantage to large corporation who can take advantage of the forum advantages declaratory judgments after

¹⁴³ 550 U.S. 1746 (2007).

¹⁴⁴ See Brief of Amicus Curiae Wisconsin Alumni Research Foundation, Research Corporation Technologies, Inc., and the Regents of the University of California Supporting Respondent (Jan. 23, 2007).

¹⁴⁵ *Id.*

¹⁴⁶ 549 U.S. 118 (2007).

¹⁴⁷ *SanDisk Corp. v. STMicroelectronics, Inc.* 480 F.3d 1372 (Fed. Cir. 2007).

¹⁴⁸ See Brief of Amici Curiae The Trustees of Columbia University in the City of New York, The Board of Trustees of the Leland Stanford Junior University, The American Association of Medical Colleges, The Association of American Universities and Others Supporting Respondents (Jul. 26, 2006).

MedImmune presents.¹⁴⁹

The Court's decision in *KSR International Co. v. Teleflex, Co.* rejected a "rigid" test for nonobviousness and replaced it with a "flexible" and "functional" approach.¹⁵⁰ Many argued that such a shift would render most, significant individual inventor's inventions obvious.¹⁵¹ "While large business may be only slightly impacted" by the hindsight the Court's test introduces, "small business concerns and struggling innovators [would be] certain to face an instant and devastating diminishment of corporate value."¹⁵² Others asserted that a flexible nonobviousness requirement will make it more difficult for individual inventors to secure financing for their research and development because "potential investors cannot evaluate the likelihood that the venture's pending patent applications will be approved or that its issued patents will be enforced."¹⁵³

In *Quanta Computer, Inc. v. LG Electronics, Inc.*, the Court determined that a license with a computer components manufacturer exhausted patent rights against purchasers of such components who used them to make, without an expressed license, a patented system

¹⁴⁹ See, e.g., *Fresenius USA, Inc. v. Transonic Sys., Inc.*, 207 F. Supp. 2d 1009, 1012-13 (N.D. Cal. 2001) (noting that *MedImmune* "create[s] a strong disincentive for patentees to communicate with potential infringers before filing suit, for fear of being sued first and thus forced to litigate in the defendant's forum of choice.").

¹⁵⁰ 550 U.S. 398 (2007).

¹⁵¹ See Brief of Harold W. Milton, Jr. as Amicus Curiae in Support of Respondent (Oct. 11, 2006) (discussing such a case for the Wright brothers, Thomas Edison, because of hindsight).

¹⁵² See Brief of the United Inventors Association as Amicus Curiae in Support of the Respondents (Oct. 16, 2006)

¹⁵³ See Brief of Altitude Capital Partners, Expanse Networks, Inc., Inflexion Point Strategy, LLC, Interdigital Communications Corp., Ipotential, LLC, Ocean Tomo, LLC, and Onspec Electronic Inc. as Amici Curiae in Support of Respondents (Oct. 16, 2006) ("Similarly, a firm like Altitude Capital Partners will be less inclined to back an individual inventor, or will do so only on much less favorable terms that diminish incentives to innovate, if Altitude cannot predict with reasonable confidence whether the inventor's patents will be upheld in court.").

and perform a patented method.¹⁵⁴ Multiple amici argued that tiered licensing, which the decision in *Quanta* now makes more difficult, is a crucial vehicle by which small inventors to recoup their costs of inventing.¹⁵⁵ Small inventors also rely on others to manufacture and distribute their product because they do not have the capabilities or resources in-house.¹⁵⁶

III. Implications

The rhetoric regarding individual inventors remained extremely positive in both Congress and the USPTO. In contrast, the substance of the changes made by both of these bodies was not. The USPTO changed its proposed rules to take the concerns of individual inventors into consideration, even creating a special exception for small entities in its claim limitation rules. Congress, while never passing any significant patent legislation during the period studied, did seriously consider changes that would be harmful to small inventors. The proposed legislation, however, was modified, in some respects, to take at least some of the small inventor's interests into account. The judiciary essentially did not take any notice of individual inventor's concerns—either on a rhetorical and substantive level. The Supreme Court's recent decisions did, however, reduce the value of patents, particularly for individual inventors. These following table summarizes these results:

¹⁵⁴ 128 S.Ct. 2109 (2008).

¹⁵⁵ See Brief for Wi-LAN Inc. as Amicus Curiae Supporting Respondent (Dec. 10, 2007); Brief of Amici Curiae Interdigital Communications, LLC and Tessera, Inc. in Support of Respondent (Dec. 10, 2007); Brief of Amberwave Systems Corporation as Amicus Curiae in Support of Respondent (Dec. 10, 2007).

¹⁵⁶ *Id.*

Patent Troll-Era Handling of Individual Inventors – Table 1

	Rhetoric	Substance
Legislative	Positive	Mixed
Administrative	Positive	Positive
Judicial	Non-existent	Negative

The following looks at the implications of these results.

A. Resilience of the Motif's Rhetoric

When the rhetoric observed by Janis shortly before the modern patent reform efforts and the focus on the patent troll is compared to the rhetoric examined in Part II.B., one can see that not much has changed at all. Congress still engages heavily in the individual inventor rhetoric.¹⁵⁷ The USPTO is still the strongest ally of the individual inventor.¹⁵⁸ And litigants continue to invoke the rhetoric in litigation, while the courts, maybe even less so now, do not seem to engage the motif at all.¹⁵⁹

Other than perhaps the slight drop off by the courts, the individual inventor motif remains rhetorically intact—at least as much as it was before the advent of the patent troll. Those engaged in rhetoric—mainly Congress and the USPTO—are able to keep the small inventor and the patent troll separate.¹⁶⁰ The definitional concerns the patent troll hunt presents for the individual inventor motif are not justified. The garage inventor is still a narrative policy makers find worth telling.

¹⁵⁷ See Part II.B.1.a., *supra*.

¹⁵⁸ See Part II.B.2.a., *supra*.

¹⁵⁹ See Part II.B.3.a., *supra*.

¹⁶⁰ See Part II.B.1.a, II.B.2.a, *supra*.

B. Lack of Substance Behind the Motif

It has been suggested before, most recently by Meurer, that while the motif is strong, there is very little doctrine, or laws for that matter, that are specifically designed to benefit the individual inventor.¹⁶¹ Other than a few patent rules, there is no positive law protecting individual inventors.¹⁶² The Congress attempts to stay, at best, neutral and simply avoid passing laws that disadvantage individual inventors.¹⁶³ Arguably, the Supreme Court tried to do the same in *eBay*, albeit it looks to be unsuccessfully.¹⁶⁴ There is just no substance standing behind the rhetoric. Other than the USPTO reducing some of the application filing burden on small inventors, there is little more the patent system does to assist such individuals.

In fact, most of the patent law changes either proposed or actually made, mainly in the courts, have come out against individual inventors' interests. The provisions still being discussed in Congress focus on the enforcement side and are opposed by small inventor interest groups.¹⁶⁵ The same, anti-individual inventor effect can be found in recent Supreme Court decisions, with each recent patent decision making it more difficult to successfully enforce patent rights.¹⁶⁶ Thus, while the rhetoric remains strong, the emptiness of it is self-evident. The troll hunt may have not damaged the individual inventor's image, but it certainly has created substantive changes that cut against small inventors.

The House debate of H.R. 1908 epitomizes the emptiness of the individual inventor motif. Opponents of the bill focus solely on the

¹⁶¹ See Meurer, *supra* note 1, at 1202-03.

¹⁶² See note 105, *supra*.

¹⁶³ See Part II.B.1.b., *supra* (describing Congress's recent patent lawmaking efforts).

¹⁶⁴ Golden, *supra* note 9, at 2113-14.

¹⁶⁵ See Patent Reform Act of 2009, S. 515, 111th Cong. (2009).

¹⁶⁶ See Part II.B.3.b., *supra* (cataloging these decisions).

bill's impact on the small inventor.¹⁶⁷ And proponents, unwilling to verbally attack this sacred cow, played along.¹⁶⁸ What makes this exchange so interesting is that the real substance of the debate was not big business versus the little inventor, but the information technology industry versus pharmaceutical companies.¹⁶⁹ And the opposition to the bill—supported mostly by big pharma—did not harp on the legislation's impact on the pharmaceutical industry, but on the individual inventors. It is highly unlikely that the small inventor was the main concern of opponents, but at least externally that is how it appeared.¹⁷⁰ The motif was an empty vessel that could dress up the concerns of another, perhaps not as sympathetic, interest group.¹⁷¹

Looking at the recent discourse involving individual inventors shows that it truly is only a motif, and not much more, particularly outside the USPTO. Essentially, the motif invokes some very powerful rhetoric—rhetoric that almost all Americans understand,¹⁷² but does not drive dramatic substantive change, particularly substantive change in favor of individual inventors.¹⁷³ Instead, the motif is co-opted—particularly in Congress—by those parties whose interests are best furthered by policies that strengthen patent rights.

¹⁶⁷ See, e.g., notes 83-85, *supra*.

¹⁶⁸ See, e.g., note 86, *supra*.

¹⁶⁹ See Meurer, *supra* note 1, at 1214 ("Recent discussions of patent reform emphasize the disparate interests of the pharmaceutical and biotechnology industries on one side, and the information and communication technology industries on the other. Some of the discussion also notes tension between small inventors and big information and communications technology firms.").

¹⁷⁰ *Id.*

¹⁷¹ See Janis, *supra* note 1, at 911 ("One might expect patent reformers to be drawn to the strategy of reconceptualizing the reform debate by attempting to couple technical reform measures with the romantic imagery of the lone inventor struggling against a recalcitrant bureaucracy.").

¹⁷² *Id.* ("[T]he heroic inventor motif, with its overtones of Jeffersonian self-reliance and Yankee ingenuity, may simply mesh uniquely well with the American perception of its own identity.").

¹⁷³ See Part II.B.

C. Roles of the Different Institutions in Patent Law

How different institutions handled the individual inventor's interests, particularly in the age of the patent troll, tells a lot about the role of various institutions in patent law.

The USPTO was the most receptive to the rhetoric and actual substantively acted upon it, modifying proposed rules to give individual inventors specific exemptions.¹⁷⁴ Such a result makes sense from an institutional perspective for a number of reasons. First, the USPTO engages patentees almost exclusively on the patent acquisition side of the equation. The USPTO focuses on when individuals should, and should not, obtain patent rights.¹⁷⁵ This turns out to be the side of the patent system that individual inventors engage most. It is also the side the motif focuses on—the ability of individual inventors to create ground-breaking inventions. The motif should have the most impact on the front-end of patent law, and thus the USPTO. Second, the USPTO's receptiveness to the motif also exemplifies the customer service nature of the agency.¹⁷⁶ Finally, there are larger pro-small business attitudes at play when considering administrative agency. For example, the Regulatory Flexibility Act is focused solely on helping small businesses intact with regulatory agencies like the USPTO.¹⁷⁷ In both responses to comments on the recently proposed rules, many of the USPTO's responses to individual

¹⁷⁴ See Part II.B.2.

¹⁷⁵ See Stuart Minor Benjamin & Arti Rai, *Who's Afraid of the APA? What the Patent System Can Learn From Administrative Law*, 95 GEO. L. J. 269, 276-77 (2007) ("Instead of asking whether a given patent is necessary to promote innovation, the patent statute directs the PTO to determine whether the patent application meets validity standards that have scientific and technical underpinnings.").

¹⁷⁶ See Rochelle Dreyfuss, *Pathological Patenting: The PTO as Cause or Cure*, 104 MICH. L. REV. 1559, 1567 (2006) ("[T]he PTO's profit orientation disposes it to grant its customer/clients' patents. Nor are these patents invalidated when they get to court.").

¹⁷⁷ See 5 U.S.C. § 601 *et. seq.*

inventor concerns were in response, in part, to the USPTO's duty under the Act.

This individual inventor friendly environment at the USPTO sits in sharp contrast to the judiciary's ambivalence to individual inventor concerns. Every time they came up, except arguably in *eBay*, the Supreme Court ignored them.¹⁷⁸ This makes sense from an institutional perspective given the law that governed each of those cases made no special exceptions for small inventors. In fact, nothing within the Patent Act treats such inventors differently.¹⁷⁹ Given that overt direction, or lack thereof, by Congress, courts, as they arguably should, address only those concerns identified by legislators. The Supreme Court's handling of the motif evidences a restraint, a lack of judicial activism for lack of a better term.¹⁸⁰ The judiciary's failure to consider to the motif is the way it is supposed to work—with the courts immune to rhetoric and popular opinion, particularly popular opinion that is not expressed in any specific statutory provision.¹⁸¹ This institutional action makes sense given that the only patent case discussed where the Court was least constrained by statute—*eBay* and the application of equitable remedies—was the one where the individual inventor's interests made its way into the opinion.¹⁸²

The lack of the motif's influence in the judiciary is also a product of the fact that, while the USPTO is on the front-end, courts are, for all intensive purposes, on the back-end of the patent system. They see the patented invention in the context of an allegedly infringing

¹⁷⁸ See Part II.B.3.b., *supra*.

¹⁷⁹ See Meurer, *supra* note 1, at 1202-03.

¹⁸⁰ Giacomo Ponzetto & Patricio Fernandez, *Case Law Versus Statute Law: An Evolutionary Comparison*, 37 J. LEGAL STUD. 379, 393-94 (2008) (setting forth a definition of judicial activism).

¹⁸¹ *Id.*

¹⁸² 35 U.S.C. § 283 (indicating that district courts "may grant injunctions"); *eBay*, 547 U.S. at 389.

defendant who has produced her own product of service.¹⁸³ This context is also the one where the impact of patent trolls is most noticed.¹⁸⁴ This is also the context in which the individual inventor is not the only innovator, particularly since most cases involve a defendant that did not copy the invention.¹⁸⁵ The motif is, therefore, at its weakest at the enforcement stage and perhaps most susceptible to being ignored.

Finally, Congress's handling of the individual inventor motif makes sense. Congress sits in the middle of these issues—with individual inventors needed to be protected on the front-end and patent trolls thwarted on the back-end. Congress also is more likely to engage in rhetoric, particularly rhetoric its constituents understand and support.¹⁸⁶ And rhetoric that, in the end, turns out to be empty.

Conclusion

These findings have tremendous import for the individual inventor motif and the patent system in general. The individual inventor motif has been around for a long time and has continuously been invoked in patent discourse. At least in its modern form, the motif has maintained its rhetorical strength, but lacks much substance at all behind it. Those who engage the patent system for reform should take this Article's findings to heart, to better understand in which institutions the motif has more power and greater potential to prompt true change. This study also provides a broader picture as to how the various institutions are operating in the patent system, additional

¹⁸³ 35 U.S.C. § 281 (giving a patentee a remedy of a "civil action for infringement of his patent").

¹⁸⁴ See notes 52-58.

¹⁸⁵ Christopher Cotropia & Mark Lemley, *Copying in Patent Law*, 87 N. CAR. L. REV. ____ (forthcoming 2009).

¹⁸⁶ See Janis, *supra* note 1, at 911.

information that reformists can use going forward.