

Better Patenting by Bernard Chao

Stanford Law School
Intellectual Property Scholars Conference
August 9, 2012



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PATENT GOALS

Article I, Section 8, Clause 8 of the Constitution authorizes Congress to make laws “[t]o 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.”

Toward that end, the law requires that patents cover technology that is:

- **New**, 35 U.S.C. § 102
- **Non-Obvious**, 35 U.S.C. § 103
- **Useful**, 35 U.S.C. § 101

Requires that “specific benefit exists in currently available form”
Brenner v. Manson, 383 U.S. 519 (1966)

NO “BETTERNESS” REQUIREMENT

No requirement that a patented technology is “Better”

- Faster, Cheaper, More efficient, Stronger

Still, most patents cover “better” technology.

Who bothers to patent something that is not better?

But this proposition does not hold true with respect to some types of patents. I call these “patent market failures.”

Patent Market Failures

Examining two cases where companies will seek patents even when their technology is **not better**.

1. Patents covering interfaces
2. Evergreening patents in the pharmaceutical industry



Interface Patents (Simple Case)

There is incentive to patent interfaces even though they may **not be any better** than previous interfaces.

Patent can serve to **tie products together** even when they are **not better**.

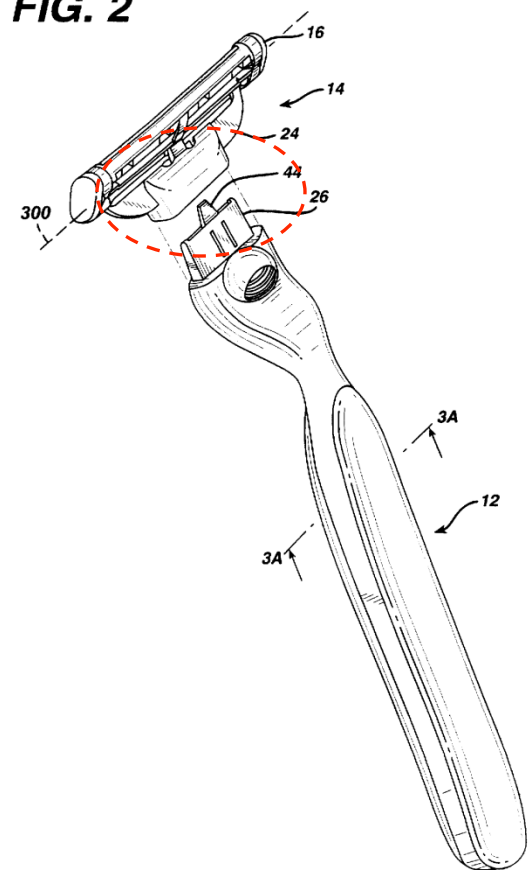
Assignee: **The Gillette Company, Boston, Mass.**

Patent Number: **5,787,586**

Date of Patent: **Aug. 4, 1998**

SHAVING SYSTEM AND METHOD

FIG. 2



Patents on Standards (Complex Case)

Standards are simply more complex interfaces.

Patents that cover standards may serve to **close standards** even when they are **not better**.

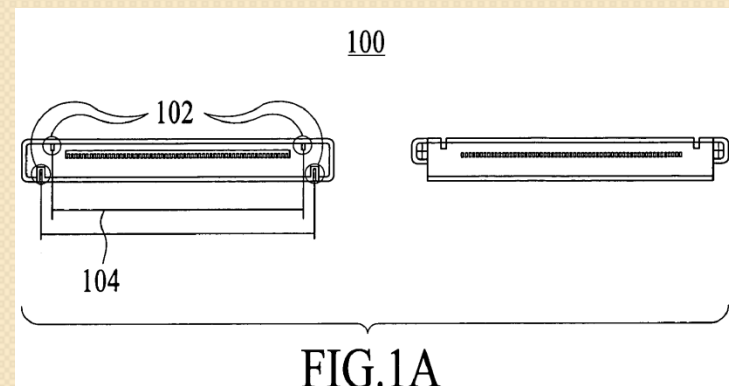


Assignee: **Apple Inc.**, Cupertino, CA (US)

Patent No.: **US 7,441,062 B2**

Date of Patent: **Oct. 21, 2008**

**CONNECTOR INTERFACE SYSTEM FOR
ENABLING DATA COMMUNICATION WITH
A MULTI-COMMUNICATION DEVICE**



Issues with Interface/Standard Patents

1. Tension between any “betterness” requirement and antitrust law which permits tying unless there is market power.
2. Better is a difficult concept in these complex patents. It will be easy to argue that a patent is somehow better even when the predominant purpose to is tie products or close a standard.

Evergreening Patents

Pharmaceutical companies have an incentive to obtain patents on minor variations (*i.e.* **not the active ingredient**) of their products even when those variations are **not better**.

Patents case serve to extend the life of their monopoly and fight off generic drug manufacturers (*i.e.* **evergreening**).

“Brand-name firms have sought increasing recourse to ancillary patents on chemical variants, alternative formulations, methods of use, and relatively minor aspects of the drug.”

Hemphill & Sampat, *When Do Generics Challenge Drug Patents?*, Journal of Empirical Legal Studies (2011)



Issues with Evergreening Patents

Are patents on minor variations really a problem? Non-active ingredient patents get challenged more often and more successfully.

See Hemphill & Sampat , *When Do Generics Challenge Drug Patents?*, Journal of Empirical Legal Studies (2011)

Response:

Still probably delays generics to market, deters others and unnecessarily increases costs.

Why can't consumers simply buy generics versions that correspond to expired active ingredient patents.

Response:

- In some cases, the brand name product is covered by both active ingredient and ancillary patents.
- Brand name manufacturers can tactically leverage patent/reputation to have consumers choose products covered by ancillary patents

Possible Prescriptions

During Examination (*ex ante*)

- Require that patents cover technology “better” than the prior art.
- Presume that patents are better except in two areas:
 1. Connections
 2. Improvements on Active Ingredients

Remedy (*ex post*)

- Antitrust violation if knowingly asserting a patent that does nothing better than prior art

Adjust Obviousness to that patents that accomplish the same things as the prior art but in different way are considered obvious.