

Written testimony of Don Costar for the RTA@Connect workshop:
(Definition of acronym -- San Diego Regional Technology Alliance
RTA@Connect)

Opening Remarks
[RTA@Connect](#) Workshop
Hilton La Jolla Torrey Pines, La Jolla, CA
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(Address to principals and audience) Good morning, and thank you for having us all.

My name is Don Costar, founder of the Nevada Inventors Association and a foot soldier in the "Patent Wars" since 1991.

I've tried to be a supporting voice for the rights of the independent inventor whenever legislative proposals may adversely affect those interests.

It has been said that independent inventors, through ignorance and stubbornness, have become little more than obstructionists to patent law reform.

It may be in some cases that emotions and special interests clash, but obstructionism is not our intent, and in a reasoned atmosphere such as this workshop, I believe there are no "closed minds", and we will all take away thoughtful insights about each others' interests and concerns.

Even though I've learned to start getting nervous when the word "reform" is used with "patent law" I feel a little like Luke Skywalker in unfamiliar territory, -- I'm ready to listen to the dark side, but I'll keep my ears open. . .

Adoption of First Inventor to File Principle

Historically, independent inventors have been taught, and therefore perceive, that US patent laws were created to define and protect inventions and inventors.

When our founders wrote that concept into Article 1, Sec.8 of the Constitution, they could not have imagined how amazingly successful US patent law would become, nor how complex the

attending problems. So today we're faced with that complexity that begs the question: ***“Has 21st Century technology and global competition outgrown that 19th Century concept?”***

That is pretty much what this workshop is about, and what Congress must face in the very near future.

The question seems straightforward enough, and to a disinterested third party the answer is simply -- “of course.” But what about the **very interested** “First” and “Second” parties? They could not be more polarized. The inventor (first party) and the corporate interests (second party) are certainly not in agreement over the proposed reform.

When the independent inventor loses any rights or protection because of “reforms” he has a right to become nervous -- it's his ox that will be gored and he will protest vehemently. “reform” then becomes “conflict.”

How do we resolve conflicts? Through compromise. The points of disagreement identified -- then “tweaked” or “modified” to seek mutual agreement.

The most controversial conflict at hand is the one that would change present law from “first-to-invent” to “first-to-file.”

We believe that a “First-To-File” system would increase the number of application filings, especially the “Provisional Applications” that encourages incomplete and poorly drafted concepts. And what if inventors' patent attorneys filed too late behind another filer because they tried to create a well crafted document?? Could the inventor then sue the attorney for damages?? (Beware of unintended consequences from ill-advised patent reform)

Until such time as the **“inventor”** is assured of some form of priority over the one who has the resources to *file first*, the fear that the inventor would almost always lose the race to the patent office is very real. And that fear alone could destroy the American inventors' incentive to invent.

We must therefore **oppose** the proposed change on the grounds that “tweaking” or “modifying” patent law is ***not the proper way to amend our Constitution.***

Post – Grant Review

Examination of an *issued* patent must, by definition, be to test its validity.

This would imply that the PTO issues defective or invalid patents. If that is true, then it may be because as PTO Director Jon Dudas has stated -- the PTO is in crisis due to a combination of application backlog and not enough money to hire more examiners.

Now comes a proposal in “**patent law reform**” to increase the work load of the PTO with a second examination after a patent issues from the first examination. And this second examination (Review) can be requested by a third party. Maybe a large corporation that feels it's cheaper to have their staff attorneys harass the inventor instead of paying royalties?

So if the PTO is in a budget crunch, where was the H.R. 2795 provision to stop the diversion of inventors' fees?? It's missing.

I say that in view of the new search fee surcharge of \$500 to improve the first examination of the application, patent quality should be achieved the first time!!

When an inventor needs that patent to use as collateral to fund his small start-up business, he can't fiddle around in litigation while some competitor (infringer) beats him to the marketplace.

Until such time as the diversion of inventors fees is stopped, and the insidious third party “**second examination**” is eliminated, the independent inventor community must oppose the “Post-Grant Review” provision of H.R. 2795.

Expanded Prior User Rights

Prior Use Rights are also called “**First Inventor Defense.**” These are cleverly worded titles to mislead anyone who does not realize that Prior User Rights are actually a ***defense against infringement*** through the use of **trade secrets**.

Currently, that infringement defense is limited to methods of doing or conducting business, not to all inventions.

Patent law serves the public interest by encouraging inventing investment. It provides a right to exclude others for a limited time in return for the inventor making a public disclosure of the invention. This is one of the critical reasons the U.S. Patent system is regarded as the best in the world.

If an inventor chooses to circumvent the law by keeping his invention secret (**the black box ploy**) in order to gain a longer protection time than through the patent process, that is a self serving practice to gain unfair advantage over those who play by the rules.

Trade secrets of new technology are an anathema to the very basic purpose of a patent system – to publish new technology for the benefit of the public.

Any inventor who independently creates, and invests in, an invention in good faith, should not be blind-sided by some secret user who has a built in defense against infringement, just because the “**prior user**” chose to ignore the patent system rules of conduct for his own selfish gain. The inventor community would not be faulted if they fought to have “Prior User Rights” abolished.

We vigorously oppose expanding those so-called “rights.” If the independent inventor community could afford a lobbyist it would be to create their own patent law “reform” bill to reduce that secret patent infringement defense to zip.

18 Month mandatory publication

Consider the “start up” small business inventor. In many cases the “**patent**” is their main asset and borrowing collateral, until they can grow their small business to financial stability.

That patent is the only weapon that keeps corporate bullies or “predators” off their back for at least a limited period of time. It is no secret that a very marketable new product can be produced and distributed cheaper by a large, established corporation than a small startup.

Premature publishing of a new technology allows a large corporate bully to not only copy and distribute with impunity, it is one more legal diversion that helps destroy incentive for American independent inventors to invent!

Think about it –

1. Awarding patents to the “first-to-file” --
2. Publishing unprotected technology --
3. Legitimizing “Trade Secrets” --
4. Protecting corporate infringers --
5. Patent fee diversion --

6. Encouraging invalid patenting --

Together, they all create an atmosphere of “**Unintended Consequences**” where the American independent inventor will fade to extinction, and the US PTO will be reduced to nothing more than an economic clearing house.

The independent inventor community cannot acquiesce to the dangerous concept of 18 month mandatory publication. Pendency time for an application already averages too close to **two years!**

What could an inventor possibly gain by working hard and investing all his resources to develop a new product, only to give it away to a corporate predator?

We vigorously **oppose** mandatory 18 month publication.

I repeat – the patent office isn't broken – why are we trying to fix it?

Assignee Filing

Current business practices provide quite often the contractual obligation of an employee to assign patent rights to his/her employer. It is understood that there is even an “**implied**” contract where such written documentation is non-existent, but it is reasonable to assume the employee used the employer's facilities to develop the invention.

For an assignee to file for the inventor (**not on behalf of the inventor**) seems proper and acceptable where there is sufficient proof that the inventor has been notified, or understands the action taken, and understands that he/she was under obligation to assign said patent.

This change in patent law to allow more leeway for an assignee to file, instead of the actual inventor seems reasonable and I see no reason for the inventor community to object.

Continuing Applications

Small “**Start-Up**” business frequently rely on continuing

applications to cover improvements and technological advancements in their business. This helps them keep the playing field level in order to compete with more affluent corporations who might be inclined to copy, or infringe, their patented technology.

Because of abuses that have occurred, where continuing applications are used solely to delay publication of applications, it appears that enough abuses have occurred to **“ruin it for all the rest.”**

For that reason, it seems reasonable that continuing applications should be limited – not stopped altogether, but limited.

Independent inventors generally do not condone abuses of the patent system. Rather we prefer to “protect” the system from abusers.

Limiting continuing applications should require legitimate improvements to existing technology being applied for in a new application text. This additional expense is onerous to inventors, but we feel it would be an ethical solution.

Reducing Injunctive Relief

Removing or reducing the injunctive relief feature of patent infringement litigation appears to be a lopsided legal tool.

Once a patent has been adjudged valid and infringed, the chances are it has withstood the test of reexamination and all attempts to have it invalidated.

Without the weapon of injunction against the infringer, there remains the specter of compulsory licensing. The core definition of patent protection includes the **“right to exclude.”**

Without the power to stop wealthy companies from infringing, what's to stop them from continuing to imitate while reducing costs, or even worse – patent “around” the inventor's patent to cover all possible improvements – creating the so-called “picket fence” market ploy. The purpose of removing injunctive relief is to take away the ability of the original patentee from competing economically. That is unfair, and unacceptable.

Having said that, the inventor community recognizes that not all

patentees are ethical; some even practice “trolling”, or **opportunistic speculating**. And there is also the rights of the courts to stay an injunction if the public welfare is at stake.

Considering these exceptions, and the right of appeal given the parties in litigation, the inventor community still feels that removing or weakening their rights to injunctive relief, also weakens the strength of proven patents.

Perhaps if infringing companies were mandated to pay all litigation costs for both parties plus damages to the patentee (after a patent is found valid) acts of intentional copying may be reduced due to fear of severe repercussions.

We feel some revision of this issue is required before we can endorse it.

Pre-Issuance Submissions **by Third Parties**

I refer to my reasons for objecting to **Post-Grant Review** as being similar, except that if 18 month mandatory publication of applications is instituted, the the **danger** of PTO examiners' incentive to **delay** examination to allow third parties to submit prior art, becomes very real.

The additional \$500 surcharge fee imposed for patentability searching, plus discontinuing the patent fee diversion practice, should also preclude the necessity of soliciting third party submissions.

On the grounds that it should be unnecessary, the inventor community feels it should be dropped from the Bill.

Repeal of Best Mode

Best Mode requirement for describing an invention in a patent application is critical for composing the “abstract” to be published in an issued patent. Especially is it important when describing a “METHOD” patent.

Without this feature in a patent abstract, how then will an

inventor perform a patentability search for prior art??

What is the purpose for eliminating it?? To hide patents from an unsophisticated patent searcher??

That's deceptive practice, and the inventor community should reject it on those grounds plus the grounds it is unnecessary.

Redefine Prior Art

Unable to understand how adopting something called "Best Practices" changes the definition of prior art.

Why does it need to be redefined?? It seems simple to understand now, unless it enters the realm of trade secrets, which never should have been made a part of patent law anyway.

Presently, I believe prior art is defined as any existing knowledge of a similar invention through means accessible to the public, will preclude patenting on the grounds of "prior art."

Now that doesn't say "before application filing." It refers to the act of "inventing" which means when the invention was conceived and disclosed to start the paper trail documentation. (First-to-Invent)

Inventors feel this is another example of something that isn't broken and doesn't need fixing.

We **oppose** changing the definition of prior art.
