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## Lawyers Weigh In On Obama 'Patent Troll' Initiatives

Law360, New York (June 05, 2013, 8:54 PM ET) -- President Barack Obama plunged into the debate over so-called patent trolls on Tuesday, introducing a package of legislative and executive proposals aimed at curbing frivolous lawsuits. Here, attorneys tell Law360 if the proposals will have any effect on nonpracticing entities.

### **William F. Abrams, King & Spalding LLP**

"NPEs will dislike the provisions requiring special scrutiny of their patents and their businesses, but will work around it. NPEs most fear loser pays/fee shifting for unsuccessful lawsuits, and the White House order does not cover this. Section 285 of the Patent Act allows fee shifting but, according to [Chief Judge Randall Rader] of the Federal Circuit, was used in only 20 of 3000 cases filed in 2011. A White House statement that it expects more vigorous use and enforcement of Section 285, with perhaps amendments to the section that facilitate its application and usage, would accomplish a lot."

### **Bill Atkins, Pillsbury Winthrop Shaw Pittman LLP**

"When the executive (White House), legislative (pending congressional bills) and judicial (New York Times op-ed and recent Federal Circuit decisions) branches of the United States are all aligned, something substantial will happen. The concern should be on how it, whatever 'it' is, will be applied."

### **Steve Auvil, Squire Sanders**

"I applaud the president's focus on this issue, but I don't see any quick fix to the 'patent troll problem.' The [America Invents Act] is relatively new, and the post-grant procedures should lead to the inexpensive purge of many bad patents. As for weak infringement claims in our courts, granting stays pending post-grant proceedings and holding early Markman hearings on case-dispositive issues would help flush those cases. Stricter enforcement of Rule 11 and fee-shifting would discourage the filing of weak claims. Venue reform is necessary to address the problem of 'troll' cases being filed in a few plaintiff-friendly venues."

### **David Axtell, Leonard Street and Deinard**

"In the short term, those who have already been threatened or sued by a patent assertion entity will find little relief in the president's proposals. Some of the proposals, such as changes in patent examination and options to challenge existing patents, will take months, if not years, to implement. Instead, the game-changing issues will be the subject of intense legislative scrutiny. Congress will need to create laws that stem the tide of PAEs, who are often criticized as not making the products covered by their patents, while protecting the U.S. economy, which is increasingly built on intellectual property licensing and not manufacturing."

### **Heather Barnes, Brouse McDowell LPA**

"Whether the legislative recommendations and executive orders actually have much impact is doubtful. Requiring NPEs to disclose the entity that stands to benefit from any settlement or lawsuit, requiring NPEs to sue a different party, and providing a greater likelihood for

awarding attorneys' fees to the prevailing party will likely not deter NPEs. In addition, it may be difficult to identify what entities qualify as the 'real party in interest.'"

**Ilan Barzilay, Seyfarth Shaw LLP**

"President Obama's proposed new legislative recommendations and executive actions have the potential to slightly alter the rules, but they aren't going to change the 'patent troll' game. Some of the proposals are merely aspirational ('tightening functional claiming') and others are ephemeral ('empowering downstream users') while the most substantive require congressional action (disclosure of the 'real party in interest,' adjusting the attorneys' fees and [U.S. International Trade Commission] injunction standards, etc.). Even if each item was implemented, at best they collectively nibble around the edges of the 'patent troll' issue, altering the tools available to such entities but not tackling the problem head-on. Of course, removing a nonpracticing entity's ability to enforce a patent would so fundamentally change the current patent system that tweaking the rules may be the best anyone is going to do. So the game continues."

**David S. Becker, Freeborn & Peters LLP**

"Immediate effects on nonpracticing entities should be limited. The six years it took to pass the America Invents Act indicates legislative change is unlikely in the near future. Moreover, executive actions aimed at the [U.S. Patent and Trademark Office] will mainly impact applicants whose patents have not yet issued, not NPEs already holding patents. The public spotlight, however, has the greatest prospect of immediate change and has already caused commentators and the judiciary to take notice; potentially empowering sitting judges to utilize existing tools that can limit an NPE's ability to maintain dubious suits."

**James T. Carmichael, Miles & Stockbridge PC**

"The availability of inter partes review has already reduced the cost of defending against an invalid patent from about \$3,000,000 to \$300,000. That may be why we are seeing increased assertions against end users with less than \$300,000 at stake. The proposal to address demand letters and lawsuits against individual end users would be felt by nonpracticing entities that use that tactic. But suppliers are already mobilizing to protect their customers by petitioning for inter partes review when appropriate."

**Priya Cloutier, Lane Powell PC**

"Using rhetoric about nonpracticing entities, the Goodlatte-Leahy patent bill has the stated aim of reducing NPE lawsuits. It creates barriers for patent enforcement. Litigation-reduction risks in the proposed manner will weaken the patent system by discriminating against businesses that may not be ready to manufacture, like startups. For example, the bill proposes disincentives for anyone seeking to enforce a patent, allowing a court to force a 'losing' party to pay attorneys' fees, with no distinction between NPEs and other entities. While facially nondiscriminatory, this may actually favor larger entities or even NPEs over small businesses."

**John Cooper, Farella Braun & Martel LLP**

"The real potential teeth in the action taken yesterday by the White House to limit 'patent troll' litigation is in its legislative recommendations. The action taken by executive order is very limited and will have little effect. Of the seven legislative recommendations, three have real teeth and, if enacted into law, would reduce 'troll' litigation. Those are No. 2, to permit more discretion in awarding fees to prevailing parties in patent litigation under 35 U.S.C. § 285; No. 3, to protect users of off-the-shelf products; and No. 5, to reduce the ability of a 'troll' to obtain an injunction in the ITC. These will require statutory enactment which must be viewed in light of the years it took to finalize and pass the America Invents Act."

**Monte Cooper, Orrick Herrington & Sutcliffe LLP**

"While I don't think it will curtail the incentive to file NPE lawsuits, I think the executive order requiring the USPTO to begin a rulemaking process to require patentees to regularly update ownership information could have important impacts on licensing decisions. High tech

companies that are repeatedly sued by NPEs may demand the entirety of, or at least larger portions of, patent portfolios held by the real party in interest to be licensed, rather than settling litigation with LLCs that only 'own' and assert a small portion of the portfolio. The high tech companies also will have better information on what portfolios they may strategically want to attack through procedures like inter partes review before the patents are asserted. Of course, the flip side to that possibility is that NPEs may start to enforce portfolios that come into their possession almost immediately after acquisition."

**Scott W. Dangler, Gunster Yoakley & Stewart PA**

"Unfortunately for small- to mid-sized companies, the primary targets of 'patent trolls,' the proposals presented by the White House are unlikely to provide any real relief. For instance, being able to identify the 'real party in interest' does not prevent 'patent trolls' from continuing to use 'exclusive licensees' as the vehicle of choice to issue demand letters or initiate infringement proceedings. Similarly, the practical reality is that small- to mid-sized businesses do not have the financial resources for a patent infringement trial, meaning an increased likelihood of a prevailing party attorneys' fee award rings hollow. The positive is that attention is being directed to the 'patent troll' problem. But until there is real reform at the source, i.e., the issuance of these questionable patents, or the 'standing' rules for enforcing a patent, the effects of any reforms will be minimal at best."

**Darren Donnelly, Fenwick & West LLP**

"Increased transparency and dissemination of information will help decision makers combating NPE claims but is unlikely to fundamentally change the economic incentives for NPEs or the practice in the districts they favor. NPEs have proven resilient in responding to 'reforms' targeting their perceived abuses over the past few years. The administration's approach of focusing on general legal rules rather than NPEs themselves may bring countervailing pressure that limits these reforms. If the legal rules are changed as proposed, NPEs may lose some of the economic incentive, but that will be an uphill battle and the game is likely to continue."

**John Dragseth, Fish & Richardson PC**

"It's great the White House is engaging in the debate over innovation. The government has never given this the attention and study it demands, so this should be a welcome step for everyone. At the same time, the White House proposals don't really address the fundamental issue, which is that patents are issued that should not issue and that creates real friction in the economy. That problem results because the patent office has to look at ever more complex technologies, and isn't being adequately funded to do so. That's penny-wise and pound-foolish, apart from anything the administration proposes."

**Brian Ferrall, Keker & Van Nest LLP**

"Most of the efforts will have little effect on the extent of NPE litigation, except perhaps as to the most egregious cases. The one substantive change that is intriguing is the proposed restriction on functional claiming. If the PTO actually had the mandate, and resources, to reject applicants' attempt to use broad generic language when the disclosure only provides for a specific improvement over the art, much of the flood of low-quality patents would end and it would restore the quid pro quo balance the patent system was meant to have. It's not clear that an executive order, without funding and legislative change, can accomplish this, however."

**Robert Fischer, Fitzpatrick Cella Harper & Scinto**

"The June 4 fact sheet proposes a mixture of legislative recommendations and executive actions that likely will have a limited impact. The tactics of nonpracticing entities today, which in large measure depend on extracting settlements from multiple defendants, are largely driven by the high cost of patent infringement litigation coupled with the risk of being subject to a large jury damages award. These factors are largely not addressed by the administration's recent proposals."

**Patrick Flinn, Alston & Bird LLP**

"Some of the proposed changes will reach the worst abuses but those are rare. For example, the law already defers to suits by the vendors challenging patents and allows for stays against end users, but there may be marginal improvement by making the requirement explicit. But the majority of NPE cases will not be meaningfully affected. Other changes could be dramatic. Requiring a complainant in the ITC to show eBay-type irreparable harm would eliminate one of the stronger remedies available to a patent owner, and could well do real damage to the rights of practicing entities enforcing their patents. Other reforms are long overdue, especially making it easier for the ITC to hire experienced judges. It makes no sense for the ITC to have to look to Social Security or immigration [administrative law judges] to hear these very specialized cases. That won't change how NPEs litigate, but it will improve the ITC itself."

**Ann Fort, Sutherland Asbill & Brennan LLP**

"As one of the few lawyers who litigated against the Project Paperless/MPHJ Technology Investments copier-scanner patent claims, I know the havoc infringement claims cause for small-business end users. Our patent enforcement system needs reform. The biggest impact of the White House's executive order may be as a shaper of public opinion. Reforms will happen only if public pressure forces all participants in this system to confront the ways in which it is failing our economic interests. Every news story covering the executive order keeps public and policymaker attention on the defects in our patent enforcement system."

**Charles Gorenstein, Birch Stewart Kolasch Birch LLP**

"The administration's proposals to require identification of the real party in interest in any patent will likely have little effect on 'trolls.' It will be too simple a matter to develop evasive strategies. In any event, until greater control is exercised over improper litigations, identifying any one or more parties involved will do little to curb abusive and detrimental practices."

**John Harkrider, Axinn Veltrop & Harkrider LLP**

"As the White House recognized, 'patent trolls' are a major, growing problem. As antitrust lawyers, we're particularly concerned about the practice of firms transferring patents to 'trolls' to sue their rivals. Hopefully the administration's statement will encourage the FTC to use its unique investigative powers to conduct a study of this practice — which is known as patent privateering — because getting good empirical data on the scope of this significant competitive problem is crucial to figuring out the best ways to fix it."

**JD Harriman, Arent Fox LLP**

"First of all, it is important to note that an 'executive action' is not an 'executive order' but is considered to be more of a recommendation or suggestion. If all of the proposals were to become law, the most significant impact to NPEs would be the consumer stay proposal that would stay litigation against customers if there is a pending litigation against the vendor. Suing customers along with a vendor is a favorite strategy of NPEs and puts double pressure on the vendor because of indemnity requirements and a general desire to not have angry customers."

**Stephen Holmes, Kaye Scholer LLP**

"The president's announcement of steps to crack down on 'patent trolls' is overdue, but is to be welcomed. In particular, measures reducing the ability of 'patent trolls' to extort money — because settlement is often cheaper than defending bogus claims — could have a real effect. Giving courts more discretion in awarding fees to the prevailing party in 'patent troll' cases could help significantly by making 'trolls' — and their lawyers — think twice before suing. Improving the quality of patents issued by the patent office will also help, but needs to be done properly without harming the ability of inventors and businesses to obtain deserved patent protection."

**IPNav, a full-service patent monetization firm**

"IPNav believes most of President Obama's proposed actions to rein in patent assertion entities will not have much impact. We have no objection to strengthening patents — it is easier to enforce strong patents with confidence. Similarly, we have no objection to curbing abuses. Of the seven legislative actions and five executive orders there are only two that we find problematic. Expanding the USPTO's transitional program for covered business method patents is problematic because it allows infringing companies to defer paying royalties through first challenging a patent at the USPTO and then challenging it again in court. We believe companies challenging patents should get one chance: either at the patent office or in court. The other proposal that is problematic is using demand letter transparency to help curb abusive suits. This could have the unintended effect of encouraging PAEs to litigate first rather than attempt to negotiate if they would have to disclose information that an infringing company could use to obtain a declaratory judgment."

**J. Scott Karren, Holland & Hart LLP**

"In some aspects, the new proposals and actions regarding 'patent trolls' may move the patent system in the right direction. Care must be taken, however, that these measures do not stifle innovation. For example, the push to block companies from asserting their patents unless they are manufacturing a product based upon the patented design could have unintended consequences; companies may not as readily invest in [research and development] of new ideas unless there is a very high probability the new ideas will actually be manufactured. As a result, innovations that are inspired from nonmanufactured products could effectively be smothered."

**Marc Kaufman, Reed Smith LLP**

"With respect to the president's agenda announced yesterday, the legislative priorities and executive actions make sense, for the most part, because they are directed to curbing abusive behaviors and not specific types of actors. The transparency in patent ownership and greater discretion in awarding attorneys' fees, for example, are things that I think few will oppose, yet will incrementally assist accused parties in defending themselves. Some of the more bold legislative items may be more controversial. For example, the protection of 'off-the-shelf use' of products by consumers might be difficult to fashion as legislation and could find opposition from the software and consumer electronics industries. On the one hand, there is definitely a lot of public sentiment and inertia for even further patent reform. On the other hand, Congress has not been very effective at passing any legislation lately."

**Christopher W. Kennerly, Paul Hastings LLP**

"Although apparently well-intentioned, many of the president's proposals, such as new ownership disclosure requirements and discretionary sanctions for filing meritless cases, will likely have little impact on the volume or nature of lawsuits filed by nonpracticing entities. The proposal to bring the ITC's injunction standard in line with the eBay standard applied in federal court is a notable exception, however, and may shift more NPE cases back to patent-litigation hotbeds like the Eastern District of Texas; whether that's a good thing, of course, is in the eye of the beholder."

**David Kohane, Cole Schotz Meisel Forman & Leonard PA**

"The high cost of evaluating the scope and validity of patents, and the unpredictability of litigation outcomes, drive capitulation to patent assertion entity demands. The President's prescription for greater clarity and specificity in patents will help reduce cost and increase litigation predictability, but probably not enough to justify rejecting a modest PAE license fee demand. Meaningful reform also requires shifting risks to PAEs and protecting innocent end users against liability. The president's proposal for transparency in PAE ownership may not substantially shift this balance, but protection for end users could align PAEs against manufacturers with sufficient stakes to resist PAE demands."

**Steve Korniczky, Sheppard Mullin Richter & Hampton LLP**

"It is admirable that President Obama wants to curb frivolous lawsuits by so-called patent trolls. But, the devil is in the details. The term 'patent troll' is often used synonymously with

'nonpracticing entities.' That can lead to problems in drafting legislation. I'm concerned that legislators could inadvertently do more harm than good by stifling innovation with overbroad legislation. If a university develops and patents new technology, shouldn't it be encouraged to license that patented innovation — even if it entails litigation? The university is an NPE, but not necessarily a 'patent troll.' The same rationale can apply to individual inventors. The issue is drafting legislation that will impact frivolous patent lawsuits, e.g., patents used to extort money by seeking to cover an unreasonably broad scope of technology. The debate will be how you define what is reasonable vs. unreasonable."

**Gaston Kroub, Locke Lord LLP**

"We have already seen, with the response of nonpracticing entities to the America Invents Act, that these types of companies are very adaptable. We can anticipate that more of these entities, in response to these proposals, will consider joining the new trend of merging with or otherwise gaining control of existing publicly traded companies, in an effort to distance themselves from any association with the less palatable aspects of patent assertion activities by nonpracticing entities. In short, patent assertion entities will continue to be with us in some form or fashion, as long as litigation remains an effective way of unlocking patent value."

**Rob Kunststadt and Ilaria Maggioni, R. Kunststadt PC**

"The main problem with 'troll' lawsuits is that the underlying patents should not have been granted. There is nothing wrong with an NPE's licensing of a valid patent. That should not now be impeded by new patchwork restrictions. Invalid patents on the register tend to restrict commerce by their very existence, regardless whether anyone asserts them. A responsible company tends to avoid areas of technology already covered by a thicket of patents, regardless who owns them and whether they are being practiced. The patent office needs to be adequately funded so that examination can become speedier and more comprehensive."

**Rebecca LeGrand and Matthew Kaiser, The Kaiser Law Firm PLLC**

"President Obama's efforts to crack down on 'patent trolls' are a good start, but don't go far enough. It's great, for example, for the government to print pamphlets for Main Street users about what to do if they get sued, or provide more training for patent examiners. But Obama's executive actions won't stop 'trolls' from using weak software patents that have already issued to hijack federal courts and extort real innovators. We need dramatic procedural reform in the patent litigation system so that frivolous patent suits can be stopped early, like [Texas Sen. John Cornyn's] proposed Patent Abuse Reduction Act."

**Fabio E. Marino, McDermott Will & Emery LLP**

"The president's initiatives will be helpful in making patent claims narrower, but they won't do much to prevent lawsuits from 'patent trolls' at least in the short term. The proposed legislation could have a real impact, but until I see these proposals pass through committee, I will remain skeptical that they'll go anywhere."

**Clifton McCann, Thompson Hine LLP**

"It's hard to generally distinguish patents and patent owners who deserve their day in court from those that don't. The White House initiative fails to make such a distinction, and would likely lead to legislation against large NPEs with bad reputations at the expense of the legitimate goals of inventors, small companies and, indeed, some well-meaning nonpracticing entities. Furthermore, Washington's proposals to date do little to prevent NPEs from tweaking their business models to avoid sanctions. At present, anti-'troll' business solutions have a better chance than Washington at reining in frivolous litigation by NPEs."

**Brian F. McMahon, Christensen O'Connor Johnson Kindness PLLC**

"The impact any legislation of this type will have on NPEs will vary. NPEs that already conduct proper diligence prior to suit likely will go about business as usual; those that are more aggressive in asserting their patents broadly may well rethink their strategy. For the

potential targets of the more aggressive NPEs, though, this legislation may have the unintended consequence of driving up settlement figures. Fewer targets for aggressive NPEs necessarily means higher settlement numbers if the NPE's patent valuation numbers are to be realized. The notion that aggressive NPEs will revalue their patents against new legislation is unrealistic."

**David E. Mixon, Bradley Arant Boult Cummings LLP**

"Any attempt to impede litigation by nonpracticing entities must be carefully crafted to avoid adversely impacting small startup entities that may not have the resources to fully practice their invention. Such small entities often have put a great deal of effort and money into development of their inventions but are unable to 'practice' them simply as a matter of scale. Often, their patents are their biggest and only asset and efforts to deter NPEs may seriously devalue these assets."

**Jeffrey C. Morgan, Barnes & Thornburg LLP**

"The idea of requiring NPEs to publicly file their demand letters is intriguing. Today, a company that receives a demand letter from an NPE often has no idea whether the NPE has also sent the same letter to other companies. Requiring the public filing of demand letters would make it possible for accused infringers to know who else has received a demand letter, and therefore make it possible to marshal resources, cooperate with each other and perhaps defeat the NPE before any suit is filed. Of course, an unintended consequence to mandatory public filing could be that NPEs will merely file a lawsuit before sending any such letter. The practice of NPEs filing lawsuits without any advance warning is growing today as it is."

**Edward J. Naughton, Brown Rudnick LLP**

"By increasing transparency, the president's proposals are a good starting point, but I'm skeptical that they'll make a real dent in the volume of abusive behavior by patent assertion entities. Many of the most prolific PAEs don't hide their identity to begin with, and for the others it's not usually difficult to quickly figure out who is behind them. To the extent that the new rules dissuade any PAEs, that's a good thing."

**Jeremy P. Oczek, Bond Schoeneck & King PLLC**

"While many technology companies are generally pleased to see increased scrutiny on 'patent trolls,' the president's proposals may not go far enough to root out the true problem: baseless cases filed by 'trolls.' Even with the president's proposal to permit more discretion in awarding fees to prevailing parties, 'patent trolls' will continue to have a significant advantage because it costs an accused defendant exponentially more to litigate a patent case than it does for a 'troll.' Not every company has the resources to battle 'patent trolls,' even with an increased prospect that fees may be awarded."

**Mark Passler, Akerman Senterfitt LLP**

"Perhaps the largest issue companies face when defending against infringement allegations by 'patent trolls' is that it is typically far less expensive to settle a case than it is to successfully defend a lawsuit through trial. The current proposal would make it easier for a judge to award attorneys' fees to a company that successfully defends a patent infringement suit, creating much greater risk for the 'patent troll,' thereby helping to level the playing field. Another very meaningful proposal would provide a glossary that would set definitions for certain software terms. As a result, it should be far more difficult for 'patent trolls' to twist the meaning of a patent claim far beyond what was originally intended by the original inventor(s)."

**Michael Pegues, Bracewell & Giuliani LLP**

"The steps taken by the White House are emblematic of the growing front mobilizing against the 'patent troll' business model. Whether the president's recommendations and executive actions will lead to meaningful change to the patent litigation landscape, and what those changes might look like, are complex questions. It will be challenging to enact legislation that adequately addresses the 'patent troll' epidemic without negatively impacting innovation by

universities, startup companies and sole inventors — those that invest in and own patents, but that may not necessarily provide a product. This is one of the many solvable issues presented by the president's proposals."

**Phillip Philbin, Haynes and Boone LLP**

"Innovation leads the law again. As the value of patents as an asset has increased and the market for trading patents has matured, certain 'innovative' enforcement entities have seized the opportunity and strained our legal system. The abuse needs to be curtailed without stifling the underlying innovation which makes our country great and our economy run. These proposals pinpoint the precise areas for improvement — a more robust review by the patent office, more transparency, greater protection for downstream users and greater penalties for litigation abuse. We should proceed prudently as these issues are multifaceted and quite complex."

**Ashok Ramani, Kecker & Van Nest LLP**

"The administration's proposal that would have the most impact is the requirement that the ITC satisfy a more stringent test, a la eBay v. MercExchange, before granting an injunction. After eBay, and even more so after passage of the America Invents Act, which grants separate trials to defendants, patent assertion entities have flocked to the ITC, where they can more readily secure an injunction. The administration's proposal would bring the ITC in line with district courts. It remains to be seen whether our hopelessly gridlocked Congress can actually pass the proposed legislation."

**Peter Schechter, Edwards Wildman Palmer LLP**

"It is clear that the executive branch is hearing the steady drumbeat of the National Association of Manufacturers and other like-minded U.S. trade associations about the difficult and expensive predicaments in which so many of their members find themselves these days. Today's announcement largely represents a gathering and repackaging of a number of initiatives already contained in pending legislation introduced in Congress over the last several months. There are some new and interesting things mentioned, however. For example, protecting individual consumers from infringement suits for their 'off-the-shelf use' of a product for its intended purposes seems fair enough, but recommendation number four includes the same sort of new protection of 'businesses.' Another interesting point is the recommendation to provide district courts with 'more discretion in awarding fees to prevailing parties' by likening it to the scheme of the Copyright Act — in which the 'loser pays' in most cases. In sum, this announcement seems to be more about changing attitudes than accomplishing concrete actions, at least in the short-to-medium term."

**Jason M. Schwent, Thompson Coburn LLP**

"While attention to this issue is welcome, I think these actions do little. Identifying patent owners and giving courts further discretion to award attorneys' fees will not stem the tide of abusive litigation. Having the USPTO examine software patentability may stem the issuance of new questionable patents but will not affect PAE litigation for years to come. While these proposals aim to make litigation more expensive for PAEs (and help large companies), they provide little relief to smaller companies who see the cost of litigation as too exorbitant to participate."

**Behrooz Shariati, Womble Carlyle Sandridge & Rice PLLC**

"Despite the lack of details, three of the proposals show some promise for having significant impact on the 'patent troll' litigation landscape. The proposed qualified immunity for consumers and businesses would significantly reduce the economic incentives for the high-volume, low-recovery suits. Combined with the proposal to permit more discretion in awarding fees to the prevailing party, the thinly funded patent mills will face greater financial risk if forced to bring their cut-and-paste lawsuits against larger targets, who may be better equipped to fight them off. Finally, the proposal to tighten up the standards for obtaining an exclusion order in the ITC could reduce the financial threat and, consequently, the settlement value of the larger cases by well-funded assertion entities."



**Michael Shore, Shore Chan DePumpo LLP**

"The Obama administration's efforts to devalue patents held by companies that honestly purchase them for enforcement is un-American, and likely unconstitutional. A patent is a species of property enshrined in the United States Constitution, Article 1, Section 8, Clause 8. The Constitution does not allow Congress or the president to choose which authors and inventors works are worthy of more or less protection than others. If a work qualifies for protection, it must be accorded the same protection as other similar works, regardless of their subsequent transfer to others."

**Matt Smith, Foley & Lardner LLP**

"The White House is clearly articulating the direction in which it wishes patent law to move. This is unusual on the heels of a major piece of patent reform legislation. Certain of the recommendations made by the White House could, depending on implementation, significantly impact the balance of power between patent owners and accused infringers."

**Leslie M. Spencer, Ropes & Gray LLP**

"The administration's proposals may embolden high tech companies in NPE litigation, but other immediate impacts are less clear. The executive actions are largely forward-looking, such as tightening functional claiming to limit issuance of overly broad patents. Legislative reform takes time, as we saw with the America Invents Act. Also, NPEs are not easily deterred. The AIA restrictions aimed at reducing the number of large, multidefendant lawsuits instead lead to multiple, serially filed lawsuits by NPEs, which courts later consolidated for pretrial proceedings. The result: NPEs keep suing large numbers of unrelated defendants. And no immediate end appears in sight."

**Matt Tanielian, ITC Working Group**

"It is significant that the White House plan tackles patent abuse at the International Trade Commission. PAEs are flocking there because it offers relatively easy-to-obtain exclusion orders. Ironically, those entities don't even want that remedy — but what they do seek is leverage to force settlements. Threatening monetary damages from a court ruling gives PAEs leverage to demand licensing fees, but threatening an exclusion order gives them the nuclear option. The White House plan would make exclusion orders harder to obtain in cases brought by PAEs. Fully eliminating ITC patent abuse will require more, but this sends a strong message."

**Dr. Sandra Thompson, Buchalter Nemer PLC**

"The re-examination process is the real weapon we have to fight 'patent trolls.' The cost to file a re-examination petition jumped 600 percent for large entities and 300 percent for small entities in 2013. These fees are similar for post-grant and covered business method review. In the past, I have successfully challenged PAEs by threatening to have their patent re-examined. These challenges, I believe, were helped by a USPTO that didn't favor business methods or software-related patents. Now, there are very few small- and mid-sized businesses that can afford to challenge these patents and is more likely to just pay off the 'patent troll.'"

**Bijal V. Vakil and David Tennant, White & Case LLP**

"These measures are steps in the right direction to curb the abuses of 'patent trolls' that stifle innovation. Since it will require Congress to take the initiative to follow through on the president's legislative proposals, it will take some time before we have a fix for addressing frivolous lawsuits filed by nonpracticing entities. Any act by Congress should take into account the current bills introduced, as well as the president's proposals. Key will be the court's interpretation of any new law passed by Congress and the execution of any new rule passed by the U.S. Patent and Trademark Office."

**Edmund J. Walsh, Wolf Greenfield & Sacks PC**

"The thing that makes the patent system work — big incentives for innovators — is the same

thing that attracts PAEs. A significant impact on PAEs is unlikely from either the executive or legislative actions. That said, the legislative actions, including greater chance of attorneys' fees and greater opportunity to challenge patents in the same way covered business method patents can now be challenged at the patent office, are most likely to have an impact. Executive actions, such as outreach, study and required disclosure of real party in interest, are least likely to have an impact."

**Vernon Winters, Sidley Austin LLP**

"The president's proposals reflect a balanced and nuanced approach to a complex set of problems. As the economic data cited in the white paper reflects, the problems from PAE litigation are quite significant. The proposal to require that exclusion orders in the ITC be subject to the same requirements as permanent injunction orders in the district courts would restore balance and address the forum-shopping problems that have recently arisen, with more PAEs turning to the ITC rather than the district courts."

--Editing by Katherine Rautenberg.

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