Complaints about frivolous patents abound in academic, business, and policy circles, and the focus of blame is usually on the large number of junk patents that have issued from the Patent Office that are actually invalid. The underlying cause is said to be the relatively modest examination performed by the Patent Office. Most popular proposals for change suggest methods for segregating patents into two or so bundles based on whether the patents should be subject to closer examination. A so-called “second window of review” has been proposed to allow competitors to make the choice of which patents get closer examination; and a so-called “gold-plated approach” has been proposed to allow patentees to make the election. Applying a back-to-basics approach, this Article points out two core problems with these popular proposals: (1) they do not adequately account for the information costs, error costs, and risks of capture that accompany any system premised on flexible and discretionary administrative review, and (2) they overlook the central lessons learned through debates over civil litigation generally about how to balance the conflicting goals of speed,
cost, accuracy, and finality. The Article then elucidates how some small changes to our patent system could be used to better solve the problem of bad patents than would other popular proposals. This small number of changes, which are implementable through either case law or statute, would interact to make available a symmetrical risk of fee and cost shifting for bad-faith litigation over patents to encourage parties to exchange information and resolve disputes before getting deeply into expensive litigation. Such an approach would directly address the complaints of patent critics without injecting the degree of unpredictability and political manipulability into the system that would be caused by their proposed changes. It takes seriously the importance to the economy of strong intellectual property rights as well as reforms designed to lessen the negative impact of junk patents and frivolous lawsuits.

INTRODUCTION

Complaints about frivolous patent suits abound in academic, business, and policy circles. The focus of the problem is the tendency of businesses, both large and small, to find themselves having to defend against large numbers of lawsuits over junk patents that have issued from the Patent Office but that are actually invalid—a death by a thousand pin pricks created by the lure of occasional high damages awards in cases adjudicated to involve infringement of valid patents. The underlying cause is said to be the relatively modest examination that the Patent Office gives to the vast majority of patent applications before they are issued as patents. In decision-making terminology, the problem is seen as a screening process that is underinclusive.
In response, most popular proposals are directed at ways to segregate patents into two or so bundles, based on whether the patents should be subject to more scrutinizing examination procedures. A so-called “second window of review” has been proposed to let competitors make the choice of which patents get closer examination; a so-called “gold-plated approach” has been proposed to allow patentees to make the election.\(^1\) Both proposals are on top of significant recent changes that have occurred in the underlying substantive criteria for assessing patentability through cases like the *KSR International Co. v. Teleflex Inc.*\(^2\) decision on obviousness and the *In re Bilski*\(^3\) decision on permissible subject matter.

One fundamental shortcoming of these approaches is that they do not adequately consider the information costs, error costs, and risks of political capture that accompany any system premised on flexible and discretionary administrative review. The extensive scrutiny they impose leaves some patent applications tied up in the administrative process for too long and some patent applications unduly rejected. A new problem has crept in: the screening process has become overinclusive. Indeed, the system now is both underinclusive, in allowing too many low-quality patents, and overinclusive, in erecting too many barriers to patents. In addition, an administrative stacking problem arises as these enhanced procedures are piled on top of the increased flexibility already injected into the substantive criteria for patentability by recent changes in case law. This combination leaves the system vulnerable to too much flexible discretion, exposing flexibility’s Achilles’ heel. Flexibility increases the discretion of government bureaucrats, which has the effect of increasing uncertainty rather than decreasing it, and gives a built-in advantage to large companies with hefty lobbying and litigation budgets by making it much easier for them to tie up any patent owned by a smaller innovator. Moreover, these heightened costs of administrative process are imposed without

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\(^1\) See, e.g., Mark Lemley et al., *What To Do About Bad Patents?,* REGULATION, Winter 2005–2006, at 10, 12-13 (“[A]pplicants should be allowed to ‘gold-plate’ their patents by paying for the kind of searching review that would merit a presumption of validity.”).

\(^2\) See 127 S. Ct. 1727 (2007) (holding that a patent was invalid having decided that it claimed a combination of two pre-existing technologies that any person of ordinary skill in the art would have been motivated to combine in a way that would have been expected to achieve the claimed invention).

the benefits that generally motivate the case for administrative agencies: the need for judgment calls by leadership.

A second fundamental problem with these approaches is that by woodenly splitting patents into different categories of treatment, they overlook the central lessons learned from debates over civil litigation generally. Civil litigation should pay attention to a set of goals including speed, cost, accuracy, and finality—the same set of goals that motivated drafters of the Federal Rules of Civil Procedure. That is, our thinkers, policymakers, and practitioners have already carefully developed over many years a set of rules designed to address these conflicting goals through the fairest process that we have to offer. This system provides rules governing the procedures for joinder, compulsory counterclaims, issue preclusion (also called collateral estoppel), and claim preclusion (also called res judicata), which are collectively designed to avoid abusive and repetitive process, as well as rules for procedures such as summary judgment, which are designed to avoid long trials in which there is no genuine issue of material fact.

This Article elucidates how some small changes to our patent system could solve the problem of bad patents better than other popular proposals. We should (1) return to the rule that gave patentees easier access to enhanced damages and (2) dial down the presumption of validity to give alleged infringers easier access to the same when the patentee is on notice of the key prior art. Such symmetry in cost and fee shifting would encourage parties to exchange information and resolve disputes before getting deeply into expensive litigation. The goal of this proposed reform is to directly address the complaints of patent critics without injecting the degrees of burdensome process, unpredictability, and political manipulability into the system that their proposed changes would cause. The approach proposed here takes seriously the importance to the economy of strong intellectual property rights and the importance of reforms designed to lessen the negative impact of junk patents and frivolous lawsuits.

I. OVERALL INTELLECTUAL APPROACH

This Article builds on prior work that applies a “basics matter” approach to commercial law. This approach takes seriously the core

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4 See Fed. R. Civ. P. 1 (“[These rules] should be construed and administered to secure the just, speedy, and inexpensive determination of every action and proceeding.”).

5 See id. 13(a) (compulsory counterclaims); id. 18–22 (joinder of claims and parties); id. 24 (permissive and of right intervention); id. 56 (summary judgment).
principles and features of distinct areas of law, including their history and internal normative debates, \(^6\) while applying the intellectual tools from the field known as New Institutional Economics (NIE), or The New Institutionalism, \(^7\) to highlight the ways that property rights in intangible assets can be structured so as to improve economic development, innovation, and competition by encouraging private actors to interact and strike deals with each other rather than with legislators, regulators, judges, and the powerful political constituents who influence these government actors. \(^8\) Following this approach when thinking about how to structure or improve a system of laws focused on market-based financial activities (as compared with those laws focused on subjects such as fairness and civil rights), we should begin our analysis of a particular problem with an understanding of the set of underlying goals. When making decisions about how to address such a problem, we should try hard to determine how future parties will deal with similar situations in the face of various possible legal responses to present ones. That is, we should see things as dynamic, not static. We should also fully expect that we will not be able to select the true, correct outcome in a given case with certainty. Thus, we should try to develop a set of comparative analyses of relative magnitudes and frequencies of the inevitable over- and underinclusiveness associated with different legal regimes designed to address the problem. We should also develop an understanding of who is the lowest-cost pro-

\(^6\) See, e.g., F. Scott Kieff & Troy A. Paredes, The Basics Matter: At the Periphery of Intellectual Property, 73 Geo. Wash. L. Rev. 174 (2004) (urging that when problems arise at the interfaces that IP law shares with other areas of law, such as contract or antitrust, attention should be paid to considering the full range of interests from each of these distinct disciplines rather than taking any subset of them out of context).


vider and evaluator of the information needed to make an appropriate decision, and we should be vigilant about administrative costs in different decision-making processes. We should be vigilant about the transaction costs of those deals needed to help ensure that resources regularly move to their highest and best use as well as the agency costs for those hierarchies we create within organizations. Throughout it all, we should be very skeptical of comparative exposure to public-choice problems, such as capture, for each different available approach.

II. PATENT THEORY

A well-functioning patent system can effectively and efficiently target a relatively modest set of underlying goals. Like fame, cash, tax credits, and other rewards, patents do provide some incentive for inventors to invent. However, patents are somewhat sloppy in providing this effect, largely because direct incentives often are unneeded, difficult to target toward particular problems, and difficult to allocate among those contributing solutions. But unlike direct rewards, a well-functioning patent system does a particularly good job of getting inventions put to broad and rapid use by facilitating coordination among the many complementary users of inventions—inventors, capitalists, managers, laborers, developers, marketers, and distributors, among others. In so doing, patents bring new inventions and new business lines to market, thereby improving both access to these new technologies and competition for customers. To achieve this effect, patents must be predictably obtainable and enforceable so that they draw together each of these diverse individuals and businesses (i.e., they must have a beacon effect). They must also encourage dealmaking (i.e., they must have a bargain effect) over a range of valuable assets, many of which are so unlike the typical assets of a financial portfolio that the possibility of later receiving some risk-adjusted, objectively-measured financial reward from the government or a defendant in a lawsuit will not encourage their investment ex ante.9

While granting patents efficiently requires mitigating some standard problems, this is accomplished to an important degree by standard tools that have long been incorporated into the basic substantive rules for obtaining patents. For example, forcing the residual claim-

9 See Kieff, *On Coordinating Transactions in Intellectual Property*, supra note 7, at 102403 (discussing the benefits of this socially constructive coordination).
ant of the asset to, at the time of filing, stake out the boundaries of the
claim that can eventually be issued serves to mitigate the problem of
rent dissipation by those seeking the entitlements. Designing the
prior art rules to prevent patents from issuing on what can be verifiably
shown to have been within the set of technologies in which third
parties could have invested before the patent’s inventor serves to miti-
gate the asset-specificity and opportunism concerns of these third par-
ties. Designing the publication rules of 35 U.S.C. § 122(b) and the
disclosure rules of 35 U.S.C. § 112 to put the world on notice of patent
claims soon after an application is filed serves to mitigate similar op-
portunism concerns of third parties arising after a patent is filed. And
designing rules that allow private parties to reliably transact over and
enforce patents in ways that allow the underlying assets to be bundled
and divided as the parties desire serves to mitigate transaction costs.

Nevertheless, concern that the substantive-law rules for patentabil-
ity are not being appropriately applied by the Patent Office, resulting
in too many junk patents, is what motivates the popular procedural
reforms designed to address today’s junk patents. Because of the legal
presumption of validity that all issued patents presently enjoy, those
who have to defend themselves from litigation over junk patents ex-
perience undue transaction costs in the form of large numbers of pat-
ent litigations that are relatively inexpensive to bring and relatively
expensive to defend. Opportunism problems also arise when the ef-
efective scope of valid patent claims is not clear enough to help poten-
tial infringers determine what will infringe until the patent claims are
asserted and adjudicated. The resulting view is that a better adminis-
trative-decision-making process would avoid the costs of the litigation
process. This begs questions, however, about the basic rationales be-

III. THEORY OF PROPOSED DECISION-MAKING OPTIONS

This Part explores the paradigmatic types of the two proposed
government decision-making options: agencies and courts. It recog-
nizes a proper role for each; and this Article does not endeavor to
make an overall case for preferring one over the other in every set-
ing. Instead, the focus is on the relative case for each when applied

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10 This is one role played by patent law’s disclosure requirements. See 35 U.S.C.
11 This is the role played by the novelty, bar, and nonobviousness requirements.
See 35 id. §§ 102-03.
to patents. This Article also recognizes that while courts do evince some of the political influence and normative bias associated with agencies and while agencies do engage in adjudication somewhat like courts, the basic differences between the two are well recognized throughout the literature and the policy debates, and this recognition of these differences presumably motivates the continued use of each decision-making option.

A. Administrative Agencies

The classic rationale for the existence of administrative agencies is focused on the need for specially trained elites who are subject to political hiring and oversight by the branches of government that themselves are politically elected and who make executive decisions that involve the judgment calls of leadership, often those on which reasonable minds can differ, such as whether it is better in some overall sense to go in one direction or another. For example, in the long-studied case of environmental regulation and pollution relating to soot from a factory, society must make carefully balanced choices among the various costs and benefits of the factory and the soot. The factory’s owners, workers, creditors, suppliers, and customers would likely prefer the air to be free of emissions rather than polluted,

\[12\] See, e.g., Richard B. Stewart & Cass R. Sunstein, Public Programs and Private Rights, 95 Harv. L. Rev. 1193 (1982). In describing the public values theory of agencies, Stewart and Sunstein write that

the purpose of administrative agencies is to help to define and realize social and economic norms in industrialized society. . . . [It is] not a matter of counting economic costs and benefits, or of defending private entitlements, but part of a continuing process of deciding what sort of a society we shall be—how risk averse, how hospitable to entrepreneurial change, how solicitous of the vulnerable, and how willing to allocate resources through markets or public control.


\[13\] Compare A.C. Pigou, \textit{The Economics of Welfare} 160-61, 166-68 (1920) \textit{(emphasizing the need to set a perfect tax or subsidy for each activity that creates externalities)}, with R.H. Coase, \textit{The Problem of Social Cost}, 3 J.L. & Econ. 1, 6-8 (1960) \textit{(noting the inherent reciprocity of these externalities)}.\]
while at the same time preferring to maximize the pool of profits, investment opportunities, jobs, products, and services that can be generated by the factory for their benefit, assuming all other things are equal. The conflict between these goals is mediated through the nature and degree of regulatory restrictions placed by the relevant administrative agency (e.g., the EPA) on the factory’s operations.

Such decisions are left to the administrative agency because society recognizes that the decisions ultimately involve a large amount of normative and political content, intentionally allocating costs and benefits among various competing groups of citizens, such as those who today are financially engaged in the ongoing enterprise and those who tomorrow will have to live with the longer term consequences of pollution from that enterprise. And the rules governing judicial review of agency action are designed to give great deference to these executive-judgment calls precisely because of the expertise and political import of the underlying decision makers.

B. Court Litigation

The classic case for litigation in the commercial setting (if not also in others) is for politically isolated decision makers to determine whether a particular historical set of facts has occurred and to then order the legally relevant outcome required by these facts. The judge is supposed to neutrally apply the procedural rules and resolve legal questions, and then either the judge or the jury is to neutrally decide the open factual questions. Great effort is made to generally keep value judgments out of court.

The fact-finding mission of litigation begins with extensive rules of discovery, which require the parties to provide to each other vast quantities of truthful information—often including terabytes of electronically recorded documents, written answers to interrogatories, sworn depositions, and plant inspections. The trial is conducted to allow the fact-finder to hear conflicting testimony from live witnesses subject to cross-examination, to directly observe tangible evidence, and to hear oral arguments, all so that she can make a well-informed decision about which factual inferences should be drawn from the evidence of record. Speaking in terms of America’s favorite pastime,

14 See Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 255 (1986) (“Credibility determinations, the weighing of the evidence, and the drawing of legitimate inferences from the facts are jury functions . . . .”).
decision makers in litigation are supposed to call the balls and strikes, not select the strike zone to achieve a normative goal.\textsuperscript{15}

The procedural rules governing litigation (mainly, the Federal Rules of Civil Procedure) are designed to achieve the goals of speed, cost, accuracy, and finality, not the goal of furthering political and expert discretion.\textsuperscript{16} They begin with the jurisdictional rules of ripeness, mootness, and standing, which limit power to initiate these expensive proceedings to only those parties who, at the relevant time, have a real case or controversy.\textsuperscript{17} They also include rules that allow almost immediate dismissal for grounds such as failure to state a claim upon which relief can be granted.\textsuperscript{18} They then guide the discovery process to ensure full exchange of information before trial.\textsuperscript{19} They allow for summary judgment to avoid trial when there is no genuine issue of material fact.\textsuperscript{20} They offer a set of rules on joinder, compulsory counterclaims, and issue and claim preclusion (or collateral estoppel and res judicata, respectively), which are collectively designed to avoid abusive and repetitive process.\textsuperscript{21} At least two rules allow the award of sanctions to discourage and punish abuse of process: Rule 11 requires pleading in good faith,\textsuperscript{22} and 28 U.S.C. § 1927 targets vexatious litigation.\textsuperscript{23} And the deference required by rules governing appellate review of trial court decisions is based on the lower body’s proximity to the evidence as well as pragmatic division of labor principles,\textsuperscript{24} rather than on that body’s technical or bureaucratic expertise and political

\textsuperscript{15} See Fla. Dep’t of Revenue v. Piccadilly Cafeterias, Inc., 128 S. Ct. 2326, 2339 (2008) (“[I]t is not for us to substitute our view of . . . policy for the legislation which has been passed by Congress.” (quoting In re Hechinger Inv. Co. of Del., 335 F.3d 243, 256 (3d Cir. 2003))).

\textsuperscript{16} See FED. R. CIV. P. 1 (“[These rules] should be construed and administered to secure the just, speedy, and inexpensive determination of every action and proceeding.”).

\textsuperscript{17} See U.S. CONST. art. III, § 2, cl. 1 (defining the federal judicial power as extending to “cases” and “controversies”).

\textsuperscript{18} FED. R. CIV. P. 12(b)(6).

\textsuperscript{19} See, e.g., id. 26 (governing initial and pretrial disclosure).

\textsuperscript{20} Id. 56.

\textsuperscript{21} See id. 8(c) (listing estoppel and res judicata as affirmative defenses); id. 13 (governing counterclaims and crossclaims); id. 14 (governing third-party practice); id. 18-21 (governing joinder of claims and parties).

\textsuperscript{22} Id. 11.


\textsuperscript{24} See Mucha v. King, 792 F.2d 602, 606 (7th Cir. 1986) (ascribing to Rule 52(a) of the Federal Rules of Civil Procedure “notions of the proper division of responsibilities between trial and appellate courts” as well as “considerations of comparative accessibility to the evidence”).
import. Indeed, where a lay jury has decided questions of fact, the
deferral is even greater in recognition of the importance of this civic
check on government power.

IV. PROPOSALS IN PRACTICE

This Part applies the theory of patents to the theory of available
decision-making options to compare the reform proposals focused on
administrative agencies offered by others with those focused on court
litigation offered in this Article. Recognizing that the contest for pol-
icy attention is very much an uphill battle for those focused on litiga-
tion, only a basic sketch is presented rather than a detailed account.
The hope is that if significant headway is made in the marketplace of
ideas, later progress can be made on the details of implementation.

A. Increased Reliance on Administrative Agencies

The popular proposals for targeting junk patents focus on various
administrative approaches to better weed out those patents that need-
lessly trigger the high transaction costs of patent litigation because
they should not even have issued from the Patent Office (usually be-
cause they run afoul of the patentability rules relating to the prior
art). A second window of review has been proposed to allow competi-
tors to choose which patents get closer examination, and a gold-plated
approach has been proposed to allow patentees to make the choice
for increased examination. For both, the stated goals are to achieve a
mechanism for deciding validity that is faster or less expensive than
court.

While desirable in the abstract, these goals are dangerous when
taken out of the context of their conflicting counterparts among the
set of goals associated with civil litigation generally (such as accuracy
and finality). That is, before simply trying to change some character-
istics of this highly complex and interconnected system, we should at
least consider the full range of concerns explored earlier in the discus-
sion of intellectual approach.

We should begin by focusing on the underlying information
needed to make the relevant decisions about validity over the prior
art. Determinations about the prior art are largely questions of fact,
based on evidence such as documents and factual testimony, as com-
pared to opinion testimony or executive discretion. For example, two
famous cases about prior art—cases involving particular student theses
catalogued and shelved in the libraries at Freiburg University in Ger-
many\textsuperscript{25} and Reed College in Portland, Oregon\textsuperscript{26}—remind practitioners that factual proof is required to show not just what these documents contain, but also when they were physically available to the public (such as by being actually placed on a library shelf) and logically available to an interested searcher through some meaningful indexing system (such as a subject matter catalog). Other cases involve the prior invention by some particular third party and remind practitioners that factual proof, including independent corroboration, is required to show that this prior invention actually occurred and that it was public (or at least not abandoned, suppressed, or concealed).\textsuperscript{27}

We should then determine who is the lowest-cost provider of the information needed to make such determinations. While it makes sense to ensure that our Patent Office examining corps has good access to internet databases and ample time and training to peruse them, no realistically available amount of time, training, and access to commercial databases will help an examiner at her desk obtain an obscure student thesis on the bookshelf of a foreign library or a specific laboratory notebook corroborating the work of an individual researcher. Yet these are the pieces of information—the evidence—that are needed to make an informed decision about validity over the prior art.

Providing more administrative process will not help address the problem of improving access to the actual evidence about prior art for the decision-making enterprise because administrative process is not what gets that evidence. The people who are the most interested in obtaining this hard-to-get evidence about the prior art are the potential infringers who face expensive patent litigation—often costing several million dollars per party—and potentially more expensive patent remedies. These parties rationally elect to spend the money it takes to fly a lawyer to a foreign library to collect sworn statements, official business records, and other evidence, as well as the often greater re-

\textsuperscript{25}See \textit{In re} Hall, 781 F.2d 897, 898-900 (Fed. Cir. 1986) (holding that a doctoral thesis that was shelved at a university library in Germany was sufficiently publicly accessible to be treated as a “printed publication” under 35 U.S.C. § 102(b) (2006), making it available as prior art against a patent).

\textsuperscript{26}See \textit{In re} Cronyn, 890 F.2d 1158, 1161 (Fed. Cir. 1989) (holding that three undergraduate theses “had not been catalogued or indexed in any meaningful way” and so would not be treated as “printed publications” under 35 U.S.C. § 102(b)).

\textsuperscript{27}See Gayler v. Wilder, 51 U.S. (10 How.) 477, 494-98 (1850) (applying the predecessor to 35 U.S.C. § 102(a) and not counting the use of a technology relating to a safe as prior art unless it is accessible to the public); see also 35 U.S.C. § 102(f) (derivation); 35 U.S.C. § 102(g) (prior invention).
sources it takes to even select a particular library as the source of key information. No feasible administrative process would have government agency officials go to similar lengths.

We also should be vigilant about public-choice pressure and recognize that attempting to avoid these costs by giving Patent Office examiners a pass from having to get this hard evidence would not come without the serious consequences of political influence and capture. Asking a decision maker to base her decision about what she thinks the state of the art was at a particular time in history on her internal specialized training and expertise rather than on hard evidence from the outside world gives her much greater discretion than asking an ordinary jury whether a particular document or sample product existed at a particular time and what that document actually contains. Even ordinary lay juries can be particularly adept at making such factual determinations, which is a central reason we have a constitutional right to jury trials in every criminal case under the Sixth Amendment and in most civil cases involving a legal remedy such as damages (as opposed to only an equitable remedy such as an injunction) under the Seventh Amendment. Because large firms have fatter budgets for pursuing legislative, administrative, and judicial action than smaller innovators, such discretion converts the patent system into a tool for suppressing competition by making it much easier for big firms to tie up any patent owned by a small innovator.

We already see existing administrative procedures such as inter partes reexamination being abused to tie up patents in administrative purgatory when their validity over the prior art has already been tested in court or before another agency like the International Trade Commission. Indeed, the well-known strategy for an aggressive alleged infringer today is to adopt a “cut off the opponent’s oxygen” strategy that places under reexamination not only those patents that the pat-

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28 U.S. CONST. amend. VI (“In all criminal prosecutions, the accused shall enjoy the right to a speedy and public trial . . . by an impartial jury . . .”).

29 U.S. CONST. amend. VII (“In suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved . . .”).

30 See, e.g., J. Steven Baughman, Reexamining Reexaminations: A Fresh Look at the Ex parte and Inter partes Mechanisms for Reviewing Issued Patents, 89 J. PAT. & TRADEMARK OFF. SOC’Y 349, 358 (2007) (noting that forty-one percent of inter partes reexamination requests involve patents already in litigation); Andrew S. Baluch & Stephen B. Maebius, The Surprising Efficacy of Inter partes Reexaminations: An Analysis of the Factors Responsible for Its 73% Kill Rate and How to Properly Defend Against It, 2, 7 (2008), http://www.patentlyo.com/patent/law/baluchmaebius.pdf (finding that contested reexaminations have an average pendency of 42.5 months).
entee is or might be asserting in court but also all those patents in the patentee’s portfolio that are being used to raise capital and support other essential business relationships. 31 And we have already seen the ability of behind-the-scenes political influence to simply block a particular patent from issuing from the Patent Office on grounds of policy instead of evidence in cases ranging from the 1972 Gottschalk v. Benson decision, 32 involving a Democratic administration, to the 1994 In re Alappat decision, 33 involving a Republican administration. The problem is only exacerbated by the recently demonstrated willingness of congressional committees to hold legislative hearings on the validity of a competitor’s patents and then propose legislation designed to make those patents unenforceable, despite serious and obvious separation of powers concerns. 34 What is worse, these heightened costs of administrative process are imposed without the benefits that generally motivate the case for administrative agencies.

Today’s patent system already too closely resembles the burdensome and byzantine procedures described in Dickens’ A Poor Man’s Tale of a Patent. 35 Adding subsequent windows of administrative review will only make matters worse. A better direction is to strip away the range of inter partes administrative procedures and adopt the set of changes to court litigation that are proposed below.

B. Reforming Court Litigation

Under the present system, the high costs of junk patents are directly tied to the legal presumption of validity that is applied to all issued patents, under which the litigant challenging validity bears the burden of proving invalidity under a higher standard of proof than

32 See 409 U.S. 63, 71-72 (1972) (holding that a computer program was not a patentable process).
33 See 33 F.3d 1526, 1544 (Fed. Cir. 1994) (relying on the production of a “useful, concrete and tangible result” in determining that an invention involving a mathematical algorithm was patentable), abrogated by In re Bilski, 545 F.3d 943 (Fed. Cir. 2008) (en banc).
35 2 CHARLES DICKENS, A Poor Man’s Tale of Patent, in WORKS OF CHARLES DICKENS 150 (1869).
that which usually applies in civil cases. The increased burden is called the “clear and convincing evidence” standard, which contrasts with the “preponderance of the evidence” standard more commonly applicable in civil litigation, including for the patentee seeking to prove infringement.

The costs under the present system of knocking out even a plainly obvious patent can be very large. The threat of expensive litigation over even such a questionable patent terrorizes potential defendants, large and small, under the current patent system. This in terrorem problem, however, can be greatly mitigated through measures that are more targeted than injecting administrative discretion of the type discussed earlier.

This Article proposes that we mitigate the in terrorem effect by beginning with the carefully balanced set of rules generally available in civil litigation, explored earlier, which target the goals of speed, cost, accuracy, and finality, and then adding a dialed down version of the present presumption of validity set to be something like the ordinary standard for civil cases. This could be achieved by reversing through court decision the judicially implied substantive burden now associated with the presumption or by amending Section 282 to expressly state that the presumption is procedural only. The current terroriorization of potential defendants would be lessened by allowing alleged infringers to collect attorneys’ fees from a patentee who brings an infringement case having been warned, for example, about particular prior art that would cause a court to hold the patent invalid. This practice of fee shifting in cases where a patentee makes baseless arguments in defense of the patent’s validity would match the rules (which were recently abandoned) that allowed patentees to get enhanced damages and fees from infringers who should have known about infringement but failed to avoid it while mounting baseless ar-

37 See Rockwell Int’l Corp. v. United States, 147 F.3d 1358, 1364 (Fed. Cir. 1998) (requiring the challenging movant to show invalidity of the claims by “clear and convincing evidence”).
38 See supra Section III.A.
39 See supra Section III.B.
40 For more on fee shifting and incentives to settle, see, for example, George L. Priest & Benjamin Klein, The Selection of Disputes for Litigation, 13 J. LEGAL STUD. 1, 6-12 (1984) and Keith N. Hylton, Fee Shifting and Predictability of Law, 71 CHI.-KENT L. REV. 427, 436-40 (1995), for a discussion of the Priest-Klein model.
41 See infra note 44 and accompanying text.
Arguments in defense of the patent infringement. Allowing symmetry in fee shifting would encourage parties to exchange information and resolve disputes before getting deeply into expensive litigation. The goal of this proposed reform is to directly address the complaints of patent critics without injecting the degree of unpredictability and political manipulability into the system that would be caused by their calls for flexibility and discretion.

Fee shifting in patent cases is generally tied to the question of willfulness because 35 U.S.C. § 285 allows a court, “in exceptional cases,” to “award reasonable attorney fees to the prevailing party.” The paradigmatic example of an exceptional case has long been understood in patent law to be one in which the infringement is considered willful. Although the full impact of the case is still uncertain, the ability of patentees to obtain enhanced damages for willfulness may have been significantly curtailed by the August 2007 Federal Circuit decision in *In re Seagate Technology, LLC*. In that case, the Federal Circuit seemingly established a new requirement for proving willful infringement: a showing of “objective recklessness” on the part of the infringer, based on a two-step test requiring that a patentee (1) show that the infringer acted despite an objectively high likelihood that her actions infringed a valid patent, with the infringer’s subjective state of mind being irrelevant; and (2) that the objectively high risk was either known or should have been known to the infringer. The court took pains to emphasize that “[b]ecause we abandon the affirmative duty of due care, we also reemphasize that there is no affirmative obligation to obtain opinion of counsel.” The court also strongly suggested that a substantial question regarding infringement or validity that is sufficient to avoid a preliminary injunction is likely sufficient to avoid a finding of willful infringement. But because permanent injunctions are likely to be significantly harder to obtain after *eBay Inc. v. MercExchange L.L.C.*, the preliminary injunctions contemplated by *Seagate* are even more unlikely. In addition, because the general uncertainty

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42 See 35 U.S.C. § 285 (2006); *see also id.* § 284 (allowing a court to “increase the damages up to three times the amount found or assessed”).

43 *See Rohm & Haas Co. v. Crystal Chem. Co.*, 736 F.2d 688, 690-91 (Fed. Cir. 1984) (“Cases awarding attorney fees to prevailing patentees have typically found ‘exceptional’ circumstances in willful and deliberate infringement . . . .”).

44 497 F.3d 1360, 1371 (Fed. Cir. 2007) (en banc).

45 *Id.*

46 *Id.*

47 *See 547 U.S. 388, 390 (2006)* (discussing whether a patentee is entitled to an injunction after validity and infringement have been adjudicated).
injected by other recent changes in substantive patent law through cases like *KSR* and *Bilski* is likely to leave most patent-infringement cases in a bad position for a preliminary injunction, the new *Seagate* test probably means that all those cases are also now in a correspondingly bad position for enhanced damages. Put differently, after *Seagate* it is hard to imagine a patentee who can win enhanced damages regardless of the notice that she gives the defendant, and as a result it is also hard to imagine what will make a case exceptional for purposes of shifting attorneys’ fees in view of this new standard for willfulness. Implementing the reform proposed here would likely require a statutory or judicial reversal of *Seagate* in order to return to the previous practice of requiring opinions of counsel in patent litigations to police the question of what makes for an exceptional case.

Imagine a patent system in which both patentees and potential infringers had good access to fee shifting when the other side’s case was baseless or exceptional. The patentee would want to educate the alleged infringer about the strength of the infringement case relatively early in the process because this would increase the patentee’s chance of getting enhanced damages and attorneys’ fees. Under the old, asymmetrical rule of fee shifting, the alleged infringer had a strong incentive to avoid notice by avoiding communication. Under the rule proposed here, the alleged infringer would have a symmetrical incentive to educate the patentee about any validity-destroying prior art so as to increase the alleged infringer’s access to attorneys’ fees. Symmetry in fee shifting helps align the parties’ incentives to communicate with each other about the evidence that each has about the weaknesses in the other’s case.

Under such a system, the former markets for audit-type opinions of counsel would grow. Under the old rules, the alleged infringer was the one who often wanted to get an opinion of counsel early in the process so as to later bolster arguments that it had a good-faith basis for believing that it did not infringe valid patent rights, thereby decreasing the chance it would have to pay enhanced damages or attorneys’ fees if it lost the case. Under the rule proposed here, the pat-

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48 See *KSR Int’l Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 1732 (2007) (rejecting a strict application of the “teaching, suggestion, or motivation test” in favor of an approach focused more on “common sense”).

49 See *In re Bilski*, 545 F.3d 943, 965-66 (Fed. Cir. 2008) (en banc) (holding that a business method encompassed a “purely mental process” and thus was not sufficiently tangible to be eligible for a patent), *petition for cert. filed*, 77 U.S.L.W. 3442 (U.S. Jan. 28, 2009) (No. 08-964).
entee would also want to get an opinion of counsel as soon as it was put on notice of the killer prior art so as to later bolster arguments that it had a good-faith basis for believing there was infringement of valid patent rights, in order to avoid paying the alleged infringer’s attorneys’ fees.

As the need for opinions increases, the costs borne by each individual player will decrease. Under the old practice, each party interested in assessing the validity of a patent typically had to hire its own opinion counsel, which was expensive. Under the proposed practice, it will be easier for third parties to spread these costs across multiple customers by starting businesses that provide rating services akin to those seen in today’s capital markets to evaluate a particular company’s stock or bond offerings. While it is recognized that the capital-market rating agencies have come under great scrutiny in the recent financial collapse, they have functioned well for some time, and, unlike the mass-market and broad consumer participation of the financial system, the patent system relies more heavily on smaller numbers of more sophisticated actors.

The approach proposed here will also slightly decrease the average value of all patents because patentees will now have to fight harder on the issue of validity when they assert their patents in court. But this is not necessarily bad. The cost of arguing to the Patent Office for patent rights in the first instance will be less than the cost in a system under which the examiner can reject applications on the basis of her own discretionary views and under which abusive administrative hurdles can be heaped in front of every patent through repetitive re-examination and second-look review.

Most importantly, the approach proposed here directly addresses the fears of those held hostage under the current system by the threat of litigation costs that surround patents merely presumed valid. Under a decreased presumption of validity, the terrorizing effect largely evaporates.

The system makes sense at a macro level as well. Because most patents do not matter, society acts rationally when it elects not to conduct a thorough examination of every patent application up front at the Patent Office. See F. Scott Kieff, Property Rights and Property Rules for Commercializing Inventions, 85 MINN. L. REV. 697, 713 n.76 (2001) (noting that numerous patents are later held invalid by a federal court); Mark A. Lemley, Rational Ignorance at the Patent Office, 95 NW. U. L. REV. 1495, 1501, 1504, 1507 (2001) (estimating that less than two percent of
information about the prior art that is needed to assess their validity is more accessible to private parties than it is to the Patent Office, and those private parties are better positioned to decide when it is worth it to seek that information and analyze it. Indeed, these facts are readily available to both the patentee and the alleged infringer, each of whom is free to find the facts if and when the party determines that the effort is worth the cost of making such an investigation.

While the total number of patent litigations will likely not decrease, the overall cost and length of these proceedings are likely to meaningfully decrease in those cases where one side is asserting arguments unsupported by a good-faith factual basis. Recognizing that one size rarely fits all, such an approach allows parties and courts to make ongoing determinations as to whether each case should persist. Therefore, the test for the success or failure of such an approach is not overall settlement rates studied by the traditional Priest-Klein approach or by its adherents and opponents, but rather the overall ability of lawyers to accurately advise commercial clients when it is becoming time to withdraw during a case. The reason that this approach makes sense is that it directly targets the relevant overall social question: asking in each case at the time that it becomes fairly clear, based on the fulsome bundle of facts (here verified through the litigation context) brought to the attention of some relevant decision makers (here the parties), whether a decision can be made in a relatively timely, inexpensive, and accurate fashion.

In the end, a weakening of the presumption of validity would be particularly good for the “Davids” of the system who face off against the “Goliaths.” It directly protects them from the interro rem effect of junk patents—i.e., the threat of expensive but baseless litigation to defend against patents having no more validity than that which is provided by the presumption. It also indirectly helps these potential victims raise the funds needed to litigate against a baseless opponent regardless of whether they are asserting patent infringement or invalidity. The ability to get attorneys’ fees in baseless cases opens up the market for contingent and other flexible fee arrangements for those too liquidity-constrained to fight on their own.

See Kieff, Registering Patents, supra note 7, at 74-100 (arguing for a soft-look examination system).

George L. Priest, Reexamining the Selection Hypothesis: Learning from Wittman’s Mistakes, 14 J. LEGAL STUD. 215, 216-22 (1985); Priest & Klein, supra note 40, at 6-30.
Like any proposal, the call for a weakening of the presumption of validity is likely to face a number of objections. Some are likely easier to overcome than others. One conceptual objection likely to be raised at the outset is that the presumption of validity plays a central role in maintaining the predictability of the patent system for those who invest in and around patents. Absent this presumption, it might be argued, patents will not be worth much more than the paper on which they are printed. Theoretical fears about such paper patents, however, do not measure up against actual experience. Even after the recent financial-market crash, we cannot overlook the fact that the largest capital market in the history of human experience is centered on “paper filings.” The U.S. Securities and Exchange Commission (SEC) could examine each stock offering to determine whether it was better than alternatives, based on a sound business model or other relevant considerations. Instead, the SEC largely operates a registration system focusing on the adequacy of disclosure contained in each prospectus and registration statement, endeavoring to ensure their clarity and truthfulness, but not passing on the substance of whether they make a good investment.\footnote{See \textit{Louis Loss et al., Securities Regulation} 195-215 (4th ed. 2006) (discussing securities-registration and reporting requirements).}

On a more practical level, some may argue that increasing reliance on opinions of counsel will make it harder for lawyers to give advice. The crux of this argument is the old tension underlying the attorney-client privilege. On the one hand, it is often important for a decision maker to verify whether a party actually acted with good advice of counsel. On the other hand, it will be difficult for a lawyer and client to openly discuss the strengths and weaknesses of various approaches if they know that all of their communications are likely to be subject to open review in court.

But, to a large extent, this is a false dichotomy. One lesson our society learned from corporate scandals like the one involving Enron, is that decoupling auditing from advising can be very important. An opinion of counsel about a patent can be an important auditing tool that should be kept separate from the important advice that a client needs throughout the process of conducting its affairs in the competitive market and in litigation. The Federal Circuit should be mindful of the benefits of maintaining these distinctions as it works to clarify the law relating to attorney-client privilege for patent opinions of counsel in the wake of its recent, foundational en banc decision on
attorney-client privilege for opinions of counsel in *Knorr-Bremse Systeme v. Dana Corp.*

Others may argue that heavy reliance on opinions of counsel will just lead to every business file being decorated with a favorable opinion. The fear is that any good attorney can make an argument supporting either side of every case, especially if the law makes possession of such a document a tool for decreasing the damages that her client may have to pay in court.

But this argument also ignores the reality of practice in patent cases. Our federal courts have neither hesitated to sniff out bogus opinions of counsel nor to be very firm in specifically calling out their authoring attorneys and law firms. For example, in *Johns Hopkins University v. CellPro, Inc.*, the defendant company’s legal advisor, a member of the company’s board of directors, was an experienced patent lawyer and former Patent Office examiner. He also had previously been a partner in the law firm with the lawyer who authored the very opinion found insufficient to insulate the defendant from a finding of willfulness. The district court issued a critical opinion that extensively discussed both lawyers by name as well as the name of the law firm, holding that the opinion of counsel was

so obviously deficient, one might expect a juror to conclude the only value they had to CellPro in the world outside the courtroom would have been to file them in a drawer until they could be used in a cynical effort to try to confuse or mislead what CellPro, its Board, and counsel must have expected would be an unsophisticated jury.

The Federal Circuit affirmed on this issue with a somewhat shorter opinion that also criticized both the lawyers and the law firm (which is no longer in business) by name.

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54 See *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 383 F.3d 1337, 1344 (Fed. Cir. 2004) (en banc) (holding that no adverse inference of willful infringement can be drawn from invocation of attorney-client privilege by a defendant in an infringement suit).

55 See Mark A. Lemley & Ragesh K. Tangri, *Ending Patent Law’s Willfulness Game*, 18 BERKELEY TECH. L.J. 1085, 1092 (2003) (arguing that companies that understand the system will pay the amount of money necessary to obtain an opinion that is favorable).

56 See id. at 1092-93 (“Lawyers will generally be able to come up with plausible arguments that the patent is invalid or not infringed.”).


59 *CellPro*, 152 F.3d at 1364.
Even the Federal Circuit, which many see as too biased in favor of patents and patentees, has aggressively policed baseless litigation by patentees. Although a trial court typically has the discretion to grant or deny sanctions, the Federal Circuit in *Judin v. United States* held that the trial court abused this discretion in determining that the pre-filing inquiry made by Judin and his attorney was reasonable. Prior to filing the complaint, Judin and his attorney had observed from a distance an accused device while it was in use at a post office, but neither Judin nor his attorney had attempted to obtain the device from the Postal Service or the manufacturer in order to more closely observe it, nor did they make any attempt “to dissect or reverse-engineer a sample device.” Judin’s attorney merely “reviewed one of the asserted patent claims” and stated that he “saw no problem with it.” The Federal Circuit found that it was actionable misconduct for Judin and his attorney to have conducted virtually no investigation before determining whether Judin’s claims had any foundation. Indeed, *Judin* itself shows that putting one’s opponent on proper notice of the weaknesses in the opponent’s case allows prudent counsel to protect herself from frivolous litigation, even under the existing system, using procedural rules designed to curtail bad behavior in litigation in all civil cases.

**C. Common Concerns with Both Approaches**

The following set of additional concerns is common to both administrative and judicial approaches to determining patent validity. While they should be addressed regardless of the approach adopted, they are easier to address by diverging from the general course of recent changes in the law and implementing the judicial approach offered here.

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60 See Fed. R. Civ. P. 11(c) (“[T]he court may impose an appropriate sanction on any attorney, law firm, or party that violated the rule [on representations made to the court].”).
61 110 F.3d 780, 781 (Fed. Cir. 1997).
62 Id. at 784.
63 Id.
64 See id. (“[T]here is no doubt that Judin failed to meet the minimum standards imposed by Rule 11 . . . .”).
1. Maintaining Flexibility and Minimizing Uncertainty

A great deal is made of the desire for patentees to have some flexibility in deciding how best to shape patent claim scope after the initial filing of an application, as well as the desire for third parties to be certain about what infringes so as to avoid opportunism problems based on investments that they make after the patent is filed. While these goals may be seen as conflicting, the dichotomy is false.

The disclosure rules required by the first two paragraphs of section 112 of the Patent Act can be implemented in a way that gives patentees a high degree of flexibility and breadth in claim scope while still giving third parties a high degree of notice about the scope of the patented claims. The basic operation of section 112 allows a patentee to draft at the time of filing a disclosure that would support, under the written description and enablement requirements, a broad class of claim terms that could later be inserted into patent claims. For example, the application could include a broad definition of a term like “fastener” (or even a made-up word like “widget”). This definition might include nails, screws, staples, chewing gum, spit, and static electricity; be supported by a detailed text explaining how to make and use these members of the class; and provide physical, chemical, electrical, or other scientifically reproducible criteria for identifying what members of this class have in common and what distinguishes them from nonmembers of the class. Then, throughout the pendency of that application, and even for continuing applications that maintained appropriate co-pendency, the applicant could add claim terms that fell within this class, even if those particular

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65 The Supreme Court’s continued interest in the “Doctrine of Equivalents”—a body of law that allows patentees to capture territory beyond the literal scope of their claims—is motivated by this interest in giving patentees additional wiggle room. See Warner-Jenkinson Co. v. Hilton Davis Chem. Co., 520 U.S. 17, 40-41 (1997) (reaffirming the vitality of the doctrine).

66 The desire of courts to cabin patent claim scope furthers this notice function of claims. See Athletic Alternatives, Inc. v. Prince Mfg., Inc. 73 F.3d 1573, 1581 (Fed. Cir. 1996) (deciding that notice function is best furthered by restraining claim terms to the narrowest of available definitions).

67 See 35 U.S.C. § 112 (2006) (requiring an enabling “written description of the invention” along with claims that “particularly point out” the legally protected territory). Indeed, the case law remained fairly stable in this area from at least as early as Vas-Cath Inc. v. Mahurkar, 935 F.2d 1555 (Fed. Cir. 1991), to at least as late as the Rochester case in 2004. See Univ. of Rochester v. G.D. Searle & Co., 358 F.3d 916, 930 (Fed. Cir. 2004) (finding that a class of methods for selectively inhibiting one pathway over another was not supported by disclosure that did not recite a specific compound that performed the method).
terms were not themselves literally recited in the application as filed. This would allow patentees a high degree of flexibility to capture all technologies falling within the scope of the claim, including those technologies that arise after the patent is filed. At the same time, any good practitioner would know that by reading a patent application’s original disclosure, the disclosure rules could be applied in reverse to derive the broadest claim scope supportable by any applications that were still pending and within the priority lineage of the pertinent application. This is why no serious practitioners were actually surprised in cases like *Rambus Inc. v. Infineon Technologies AG*,68 where patentees inserted claims into pending applications that were more easily read to cover allegedly infringing products. Practitioners could also read versions of a patentee’s applications published overseas or that issued in some patents and then plan for themselves the likely claims that a patentee could—and indeed often did—obtain from a pending application. To the extent that applications are not filed overseas, this type of notice could be improved by publishing all applications soon after filing.

The biggest red herring in this area is the general degree of uncertainty that always accompanies words, especially in a field like law. Ironically, some commentators have charged the patent system with overall uncertainty while simultaneously pushing a set of reforms that have drastically exacerbated the problem. Recent changes in case law from decisions like *KSR* (obviousness)69 and *Bilski* (subject matter)70 have injected at least two forms of uncertainty into the system, which dwarf whatever general linguistic uncertainty is inherent in any system that uses language. First, these cases have changed their narrow areas of law from turning on relatively clear, objective tests based largely on factual evidence to turning on vague questions of legal discretion. Second, they empower parties to ask courts and agencies to inject the same degree of legal discretion into similar areas of law, such as the so-called “utility” and “natural phenomenon” doctrines that have percolated through the courts with renewed energy in cases like *Labora-

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68 See 318 F.3d 1081, 1084 (Fed. Cir. 2003) (deciding that the patentee did not commit fraud or breach of contract).
tory Corporation of America Holdings v. Metabolite Laboratories, Inc.\textsuperscript{71} and Prometheus Laboratories, Inc. v. Mayo Collaborative Services.\textsuperscript{72} Even a basic understanding of patent law reveals the ways in which these so-called doctrines are almost specious: a useless patent will never be infringed and a natural phenomenon is not new. The real traction for these doctrines is that they lack any precise definition and thus are the playthings of the parties with the best political connections or lobbying and litigation budgets. At a minimum, the “know it when you see it” rules that cases like these have generated each time they have crept into our system allow vast uncertainty to pervade the system as every area of the black-letter law becomes open to similar conversion. A simple retreat from this approach would significantly improve certainty for both patentees and alleged infringers.

2. Maintaining Self-Disciplining Tensions

Built into the patent system are a set of self-disciplining tensions that provide important constraints on the positions that both patentees and alleged infringers can take during negotiations and conflicts over any particular patent. When these tensions are released, relatively extreme positions are not only arguable, they are almost inescapably winnable. Whatever decision-making option is used, both sides of these tensions must be maintained in order to keep both sides of a case honest.

The most basic of these tensions was articulated by Judge Rich: “The stronger a patent the weaker it is and the weaker a patent the stronger it is.”\textsuperscript{73} A patent that is strong on offense (because its claims sweep especially broadly) is weak on defense (because it is especially likely to capture some prior art, to be inadequately supported by the disclosure as filed, or to be insufficiently definite). In contrast, a patent that is weak on offense (because it covers little commercially rele-

vant space) is strong on defense (because it is likely to avoid prior art, to be adequately supported by the disclosure as filed, and to be definite). Every good patent litigator knows that eliminating the validity side of the case leaves the infringement arguments almost unbridled. That is why the tension is so important. It keeps each side of the case from waxing too prosaic about its overall social benefits.

A similar tension exists over the definition of patent law’s famous technological benchmark: the hypothetical person having ordinary skill in the art (PHOSITA). Both sides of the case should be kept in tension about how skilled the PHOSITA is. When determining whether the originally filed disclosure enables the PHOSITA to make and use the invention, the patentee is likely to prefer a PHOSITA of incredibly high skill because even an anemic disclosure is likely to enable such a master of all trades. At the same time, when determining whether the disclosure of the prior art renders the claim obvious to the PHOSITA, the patentee is likely to prefer a know-nothing PHOSITA. And of course for both of these issues, the position of the party challenging validity is simply the other side of the coin.

Even questions of ultimate value are subject to a helpful tension when the property rights aspects of patents and their owners are most evident. Property rights function particularly well when they are owned by easily found residual claimants, and when they are easily traded, bundled, and divided. While the infamous litigation over the Blackberry email device ultimately settled for over $600 million, the best evidence suggests that the defendant was initially offered about one one-hundredth of that amount; that the market’s expected value was almost twice the settlement amount; that the defendant’s private valuation was almost three times the settlement amount; and that if the market for corporate control had been working better, the defendant would have been bought through an LBO, its CEO fired, the case settled near the market estimate, and the shares sold back to the public, yielding about a forty-percent return on investment. Keeping

74 See, e.g., Matthew D. Powers et al., The Successful Patent Litigator Must Learn the Way of Strategy: The Opportunities and Risks of Claim Construction, in F. SCOTT KIEFF ET AL., PRINCIPLES OF PATENT LAW 874-77 (4th ed. 2008) (explaining how a smart patentee will move for summary judgment that the patent is not invalid before claim construction is fully decided).

75 See Haber et al., supra note 8, at 216 (noting that property rights are “at their best” when structured to be easy to find, predict, bundle, and divide).

76 See Kieff, Coordination, Property, and Intellectual Property, supra note 7, at 397 (explaining the economic forces acting on the parties in the Blackberry litigation, including the restrictions on the market for corporate control).
changes in ownership off the table greatly contributed to the huge range in valuation.

**CONCLUSION**

A well-functioning patent system can be critical to our economy by fostering innovation, jobs, and capital investment. But a patent system can also be plagued by frivolous suits, unending process, and extreme uncertainty. Sound theory and historical practice show that these dual sets of concerns can be addressed by blending predictable patents with enough flexibility for market actors to contract over them, while adding or maintaining symmetrical mechanisms to cabin abusive tactics in the procedures for their procurement and enforcement.

Those calling for two-tiered approaches to policing junk patents are correct that one size does not fit all. But they are wrong to think that one more size will do the trick. The beauty of a well-functioning litigation system for policing junk patents is that it offers an extremely wide range of sizes for an extremely wide range of circumstances. Such a range can work particularly well when it includes symmetrical tools for cabining abusive process and providing incentives for all parties in the dispute to obtain and exchange the information most relevant to a decision on the underlying substantive questions about patent validity and infringement. Just as the benefits of court litigation that are explored here are seriously underexplored—if not totally ignored—by most of the contemporary literature, so too are the problems with administrative approaches to adjudicating patent validity. The combination suggests that the present patent system may indeed be a strong candidate for change, but in the opposite direction than the one called for by most other commentators.