

# INTRODUCTION

## PATENT LAW IN PERSPECTIVE

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Venerable, but showing tatters, the institution of patent law continues to grow. Patent applications and issuances are up,<sup>1</sup> although whether this is significant compared to a growth benchmark, such as the GDP, is questionable.<sup>2</sup> While the statute itself has largely escaped revision over the last half-decade, the cases from the United States Court of Appeals for the Federal Circuit, and increasingly the Supreme Court of the United States, continue to evolve patent law in the United States.<sup>3</sup> The

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1. See U.S. Patent Statistics, Calendar Years 1963–2007, [http://www.uspto.gov/web/offices/ac/ido/oeip/taf/us\\_stat.pdf](http://www.uspto.gov/web/offices/ac/ido/oeip/taf/us_stat.pdf) (last visited Nov. 14, 2008) (showing a steady increase in total patent applications and an upward trend in total patent grants, though total patent grants have reached a plateau in recent years).

2. See John M. Golden, *Patent Trolls and Patent Remedies*, 85 TEX. L. REV. 2111, 2111 (2007) (suggesting that the growth rate of issued patents is not faster than GDP growth because the current “average ratio between issued patents and real gross domestic product (GDP) is still lower than the average levels for the 1930s through the 1960s, and about the same as the average level for the 1970s”).

3. See Joseph Scott Miller, Assoc. Professor, Lewis & Clark Law Sch., Address at Washington State Patent Law Association CLE Lunch, Putting the Law (Back) in Patent Law: Some Thoughts on the Supreme Court's *MedImmune* Decision (Mar. 21, 2007), presentation slides available at [http://www.lclark.edu/faculty/jsmiller/objects/Miller\\_MedImmune\\_WSPLA.pdf](http://www.lclark.edu/faculty/jsmiller/objects/Miller_MedImmune_WSPLA.pdf) (showing that there were only five patent cases in twelve Supreme Court terms from 1983 to 1994, among them, “only one, Eli Lilly, involved core patent law;” while there were fifteen patent cases in twelve terms from 1995 to 2006, among them, “at least 9 involved core patent law”).

enlargement of the law is more than just an increase in cases. Core patent law doctrines, such as non-obviousness and prosecution history estoppel, now have revised frameworks from Supreme Court cases that are still developing their full impact in the lower Federal courts. Patent litigation remains vigorous, with costs in particular rising at remarkable rates.<sup>4</sup> The statutory subject matter expansion of a decade ago for business methods is still being felt with great effect, particularly for methods implemented in software. These influences generate calls for change from all corners. Many of these proposals have found their way into legislative activity toward “patent law reform.”

Evolution in the area of patent law also manifests itself in academia and law school teaching. For law students with a background in engineering, science, or technology, patent law offers employment opportunities that are not otherwise available. Growth for student opportunities in patent law means that more law schools have a full-time faculty member with a pedigree in the institution teaching the subject. The corresponding increase in scholarship about patent law corresponds to growing interest in other disciplines within the business, economics, and other departments of major universities across the country.

Contributing to this dialogue with the work of five remarkable scholars, the 2008 Symposium Issue, *Patent Law in Perspective*, continues a highly productive collaboration between the *Houston Law Review* and the University of Houston Law Center’s Institute for Intellectual Property and Information Law (IPIL).

Each year IPIL brings together internationally recognized scholars to explore a subject within intellectual property or information law. The 2008 Conference was held on June 6-7, 2008, in Santa Fe, New Mexico.<sup>5</sup> I have the happy fortune that my Co-Directors, both past and present, conceived and implemented this unique event. Its goal is to provide a small-group, seminar-course-style discussion of the papers in a locale both enjoyable and inspirational. The in-depth review and conversation about the scholarship is one of the most enjoyable

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4. See LAW PRACTICE MGMT. COMM., AM. INTELL. PROP. LAW ASS’N, REPORT OF THE ECONOMIC SURVEY 2007 25 (2007) (listing median estimated litigation costs from 2001 to 2007, with overall costs for patent infringement suits with more than one million at risk increasing at an average annual rate of 8.9%, far outpacing the rate of inflation).

5. In addition to the five Conference Presenters whose papers appear here, the 2008 gathering in Santa Fe benefited greatly from the insightful participation of our three Conference Fellows: John M. Golden, the University of Texas School of Law; Joseph Scott Miller, Lewis & Clark Law School; Elizabeth I. Winston, The Catholic University of America Columbus School of Law.

and anticipated experiences among my scholarly pursuits each year. It is intimate in a professional and tremendously beneficial way. Given the group assembled for the 2008 Conference, I am honored to introduce it as reported in this Symposium Issue. I only wish I could fully impart the splendor of the event itself and its environs in Santa Fe.

In *Building a Better Innovation System: Combining Facially Neutral Patent Standards with Therapeutics Regulation*,<sup>6</sup> Arti Rai describes three perspectives that argue against patent law reform, be it legislative or judicial, that would reshape doctrine for specific industries. First, much of the doctrine in patent law appears as a standard rather than a rule. This is a beneficial characteristic allowing it to consider economic and policy vantages for a specific industry. The second and third perspectives anchor in the observation that biopharmaceuticals seem to be the outlier industry in the pros and cons of patent law reform. Other regimes, such as FDA regulation or health insurance regulation, already shape competition in biopharmaceuticals, which cautions broadening industry specific patent law for that field. Finally, to the extent tweaks are needed, Rai argues that looking toward these two non-patent regimes is perhaps the most beneficial first move.

Continuing a focus on biotechnology as the specific case to highlight a general argument, in *Noncompliance, Nonenforcement, Nonproblem? Rethinking the Anticommons in Biomedical Research*,<sup>7</sup> Rebecca Eisenberg reviews a decade of empirical research directed toward her co-authored work hypothesizing that greater patenting in the research space upstream from product development might cause an anticommons effect limiting the generation of new products in pharmaceuticals and other biomedical technologies.<sup>8</sup> Her empirical review suggests lesser impact from patenting than contemplated in the original hypothesis, while showing that other non-patent property rights, such as access to physical samples, often impede researchers. This leads Eisenberg to fashion a “more crisp account of the relationship between

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6. Arti K. Rai, *Building a Better Innovation System: Combining Facially Neutral Patent Standards with Therapeutics Regulation*, 45 HOUS. L. REV. 1037 (2008).

7. Rebecca S. Eisenberg, *Noncompliance, Nonenforcement, Nonproblem? Rethinking the Anticommons in Biomedical Research*, 45 HOUS. L. REV. 1059 (2008).

8. Michael A. Heller & Rebecca S. Eisenberg, *Can Patents Deter Innovation? The Anticommons in Biomedical Research*, 280 SCIENCE 698-701 (1998).

property rights, transaction costs, and the risks of inefficient underuse.”<sup>9</sup>

In *Enabling Patent Law’s Inherent Anticipation Doctrine*,<sup>10</sup> Janice Mueller and Don Chisum argue that anticipation by inherency should be cabined and they provide a clever doctrinal approach to do so. Among the difficulties with the recent expansion of inherent anticipation by the Federal Circuit is a clouding of the delineation between, on the one hand, prior-art-based invalidity through anticipation under the items articulated in 35 U.S.C. § 102, and, on the other, obviousness under § 103. In order for inherent anticipation to avoid this problem, and to reform its unwieldy character, Mueller & Chisum argue that the prior art reference needing inherency to anticipate the patent claim(s) at issue must be proved to exhibit a heightened standard of enablement. Thus, enablement, as the venerable doctrine used to police the sufficiency of disclosure supporting a patent’s claims, also can be used (in modified form) to answer whether a prior art reference’s disclosure leads, in a “truly inevitable” way, to the claimed invention.

In *Optimal Remedies for Patent Infringement: A Transactional Model*,<sup>11</sup> Paul Heald starts with a thought experiment about transacting in inventive capacity, and proposes a new model for examining the remedial structure of patent law. A key function of patent law is its exclusionary right which facilitates reduced-cost transacting in invention and innovation. A related function is promoting efficient administration of the aggregate system of such rights, including questions of over- and under-deterrence for infringement, i.e., non-permitted uses. This characterization structures a comparison with tort law for the remedial aspects of patent law, while also factoring in the goal of incentives to channel firm behavior toward that which would be obtained if there were no transaction costs. The result is recommendations for patent infringement remedies that include approaches to “identify those transactions that should be allowed to occur involuntarily and what remedies, if any, should be available.”<sup>12</sup>

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9. Eisenberg, *supra* note 7, at 1063.

10. Janice M. Mueller & Donald S. Chisum, *Enabling Patent Law’s Inherent Anticipation Doctrine*, 45 HOUS. L. REV. 1101 (2008).

11. Paul J. Heald, *Optimal Remedies for Patent Infringement: A Transactional Model*, 45 HOUS. L. REV. 1165 (2008).

12. *Id.* at 1176.

Finally, in *Inventors, Entrepreneurs, and Intellectual Property Law*,<sup>13</sup> Mike Meurer wrestles with the observation that intellectual property laws do little to favor small businesses, yet these firms have substantial success in securing favoritism in other areas of law and are particularly important to innovation. The tussle continues beyond this observation, however, with the normative question, as Meurer phrases it for research-intensive firms: “Should IP law favor small firms or give them any special attention?”<sup>14</sup> Using traditional notions of economic efficiency, he answers the question mostly in the negative, but differentiates small firms as inventors versus as innovators, concluding that some favoritism may be appropriate in the later case.

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13. Michael J. Meurer, *Inventors, Entrepreneurs, and Intellectual Property Law*, 45 HOUS. L. REV. 1201 (2008).

14. *Id.* at 1207.