

expert body on law reform, published its consultation paper, *A New Homicide Act for England and Wales?* The consultation paper specifically cited the harsh minimums for life sentences established by the 2003 Criminal Justice Act as requiring an effort to reform and rationalize the law of murder. The Law Commission published its final report in 2006 recommending a three-tier structure to the law of murder. There is more than irony in the fact that England would consider adopting American-style degrees of murder after more than 200 years; additionally, there is an invitation to consider whether we have lost something in the emergence of a flat and high de facto single degree of murder in California.

In the remainder of this article I will describe in more detail the evolution of the law of murder in the England

and the United States from the penal-heat perspective. Specifically, I will examine four change points: the emergence of the murder-manslaughter distinction in the 17th century; the emergence of degrees of murder at the end of the 19th century; the emergence of parole in the 20th century; and the abolition, or near abolition in the case of the U.S., of the death penalty in the last third of the 20th century. Next, I consider the present, when in both England and at least some jurisdictions in the United States there is a collapse of the law of murder toward a higher, flatter grading. In the final section, I will offer some tentative propositions toward reform on questions considered by the English Law Commission consultation paper: How many crimes of murder? And how should these crimes articulate into the structure of punishment? ■

## Nies Lecture

### Can the Patent Office Be Fixed?

Through its Helen Wilson Nies Lecture, the Law School annually hosts a distinguished scholar of intellectual property law. This past spring, the Nies Lecture was delivered by Mark A. Lemley, who is the William H. Neukom Professor at Stanford Law School and a partner in Durie Tangri LLP. The following is an excerpted version of the lecture as subsequently published in the *Marquette Intellectual Property Law Review*.

The excerpt picks up after Professor Lemley's exposition of "the problem of bad patents." In particular, the preceding section describes "the vise" in which the Patent and Trademark Office (PTO) is caught. On the one hand, it has been issuing a large number of dubious patents over the past 20 years, particularly in the software and electronic-commerce space. On the other hand, Lemley writes, it is not clear that we can or should weed out bad applications at the PTO. For the vast majority of patents are never litigated or licensed, so spending a lot of money to ensure their validity would be wasted. The preceding section also describes recent research and empirical studies that variously suggest that we need to pay attention not only to legal rules but also to examiner behavior and reward systems.



Mark A. Lemley

**H**ow, then, can we fix the PTO, allowing examiners to distinguish between patentable and unpatentable inventions effectively, without slowing the process to a crawl or wasting a bunch of money?

#### What Won't Work

First, some things that likely won't work.

##### 1. Preventing fee diversion.

The PTO is funded through user fees imposed on applicants and owners of issued patents. For much of the last 20 years, some of that fee revenue (typically 10 to 20 percent of it) has been diverted by Congress to general federal revenue. It is a commonplace among patent lawyers that the way to solve the PTO's

problems is to stop fee diversion, “fully funding” the PTO.

Stopping fee diversion is certainly a good idea. Whatever the merits of government user fees over taxes as a general matter, it seems particularly foolish social policy to tax innovators in particular to raise general revenue. But stopping fee diversion is hardly a panacea. In the last several years, the PTO has been fully funded—that is, Congress didn’t divert fees. Nonetheless, the backlog grew. The addition of 10 to 20 percent of operating revenue wasn’t enough even to enable the PTO to hold steady.

## 2. Fee-setting authority.

In recent years the PTO’s efforts have shifted to seeking permission from Congress to set its own fees. This would allow the PTO to raise fees on applicants and patentees, using the money to pay for a more intensive examination. There is some reason to believe that fee-setting authority, if nothing else, may result from the six-year patent reform effort in Congress.

Giving the PTO the authority to set its own fees might or might not be a good idea, depending on the relative incentives the PTO and Congress have to set fees rationally. But as noted above, it is likely not a good idea simply to spend more money to weed out bad patents. Most of that money will be wasted on applications that are of no consequence to anyone. And because of the structure of the examination system, it might not even succeed in weeding out bad patent applications.

Even if it did, however, the current fee structure makes patent quality self-limiting. The PTO is paid by applicants to process their applications at each stage. But those payments are not enough even to sustain the limited examination that now occurs. The difference is made up by patent “maintenance fees”—periodic payments made by the owners of issued patents to keep those patents in force. Because the PTO’s ability to examine new applications is dependent on revenue from previously granted ones, the PTO faces a problem: the more bad applications it rejects, the fewer patents will pay maintenance fees, and the less money it will have to conduct a detailed examination. The PTO ran into this problem in the late 2000s, when—as a result of a lowered grant rate coupled with companies abandoning patents during the recession—it found itself in a financial crisis. The broader lesson should be clear: the current system for funding the PTO works only if the PTO continues to issue patents on a large percentage of the applications it receives.

The PTO might begin to address this problem by changing the way it collects fees. At one extreme, it

could abandon maintenance fees altogether, and pay for enhanced examination through higher application fees. That solves the self-limiting problem, but it raises the cost to startups seeking patents at an early stage of development, which may not be ideal. Alternatively, the PTO could simply raise the maintenance fees significantly, to perhaps ten times their current rate. Doing so might make the weeding out of bad patents revenue neutral, though as more bad applications are rejected, the tax on those who actually obtained patents would have to increase further to compensate. And as the PTO raises its maintenance fees, fewer people will choose to maintain their patents. Depending on the elasticity of demand, paying for examination out of higher maintenance fees may or may not work.

Some have suggested raising maintenance fees for a different reason—to prevent patent lawsuits by trolls who buy up patents in order to enforce them. But that is unlikely to work. According to a 2009 American Intellectual Property Law Association (AIPLA) report, the median cost of taking a major patent case to trial is \$5.5 million per side in attorney’s fees. A maintenance fee of \$40,000–\$50,000—ten times the current fee—may weed out more patents that aren’t being used, but it is unlikely to deter someone considering spending perhaps 100 times that much to litigate a patent. And the patents that aren’t being used aren’t really the problem.

## 3. Retaining patent examiners.

Another problem commonly cited by patent lawyers is the high rate of turnover at the PTO. Being an examiner is not an easy job, and it doesn’t pay all that well. Not surprisingly, examiners often leave relatively quickly for jobs in engineering, law firms, or to go to law school. Indeed, one recent study found the median examiner had been at the PTO for just over three years. The high rate of turnover means that the PTO needs to hire more than 1,000 examiners a year just to keep even with attrition. In recent years, the PTO has found it virtually impossible to grow the examining corps. And, of course, those new examiners must be trained. Perhaps the solution to the PTO’s problems, then, is to find ways to keep those examiners from leaving.

There may well be benefits to reducing examiner attrition. But the evidence suggests that weeding out bad patents is not among them. Empirical research by Lemley and Sampat shows that the longer examiners spend at the PTO, the less searching they do, the less likely they are to issue initial rejections or demand claim amendments, and the more likely they are to ultimately grant a patent. It is the most junior examiners



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ers who are most likely to reject applications. The reason is not precisely clear, but may have to do with increased workloads on senior examiners, or with acculturation into a corps whose ethos is to grant rather than deny patents. Either way, keeping examiners around longer may hurt rather than help the cause of weeding out bad patents.

#### 4. Outsourcing search.

Reacting both to workload and to a sense that examiners don’t find the most important prior art, a number of initiatives both within and outside the PTO have tried to relieve examiners of the burden of searching for prior art. They have variously proposed to require the applicants to do their own search for prior art, to invite the public to review applications and submit prior art, or to share the burden of searching with patent examiners in other countries. These initiatives seem promising because they outsource a function examiners don’t seem particularly good at—finding the most relevant information on the ground—to others who are positioned to do it better.

But recent empirical evidence suggests that it might not work. Cotropia et al. studied the behavior of patent examiners in responding to applications and found that they rely almost exclusively on art they find for themselves, not art submitted by applicants. And that doesn’t appear to reflect either applicants drafting around the art they found or the weakness of that art; U.S. examiners largely ignored even art that was submitted because it was found important by a foreign patent examiner during examination of a counterpart application. If examiners are psychologically primed to rely principally on things they find for themselves, it won’t help to have others provide them with the best art. And it might even hurt, causing examiners not to focus on the best prior art.

#### What Might Work

The problems with the PTO are deeply rooted. Increased funding won’t solve the problem of bad patents, and a variety of other commonly suggested fixes for the PTO are unlikely to solve the problem, and indeed could even make it worse.

Other proposals have a greater chance of addressing the problem of bad patents, though they come with their own uncertainties.

#### 1. Second pair of eyes.

Shortly after the Federal Circuit held business methods patentable in 1998, the PTO was inundated with business method patent applications. Most of those applications went to Class 705, which refers to the collection of patent examiners who focus on business methods. Indeed, by 2001, Class 705 had the largest application volume. In response to this flood, the PTO initiated a specific “quality control” measure in this class in March 2000: the “second pair of eyes” review (SPER), under which applications are subjected to mandatory assessment by more than one examiner before being allowed. Requiring two examiners to agree seems to have had a dramatic effect: a 2008 study found that class 705 has the lowest grant rate among high-volume classes. One possible explanation for the low grant rate in this class is that the second pair of eyes is working, and that the grant rate reflects better rigor during examinations, rather than application volume.

The fact that SPER leads to more rejections in Class 705 doesn’t mean it is an unalloyed success, however. Allison and Hunter demonstrate that its adoption in Class 705 led applicants to try to characterize their business method patents in ways that got them out of Class 705. It is possible that the applications that were not so characterized were systematically weaker (or their lawyers systematically less skilled) than the ones that avoided Class 705. The differences Lemley and Sampat found were so striking, however—a 16.1 percent grant rate in Class 705 compared with 72 percent on average—that it seems unlikely this can explain the full difference.

Allison and Hunter’s objection is significant. But it applies only to a class-specific use of SPER, and wouldn’t condemn a broader application of the policy to all art units. Nonetheless, there are reasons to think carefully before expanding SPER to all patent applications. Doing so would roughly double the cost of patent prosecution across the board. It would also delay the prosecution process further; Class 705 applications are among the slowest to be processed. Further, at least as currently configured, SPER is asymmetric: it requires a second hurdle before allowing patents but not before rejecting applications. As a result, it is likely to weed out bad patents but also to catch some good ones within the net of rejected applications. Given the PTO’s historic bias in the other direction, perhaps that

is a risk worth taking, but it is still a social cost we should avoid if we can. If SPER or some other review process is to be adopted, it should apply evenhandedly to grants and rejections.

Interestingly, the PTO recently shut down the SPER program in business methods. Too much success, it seems, carries its own risks.

## 2. Changing examiner incentives.

Recent empirical evidence suggests that much of the problem with patent examination revolves around examiner incentives and human-resource policies. Examiners do less well at policing bad patents the longer they stay at the PTO. The problem could be their distance from the technology, or a tenure effect, or their increased workload. In any case, changes in training, workload, or promotion rules could affect those incentives. Examiners pay attention to their own searches, and not prior art submitted by others. The problem could be overconfidence bias, or simply triage. Either way, human-resource policies could be brought to bear, training examiners to search better, giving them more time, or finding other ways to eliminate bias. And it seems obvious—though likely politically infeasible—that the rules should not treat allowances differently from rejections.

These are good ideas, and they are worth exploring further. But implementation may be politically difficult. And some of the possible explanations point in different directions: should we give examiners more time to search, or less, for example?

## 3. Tiered review.

The problem is not precisely that the Patent Office issues a large number of bad patents. Rather, it is that the Patent Office issues a small but worrisome number of economically significant bad patents and those patents enjoy a strong, but undeserved, presumption of validity.

Framed this way, the solution naturally follows: the Patent Office should focus its examination resources on important patents and pay little attention to the rest. But it is difficult for the government to know ahead of time which patents are likely to be important.

There are two groups, however, that have better information about the likely technological and com-

mercial value of inventions: patent applicants and competitors. To harness information in the hands of patent applicants, we could give applicants the option of earning a presumption of validity by paying for a thorough examination of their inventions. In other words, “applicants should be allowed to ‘gold plate’ their patents by paying for the kind of searching review that would merit a presumption of validity.” By contrast, “[a]n applicant who chooses not to pay could still get a patent. That patent, however, would be subject to serious—maybe even de novo—review in the event of litigation.” Predictably, “applicants would pay for serious review with respect to their most important patents but conserve resources on their more speculative entries.” Thus, “the Patent Office may focus its resources” and thereby “benefit from the signal given by the applicant’s own self-interested choice.” The

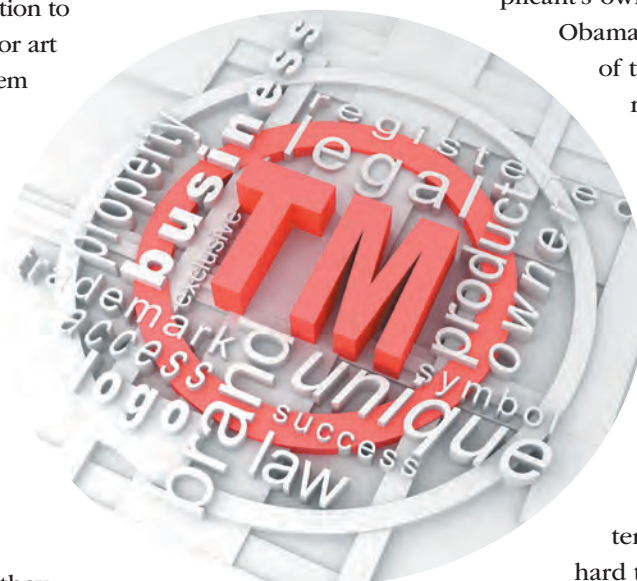
Obama campaign proposed this sort of tiered review, and the PTO has recently taken a step toward implementing a scaled-down version, in which applicants can choose the speed but not the intensity of review.

Tiered review is only as good as the examination process that creates it, however, and if “gold-plated” patents are too easy to obtain, the point of the system will be lost. If they are too hard to obtain or too expensive, no one will use the system. Further, tiered

review can at best be only a partial solution, because applicants do not always have accurate information about the future value of their applications. These are real objections, but they do not undermine the value of some sort of targeting in the use of PTO examination resources.

## 4. Oppositions and adversarial evaluations.

Competitors also have useful information about which patents worry them and which do not. A post-grant opposition system would seek to harness that information. Post-grant opposition is a process by which parties other than the applicant would have the opportunity to request and fund a thorough examination of a recently issued patent. A patent that survives collateral attack would earn a presumption of validity similar to the one available through tiered review. The core difference is that the post-grant opposition would be triggered by competitors—presumably



competitors looking to invalidate a patent that threatens their industry.

Like tiered review, “post-grant opposition is attractive because it harnesses private information; this time, information in the hands of competitors.” Armed with this information, the PTO can better “identify patents that warrant serious review, and it also makes that review less expensive by creating a mechanism by which competitors can share critical information directly with the Patent Office.” A post-grant opposition system is part of proposed patent reform legislation.

The success of post-grant opposition depends on the willingness of third parties with good information about the validity of a patent to challenge that patent in a public forum rather than settling privately. Some commentators are skeptical, pointing out that invalidating patents is a public good that the challenger would share with every other competitor.

Patent law already has mechanisms that could be used to achieve the same goal. Some issued patents are returned to the PTO after issuance and are reevaluated through an adversarial process known as *inter partes*

reexamination. This is an evaluation to which some deference is appropriate, though today the law gives complete deference to that determination. Even traditional *ex parte* reexamination, while not truly adversarial, allows the filer to submit an initial explanation of the reasons for reexamination, and the result has been that in recent years patents fare worse in reexamination than applications do in initial examination.

The biggest risk with post-grant opposition and related systems is that we give challengers too many bites at the apple, allowing them to inundate patentees with an endless set of challenges. To solve that problem, it is appropriate to place some limits on the number and perhaps the timing of challenges, and to imbue patents that survive those challenges with a strong presumption of validity.

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Can the patent office be fixed? Well, maybe. Certainly it can be improved, and the current administration is taking innovative strides in that direction. But there may be systemic reasons to think that the PTO will never be all that we might hope. ■

## Oldfather and Peppers

# Till Death Do Us Part: Chief Justices and the United States Supreme Court

This is an excerpt from an essay forthcoming in the *Marquette Law Review*. The excerpt picks up after the authors’ account of Chief Justice William H. Rehnquist’s death in office and concludes before their focus on the administrative role of the Chief Justice of the United States, which is unique among members of the Supreme Court, and their proposals for reform. Todd C. Peppers is the Henry H. and Trudye H. Fowler Professor of Public Affairs at Roanoke College and currently a visiting Professor of Law at Washington & Lee University School of Law. Chad M. Oldfather is Professor of Law at Marquette University.

**T**he final illness of Chief Justice Rehnquist, and his decision not to retire in the face of a terminal illness, are undoubtedly a poignant story of an individual who gave his last full measure to an institution that he loved. There is, however, another dimension. Placed into historical context, the episode illuminates an additional troubling aspect of lifetime tenure, namely, the lack of institutional norms regarding when chief justices should release the reins of power.

Article III, Section 1 of the United States Constitution states that all federal judges “shall hold their offices

during good behaviour, and shall, at stated times, receive for their services, a compensation, which shall not be diminished during their continuance in office.” In short, judges can only be removed from office by impeachment. Such judicial independence is necessary, explains Alexander Hamilton in Federalist No. 78, if federal judges are to fulfill the critical role of protecting the Constitution from overreaching by the other branches of government and to protect minority rights from the momentary whims of the majority. It has proven to be an effective shield. Since the ratification of the Constitution, only one