



## Features

# The Reexamination Center Executive Interview: Taraneh Maghamé

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*The Reexamination Center interviews Taraneh Maghamé on the subject of patent reexamination. Ms. Maghamé has more than 18 years of experience practicing law at law firms such as Brobeck, Phleger and Harrison, and Perkins Coie, and serving as in-house counsel at a number of public technology companies, including Tessera Technologies, Compaq Computer Corporation, and Hewlett-Packard Company. Ms. Maghamé was recently invited to testify before the United States Senate Committee on the Judiciary and the Federal Trade Commission in connection with impending patent reform legislation. You can read more about Ms. Maghamé's positions on these and other patent-related matters by visiting [www.maghame-legal.com](http://www.maghame-legal.com).*

**The Reexamination Center: It is our understanding that you have been in patent law for over 18 years and have developed a broad range of experience in many areas?**

TARANEH MAGHAME: Yes, I've been practicing law for over 18 years, primarily in the IP area with a focus on patent issues. I'm admitted to practice before the USPTO and worked at three major law firms for the first 10 years of my career, including Perkins Coie and the former Brobeck, Phleger and Harrison. I started out litigating mostly patent infringement cases, including a major temporary exclusion order (TEO) proceeding in the USITC, but eventually became more involved in a range of other transactional IP matters. In 2000, I joined Compaq to manage all of that company's IP litigation, and also became responsible for the company's anti-counterfeiting efforts. But less than two years later, in 2002, the company merged with Hewlett-Packard. I then joined HP's IP group to provide legal support in a wide range of matters, including

litigation, licensing, and acquisitions.

My last in-house position was with Tessera Technologies in San Jose, California, where I was a VP and senior lawyer handling corporate, M&A and licensing matters, and an interim General Counsel. Because of the critical importance of the patent laws to a company like Tessera (TSRA), whose revenues are in significant part derived from developing and licensing innovative technologies and the patents that cover such innovations, I saw a need to create a Government Relations function. In 2006 I established Tessera as a strong voice in the patent reform debate in Washington, DC. Tessera, along with a number of other technology companies, founded the Innovation Alliance, an organization dedicated to representing the interests of small to mid size technology developers whose businesses involve IP licensing for their innovations. The best part of my last in-house position at Tessera was the strategic role I played in all functions I was responsible for including interim General Counsel and head of Government Relations, and the opportunity to testify before the Senate Judiciary Committee and the Federal Trade Commission in connection with the Patent Reform Act of 2009. From all of these positions, I have developed a broad range of experience in IP and other areas of the law with a particular focus on patent issues.

**TRC: Based on this broad experience, what is your perception about the reexamination process in the United States?**

TM: Frankly, I think the reexamination process needs much improvement. Of course, there are significant differences between the *ex parte* and *inter partes* processes, so it is hard to generalize. But for the most part, the current reexamination process is ineffective, lengthy, unpredictable and expensive for all parties involved. Although I've seen the reexamination process evolve significantly over the past few years – the biggest change being the creation of the *inter partes* proceeding and the establishment of the Central Reexamination Unit (CRU) – despite all the good intentions of the US Congress and the US Patent and Trademark Office (PTO), I think the reexamination process has gotten worse rather than better in many respects. For example, much of the problem with how reexaminations are handled today is due to the simple fact that the PTO just does not have enough resources and manpower to perform its job effectively.

But I do not see this PTO resource problem as one that is limited to reexaminations – examiners are also overburdened, overworked and under-resourced when handling original patent applications and, as a result, the PTO loses a lot of good examiners after just a few short years at the PTO. So adequate funding for the PTO should be first and foremost in the mind of legislators who are looking to improve the reexamination system in the US. Interestingly, having dealt with this issue while working for companies that are on opposite ends of the spectrum when it comes to the patent reform debate, I am confident that this is the one point that we can get consensus on – and I am hopeful that with the appointment of David Kappos, a very seasoned patent practitioner, as the new chief executive of the PTO, we will see a great deal of improvement in that organization.

**TRC: Having had experience representing a patent owner with a large and robust patent portfolio, what do you think works in the reexamination process for the patent owner?**

TM: What many patent owners do not realize is that they can strategically use the reexamination process to strengthen their portfolios. In many cases, patent owners are on the defensive side of reexaminations – in other words, they have to fight to maintain their patents in the face of third party challenges. This most often occurs when the patent owner is attempting either to assert the patent or otherwise obtain value for the use of the patented technology by others. In situations where the patent owner files an *ex parte* reexamination to bring additional prior art before the PTO in order to ensure that the patent is valid over the art, the patent owner is in a much better position to survive the reexamination and in some instances can come out with stronger, more defensible patent claims. That is how the reexamination process can work effectively for the patent owner. Unfortunately, when others are challenging the patent through reexamination, particularly in an *inter partes* proceeding, the patent owner does not usually fare nearly as well. In fact, statistics show that in a large majority of *inter partes* cases, the claims are cancelled by the PTO.

Also, turning to what works in the process itself, the fact that in an *ex parte* reexam the patent owner can request an interview with the CRU examiners to explain her position is very important in achieving a successful result. In fact, Director Kappos has stated publicly that the statistics show that when there is an early interview in the prosecution of an original application, there is a better chance that the claims will be granted. So interviews are an important part of the original application process as well as in the *ex parte* reexamination process. Unfortunately, the same opportunity does not exist in the *inter partes* process, where such communications with the CRU examiners are prohibited by the current PTO rules but are even more critical due to the fact that there is a third party involved who can repeatedly rebut the positions taken by the patent owner. In the *inter partes* process, it is essential for CRU examiners to fully understand the story of the invention, the technology, the details of the patent, the SNQs and the rejections so that they can make a fully informed and justified decision. An interview right would greatly improve the *inter partes* reexamination process.

**TRC: Now that you have discussed what is working for the patent owner, please explain what is failing for the patent owner in current reexamination practice?**

TM: The reexamination system is weighted heavily against the patent owner. Several points show this bias. First, over 90% of requests for reexamination are granted and in almost all those proceedings, all of the claims are initially rejected in the first Office Action. So, before the patent owner even gets a chance to respond to the request, she has two strikes against her. This is a difficult position for the patent owner to start from. Second, there is no page limits on the size of the reexamination request in an *inter partes* proceeding. However, the patent owner is limited to 50 pages to respond to the Office Actions. This is a fundamental flaw in the *inter partes* process and a denial of due process because it does not allow the patent owner an opportunity to provide full and complete arguments to refute rejections. Third, the delays and backlog inherent in the reexamination process through appeal from the CRU to the BPAI to the Federal Circuit work against the patent owner much more than against the third party requester. This delay problem is especially egregious where the third party requester is able to get a court in concurrent patent litigation to stay the litigation until the reexamination process is completed. Patents in concurrent litigation can be easily tied up in reexamination proceedings for years, often for a period longer than the useful life of the technology.

The original purpose of establishing reexamination processes was to provide a faster, cheaper and better process (when compared with litigation) for accused infringers to challenge weak or bad patents. That goal is commendable. However, due in part to the concerns I discussed earlier, the reexamination system is now subject to abuse by third party requesters who may choose to tie up a competitor's patent(s) in reexamination for many years, perhaps through successive challenges by one or more requesters. This casts a cloud over the patent's validity and enforceability, and puts the third party requester(s) in a better negotiating position vis a vis the patent owner. Surprisingly, the third party requester does not even need to show that the challenged patents are relevant to his business or a threat of any kind before a reexamination proceeding is initiated. In other words, reexamination can be employed more as a bargaining tool these days, used to put pressure on the patent owner in litigation or licensing negotiations. In fact, numerous businesses have been established over the last couple of years whose sole purpose is to file reexamination requests on behalf of subscribers or members. Surely, this was not the intent of Congress.

That said, in light of certain legislative proposals and the aggressive agenda established by Director Kappos in terms of drastically reducing the time it takes to complete a reexamination (to one year, I believe, is his goal) and reducing the PTO backlog, I am hopeful that some of the concerns will be alleviated in the near future. However, patent owners need to consider all of these aspects of reexamination in developing an IP strategy, particularly ones that involve monetization of a portfolio through licensing or assertion.

Obviously, these comments do not describe all that works and does not work in reexaminations, but illustrate the need for changes to be made to the reexamination process to ensure that it works fairly and efficiently for all stakeholders.

**TRC: What should be done to ensure that the patent owner can maintain its legitimate patent rights?**

TM: As I said, the reexamination process needs to work efficiently and fairly for all parties involved, and certain changes can be made to get us closer to this necessary goal. Let me begin with some of the problems I discussed above – successive challenges by multiple requesters and page limitations on responses to Office Actions. Establishing rules that would ensure that all real parties in interest are identified in *inter partes* reexamination proceedings (and thus effectuating the *estoppel* provisions) and giving the patent owner the opportunity to respond to the request before the examiner makes any determination regarding the merits, without unreasonable page limitations, would help the patent owner protect her rights. But more generally, the U.S. patent system needs to recognize the reality that once a patent is issued, a great deal of its value is associated with the certainty that the patent can be enforced against infringers. Thus, there are two changes I propose that would improve the U.S. system in this regard: (1) allowing the examiner that handles the original patent application sufficient time and resources to make the right decision on the merits, and (2) establishing a higher threshold than the current SNQ standard for a reexamination proceeding to be initiated. Ultimately, the PTO needs to minimize opportunities for requesters to abuse the reexamination system. Such abuse takes the form of serial reexaminations of the same patent by one or more requesters, or the filing of non-meritorious requests for reexamination that today are almost automatically granted. It is easy to see how such abuse is not only damaging to patent owners but also results in wasted PTO resources which are already too scarce.

**TRC: You have also been on the other side of patent disputes where defendants had to challenge patents being asserted against them. How does the reexamination process effectively balance the interests of these parties?**

TM: I think the root of the problem trying to be addressed by the reexamination process could be better solved if quality patents are issued in the first instance and the time to process original applications is shortened. Also, the time to complete a

reexamination proceeding should be shortened. Certain companies have become serial defendants in patent infringement cases, partly due to the complexity of the products they sell, and partly because there are entities that have made a business out of buying and asserting patents against these companies, regardless of the validity or quality of those patents. Reexamination is now seen as a more cost-effective way of defending against such assertions, and often results in a better outcome for the defendants. But if we were to ensure that the PTO issues quality patents in the first place and reexamination is no longer used as a litigation tactic but is employed when there are serious concerns about the validity of a patent, the system would benefit both patent owners and patent users. Again, this gets us back to the necessity of adequately funding the PTO and properly incentivizing the examiners to issue quality patents that will stand up to a reexamination challenge.

**TRC: What can the PTO do in the near term to help the reexamination situation?**

TM: Certain rule changes can be implemented by the PTO in the near term to improve efficiency, predictability and results. I have discussed a number of these in response to the prior questions, but below are a few suggestions:

- Establish time limits for concluding a reexamination proceeding (for example, require that a final decision be issued by the CRU within 12-18 months of initiating a proceeding);
- Increase the number of senior examiners in the CRU and ensure that sufficient expertise is included to properly handle reexamination cases in different technology fields;
- Allow a patent owner to file a response to a request before a decision is made to institute the reexamination proceeding;
- Eliminate the page limitations on patent owners' responsive filings or make them commensurate to the number of pages of the request and the office actions;
- Establish rules to enforce the provision requiring identification of real parties in interest in *inter partes* proceedings;
- Incentivize the CRU examiners to better evaluate requests in terms of SNQs and proposed rejections before deciding to grant the request

Thank you for the opportunity to share these views.

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