
NOTES

MANDATORY JOINDER: AN INDIRECT METHOD FOR IMPROVING PATENT QUALITY

EDWARD HSIEH*

*“We must all hang together, or, most assuredly, we shall all hang separately.”*¹

– Benjamin Franklin

I. INTRODUCTION

The U.S. Patent and Trademark Office (“PTO”) issues over 170,000 patents a year.² Unfortunately, the PTO makes mistakes and issues some invalid or “bad” patents that do not meet the statutory requirements of novelty and nonobviousness.³ The simplest approach to eliminating bad patents is to subject applications to stricter scrutiny by the PTO. A recent article, however, has questioned the efficiency of spending more resources at the examination stage.⁴ Aside from the patent prosecution procedure,

* Class of 2004, University of Southern California Law School; B.S.E. 1999, Princeton University; M.S. 2001, University of California, Los Angeles. I would like to thank Dan Klerman for his guidance and assistance in writing this Note.

1. JOHN BARTLETT, FAMILIAR QUOTATIONS 348 (Emily Morison Beck ed., Little, Brown & Co. 1980) (1855).

2. U.S. PATENT & TRADEMARK OFFICE, PERFORMANCE AND ACCOUNTABILITY REPORT, FISCAL YEAR 2003, available at <http://www.uspto.gov/web/offices/com/annual/2003/index.html>.

3. See Mark A. Lemley, *Rational Ignorance at the Patent Office*, 95 NW. U. L. REV. 1495, 1501–03 (2001). See also 35 U.S.C. §§ 102, 103 (2000) (requiring all patents to be “novel” and “nonobvious”).

4. See Lemley, *supra* note 3, at 1496–98 (arguing that, because patent examination expends money even on patents that are never litigated or licensed, increasing the quality of examination is not efficient).

federal patent law allows administrative reexaminations, either *ex parte*⁵ or *inter partes*.⁶ Nevertheless, the effectiveness of this approach is undercut by the low number of reexaminations actually requested.⁷

This Note takes a more indirect route to improving patent quality. A major problem with the patent litigation system is that it is often cheaper for individual defendants to settle than to litigate, even if the patent is clearly invalid. The current system allows patentees to profit from bad patents and, therefore, creates an incentive to file bad patents.⁸ Further, patentees strategically sue small companies, knowing that they lack the resources to challenge patent validity effectively.

Mandatory joinder would facilitate cooperation and reduce the scourge of bad patents by consolidating all defendants in a single action. By giving defendants an opportunity to share the costs of litigation, mandatory joinder would reduce overall litigation costs, prevent patentees from suing smaller companies first, and encourage defendants to challenge bad patents. Mandatory joinder forces the patentee to sue all defendants at the same time, ensuring that a patent's validity will, if appropriate, be effectively challenged. Finally, mandatory joinder would eliminate the revenues that patent owners receive, and, as a result, the number of bad patents applied for would be reduced.

Part II of this Note illustrates how patentees can profit from bad patents and how this ability is curtailed when defendants cooperate. Part III shows how current laws fail to encourage cooperation among defendants. Part IV explains how revising the mandatory joinder rules not only encourages cooperation among defendants but also increases judicial efficiency. Part V addresses potential problems with mandatory joinder, including jurisdiction, venue, trial complexity, and the potential reduction in incentives to invent. Finally, this Note compares mandatory joinder with

5. See 35 U.S.C. §§ 301–07.

6. *Id.* §§ 311–18.

7. See Gerald Dost, *Ex Parte* Reexamination Filing Data (Dec. 31, 2002) [hereinafter Dost, *Ex Parte*] (unpublished report by a PTO employee, on file with author); Gerald Dost, *Inter Partes* Reexamination Filing Data (Dec. 31, 2002) [hereinafter Dost, *Inter Partes*] (unpublished report by a PTO employee, on file with author).

8. Some bad patents, like those for side-to-side swinging on a swing set, U.S. Patent No. 6,368,227 (issued Apr. 9, 2002), or exercising a cat with a laser pointer, U.S. Patent No. 5,443,036 (issued Aug. 22, 1995), would not be reduced by this proposal, because their inventors most likely did not patent them with a profit motive. It has been convincingly argued, however, that these patents do not really matter because they are not litigated or licensed and, thus, impose relatively little cost on society. See Lemley, *supra* note 3, at 1503–08. Bad patents that are litigated or licensed, the subject of this proposal, have a more detrimental effect because they cause increased costs that are passed on to consumers.

several other options for reducing the number of bad patents, including defendant class actions, reexamination, fee-shifting, and removing the presumption of patent validity.

II. COOPERATION AND PATENT VALIDITY LITIGATION

The current system creates an incentive for companies to file for bad patents by allowing them to profit from these patents. Companies can profit from these patents that are almost surely invalid by suing individual small companies, who will most likely settle rather than incur the costs of litigation. If, however, all these small companies were sued together, the cost to each company to invalidate the patent at trial would decrease. Therefore, they would be more likely to challenge bad patents rather than settle. Patentees could no longer profit from bad patents through settlement, which would decrease the incentive to file for bad patents, and overall patent quality would increase.

A. PROFITING FROM INVALID PATENTS

The sole business of Pangea Intellectual Properties (“PanIP”) is to collect royalties on patents that allegedly cover any web site that uses graphical and textual information on a video screen for purposes of making a sale.⁹ The number of businesses that could be infringing those patents runs into the millions¹⁰ and includes such industry giants as Amazon, Wal-Mart, and eBay. It is not these companies, however, that PanIP has decided to sue; rather, its targets include Three Dog Bakery, a bakery for dogs; Can-Do National Tape, an adhesive tape converter and supplier; and DeBrand Fine Chocolates, a small Indiana chocolate-making company.¹¹ Although seemingly unrelated, these companies, along with the more than fifty others that PanIP has sued, have several crucial characteristics in common: They are small businesses with moderate gross earnings and are far away from the venue of the lawsuit. These factors combined increase

9. See U.S. Patent Nos. 5,576,951 (issued Nov. 19, 1996) and 6,289,319 (issued Sept. 11, 2001). See also PanIP Company Background, at <http://www.panip.com/comp-back.htm> (last visited Feb. 25, 2004).

10. See Sam Costello, *Company Claims Patent on “Millions” of E-Commerce Sites*, INFOWORLD.COM (May 15, 2002), at <http://archive.infoworld.com/articles/hn/xml/02/05/15/020515hnpangea.xml> (quoting Kathleen Walker, the attorney representing PanIP).

11. A list of defendants sued by Lawrence Lockwood, the founder of Pangea Intellectual Properties (“PanIP”), is published on the Internet. See PanIP Defendants, at <http://www.youmaybenext.com/list.html> (last visited Feb. 25, 2004).

the likelihood that they will each pay PanIP a few thousand dollars to settle rather than contest the validity of the patents.

Consider the choice that Tim Beere, the owner of DeBrand Fine Chocolates, faced when he received a notice from PanIP that his business allegedly infringed on the PanIP patents. He had forty-five days to either pay \$5000 for a lifetime license to the patent, or he could spend a million or more dollars and many years to fully litigate the validity of the patent. Lawrence Lockwood, the founder of PanIP, summed up the choice best when he asked, "Do they really want to spend \$1 million and two years of their life to invalidate a patent they can license for a couple of thousand dollars?"¹² Unfortunately for PanIP, Beere was willing to fight. He assembled a coalition of fifteen other defendants, established a defense fund, and hired a lawyer.¹³ Although PanIP may have been stymied in this case, more than twenty other businesses succumbed to these tactics and settled.¹⁴

This is not the only case where the owner of a weak patent singled out small businesses for infringement suits, calculating that they would not have the resources to fight back. Before filing for bankruptcy, Divine Inc. threatened various e-commerce sites over its patent allegedly covering Internet shopping carts.¹⁵ Acacia Research Corporation has threatened to sue small Internet radio stations and pornography sites for infringement of its patents for transmission of digital and audio programming via the Internet, cable, and satellite TV.¹⁶ SBC Communications has taken a

12. David Streitfeld, *E-Commerce Battles 'Me'-Commerce*, L.A. TIMES, Feb. 8, 2003, at A1.

13. See PanIP Defendants, *supra* note 11 (containing more information on the PanIP Defense Fund and a list of the companies that have allied together to fight Lockwood's patents).

14. See PanIP Patent and Trademark Litigation, at <http://www.panip.com/district.htm> (last visited Feb. 25, 2004).

15. Divine's lawsuit is based on U.S. Patent No. 5,715,314 (issued Feb. 3, 1998), which is titled Network Sales System. For an example of how e-commerce sites have reacted to this patent, see Streitfeld, *supra* note 12 (quoting Ken Burke, head of a web design firm, who stated that his firm reluctantly settled because of the costs involved, even though he knew settling would strengthen Divine's case).

16. Acacia's patents on this technology include U.S. Patent Nos. 5,253,275 (issued Oct. 12, 1993), 5,550,863 (issued Aug. 27, 1996), 6,002,720 (issued Dec. 14, 1999), 5,132,992 (issued July 21, 1992), and 6,144,702 (issued Nov. 7, 2000). For more information on Acacia's targeting of the porn industry, see generally Mark Hachman, *Porn Kings Aflame over Multimedia Patents*, EXTREMETECH.COM (Dec. 16, 2002), at <http://www.extremetech.com/article2/0,3973,767313,00.asp>. For an explanation of Acacia's threats against Internet Radio, see generally Jon Healey, *New Foe for Webcasters in Royalty Fight*, L.A. TIMES, Feb. 7, 2003, at C1.

similar tack in suing a small educational toy company for infringing on its patents for frames on web sites.¹⁷

Each of the above mentioned patentees may be able to profit from patents that are probably invalid because the defendants cannot afford to challenge the patents' validity. The costs of litigating patent infringement can run into the millions of dollars. A small business threatened by an invalid patent faces the prospect of paying up to several million dollars to defend a patent as opposed to fractions of that price for settling. In terms of a cost-benefit analysis for the individual business owner, the rational choice is to settle.

B. COOPERATION AS A SOLUTION

If all actual and potential defendants acted collectively, the outcome might be different. By cooperating, actual and potential defendants could divide the litigation costs among themselves. The greatest cost reduction would come if all the defendants chose to be represented by one counsel. Even if the defendants were represented by multiple attorneys because of conflicts or other reasons, they could still reduce their costs by dividing up the work and sharing resources. As a result, the costs of litigation for each individual would almost certainly go down. Once a certain number of defendants are joined, it would become cheaper for them to cooperate and litigate the patent than to settle. This is very much like class action suits, which, by spreading the costs of litigation among the class, allow for a remedy in cases where individual action is uneconomical.¹⁸

To illustrate this point, consider the choices faced by a PanIP defendant. The initial offer for a license from PanIP is a payment of \$5000. Assume that the cost of patent litigation, from discovery to appeal, is two million dollars. For each individual defendant, it makes sense to settle rather than contest the patent's validity. This not only may give the patentee a windfall that he or she does not deserve, but it also improves the patentee's chances of extracting settlements from other alleged infringers.¹⁹

17. SBC's claims are based on U.S. Patent Nos. 5,933,841 (issued Aug. 3, 1999) and 6,442,574 (issued Aug. 27, 2002). For more information on SBC's lawsuit, see L.A. Lorek, *SBC Seeks to Enforce Web Technology Patent*, SAN ANTONIO EXPRESS-NEWS, Jan. 30, 2003.

18. See *Deposit Guar. Nat'l Bank v. Roper*, 445 U.S. 326, 339 (1980) ("Where it is not economically feasible to obtain relief within the traditional framework of a multiplicity of small individual suits for damages, aggrieved persons may be without any effective redress unless they may employ the class-action device.").

19. See *supra* note 15 and accompanying text.

On the other hand, if all one million²⁰ alleged infringers were joined, the costs would be greatly reduced. If the total cost remained fixed at two million dollars and that cost was shared among all alleged infringers, then each would pay only two dollars. Of course, total costs could go up substantially because of the need to coordinate the many defendants and the issues particular to each. Nevertheless, the cost to the average defendant would certainly fall from millions to thousands. With the reduced cost per defendant, litigation, rather than settlement, would be much more attractive.

III. CURRENT LAW

The law, as it stands today, does not create an incentive for defendants in patent cases to cooperate and resolve validity issues in a single action. Patent owners are not required to join alleged infringers in a single suit and, indeed, are prohibited from doing so unless the defendants are related. In any event, patentees do not have an incentive to join multiple alleged infringers. Intervention by potential infringers who have not yet been sued in an existing infringement action is permitted in some cases. A collective-action problem nevertheless makes this extremely rare, in part because of the manner in which *res judicata* and collateral estoppel are applied.

A. MANDATORY JOINDER

One solution to this collective-action problem is to require that all potential infringers of a patent be joined in a single action to encourage them to cooperate. The problem is that Rule 19 of the Federal Rules of Civil Procedure,²¹ the current rule governing mandatory joinder, does not apply to patent validity litigation.²² The U.S. legal system gives great deference to the right of the plaintiff to structure his or her litigation, and this deference is removed only when the plaintiff's right to autonomy is outweighed by other policy concerns.²³

20. Costello, *supra* note 10.

21. FED. R. CIV. P. 19.

22. See *Siemens Aktiengesellschaft v. Sonotone Corp.*, 370 F. Supp. 970, 974 (N.D. Ill. 1973) (ruling that claims against two infringers should not be permissively joined and, therefore, should not be subject to mandatory joinder).

23. See *Lopez v. Martin Luther King, Jr. Hosp.*, 97 F.R.D. 24, 28 (C.D. Cal. 1983) ("Compulsory joinder is the exception to the otherwise general policy of allowing the plaintiff to decide who shall be parties to the lawsuit.").

Mandatory joinder is appropriate where the third party is considered a “necessary party.”²⁴ Under Rule 19 of the Federal Rules of Civil Procedure, a necessary party, or one whose presence is required for just adjudication,²⁵ must be joined if feasible.²⁶ There are several ways in which a party can be deemed necessary. First, a party is necessary if, without joinder, “complete relief cannot be accorded among those already parties.”²⁷ A party is also necessary if he or she “has an interest relating to the subject of the action” and if that person’s absence will threaten harm either to the absentee or to an extant party.²⁸

These definitions demonstrate that under current law, mandatory joinder does not apply to unrelated defendants in patent cases.²⁹ Complete relief can be afforded to the patentee without joining other alleged infringers because the patentee can bring a separate cause of action against each infringer. The absence of other defendants has no legal effect on the defendant’s relief. Finally, neither the infringer being sued nor other infringers’ legal interests would be impaired if the other defendants were not joined. Therefore, the current mandatory joinder rule does not apply in most patent cases.

B. PERMISSIVE JOINDER

In some cases, the patentee can, if he or she wishes, join multiple defendants. Rule 20 of the Federal Rules of Civil Procedure governs permissive joinder. It gives a two-part test for the claims: (1) They must “arise out of the same transaction, occurrence, or series of transactions,” and (2) they must present some “question of law or fact [in] common.”³⁰ When applied to patent law, this means that not all infringers can be joined in a single infringement action. For instance, “[a]llegations of infringement against two unrelated parties based on different acts do not arise from the same transaction” and thus cannot be joined.³¹ Other claims, such as those

24. See 4 JAMES WM. MOORE, MOORE’S FEDERAL PRACTICE § 19.02[2][c] (Daniel R. Coquillette et al. eds., 2003) (1938) (“Although Rule 19 does not use the term ‘necessary,’ counsel and judges routinely use that word as a synonym for ‘needed for just adjudication.’”).

25. See FED. R. CIV. P. 19(a); MOORE, *supra* note 24, § 19.02.

26. See FED. R. CIV. P. 19(a).

27. *Id.*

28. *Id.*

29. See, e.g., *Siemens Aktiengesellschaft v. Sonotone Corp.*, 370 F. Supp. 970, 974 (N.D. Ill. 1973).

30. FED. R. CIV. P. 20.

31. *Paine, Webber, Jackson & Curtis, Inc. v. Merrill Lynch, Pierce, Fenner & Smith, Inc.*, 564 F. Supp. 1358, 1371 (D. Del. 1983) (citing *Siemens Aktiengesellschaft*, 370 F. Supp. at 974).

against a manufacturer and customer, can be joined in a single complaint. Even when joinder is possible, it is seldom used because, as discussed above, the patentee benefits by suing defendants separately. Suing defendants separately puts greater pressure on each to settle and makes it difficult for them to cooperate in mounting a challenge to the patent's validity.

C. INTERVENTION

Considering the significant benefits of cooperation, the next logical question to ask is why defendants do not cooperate more. Indeed, the present system allows for third parties to join an ongoing lawsuit through intervention. Intervention is governed by Rule 24 of the Federal Rules of Civil Procedure.³² An applicant who wants to intervene as a matter of right must meet a three-part test: (1) The applicant must have an interest in the subject matter of the litigation; (2) absent intervention, the applicant's interest will be impaired or impeded; and (3) the existing parties to the action inadequately represent the applicant's interests.³³ A party may also have a permissive right to intervene if his or her claim or defense and the main action have a question of law or fact in common.³⁴ In considering whether to allow permissive intervention, courts consider whether the intervention would unduly delay or prejudice the adjudication of the rights of the original parties.³⁵ Finally, intervention rights can be expressly given by statute.³⁶

It is evident, then, that potential infringers of a patent at least have the option of permissive intervention because they clearly have a common defense of patent invalidity. Nevertheless, infringers seldom exercise the option of intervention because they face a collective-action problem. A collective-action problem exists when it is in the best interest of all members of a group to cooperate, but due to the difficulty in coordination, each member acts out of self-interest and nobody achieves the best result. In this situation, although all defendants would benefit if the group mounted a vigorous common defense on validity, each individual defendant is better off not intervening. This is because, if the defense were successful, any nonparticipating accused infringer could "free ride" off the efforts of the others by taking advantage of their success through the

32. FED. R. CIV. P. 24.

33. FED. R. CIV. P. 24(a).

34. FED. R. CIV. P. 24(b).

35. FED. R. CIV. P. 24(a).

36. *See id.*

doctrine of nonmutual collateral estoppel.³⁷ If the collective defense failed to invalidate the patent, the individual would still be able to challenge the validity of the patent when—if ever—he or she was sued. The collective-action problem is exacerbated by the fact that accused infringers are often in competition, and one infringer may benefit from a successful patent infringement suit against another company in the same industry. In light of these two factors, defendants cannot be relied on to cooperate and invalidate patents together.

D. RES JUDICATA AND COLLATERAL ESTOPPEL

The current doctrines of res judicata and collateral estoppel do not prevent a patentee from suing infringers one-by-one. Res judicata applies only to the parties that were involved in the previous litigation and their privies,³⁸ and unless there are unusual circumstances, alleged infringers are not considered in privity with each other.³⁹ Therefore, res judicata does not prevent patentees from pursuing a divide-and-conquer strategy.

On the other hand, collateral estoppel, or issue preclusion, has significant application to patent law in general and validity in particular. Once an issue is actually and necessarily determined by a court of competent jurisdiction, collateral estoppel requires the determination to be “conclusive in subsequent suits based on a different cause of action involving a party (or privy) to prior litigation.”⁴⁰ In patent cases where the patentee wins on validity, collateral estoppel usually cannot be applied in subsequent cases because alleged infringers are seldom in privity.⁴¹ In contrast, defendants can make use of nonmutual collateral estoppel if the patentee has previously lost on validity.⁴² With nonmutual collateral estoppel, a patentee that loses a patent infringement suit on the issue of validity is estopped from suing any other party on that basis.⁴³ This

37. See discussion on estoppel *infra* Part III.D.

38. See *Hansberry v. Lee*, 311 U.S. 32, 40 (1940) (“It is a principle of general application in Anglo-American jurisprudence that one is not bound by a judgment *in personam* in a litigation in which he is not designated as a party or to which he has not been made a party by service of process.”).

39. See *Symbol Techs., Inc. v. Metrologic Instruments, Inc.*, 771 F. Supp. 1390, 1399–1400 (D.N.J. 1991).

40. 18 MOORE, *supra* note 24, § 132.01[1].

41. See, e.g., *Symbol Techs.*, 771 F. Supp. at 1398–1400.

42. Although historically courts required mutuality of estoppel, in the seminal case of *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313 (1971), the Supreme Court ruled that mutuality of estoppel was no longer a requirement for patent cases. *Id.* at 349–50.

43. The only exception to this estoppel is if the plaintiff can show that he or she did not have a “fair opportunity procedurally, substantively and evidentially to pursue his claim the first time.” *Id.* at 333 (quoting *Eisel v. Columbia Packing Co.*, 181 F. Supp. 298, 301 (D. Mass. 1960)).

doctrine causes patentees to incur some risk in suing defendants one-by-one because if they lose against one defendant they may be estopped from suing others. On the other hand, if the defendant settles, which is the usual outcome in these cases, estoppel does not apply.

IV. MANDATORY JOINDER AS A SOLUTION

This proposal asserts that mandatory joinder of all infringers in patent cases will ultimately decrease the number of bad patents issued. Mandatory joinder would require patentees to join all entities they know or should know are infringing the patent. If they failed to join a defendant they knew or should have known was infringing, they would be barred or estopped from later suing that defendant for infringement of the patent. This proposal would have a number of benefits, including the increased incentives it would give defendants to challenge bad patents and a reduction in overall costs to the court system.

A. COSTS AND INCENTIVES TO CHALLENGE BAD PATENTS

Mandatory joinder would lead to a significant reduction in costs. Even if all the defendants retained their own lawyers, costs would still be reduced because the joined defendants could divide tasks, like deposing witnesses and searching for prior art. As discussed above, reducing the costs of litigation for defendants increases their willingness to challenge bad patents.

In addition, joining all defendants increases scrutiny on issued patents by uncovering more prior art. Prior art is knowledge that is available to “one skilled in the art” before the invention claimed by the patent was made.⁴⁴ When the PTO receives a patent application, it checks to see that the application is novel and nonobvious as compared to the prior art before it grants the patent. For many reasons, not all prior art is available to the PTO. For instance, the PTO generally considers only documentary prior art, such as scholarly publications or other patents. During a trial on patent infringement, however, defendants often discover other prior art, such as prior commercial use, that can be used to invalidate the patent. Joining all potential infringers increases the resources available to discover nondocumentary prior art. This leads to the invalidation of patents that do

44. *Kimberly-Clark Corp. v. Johnson & Johnson*, 745 F.2d 1437, 1453 (Fed. Cir. 1984) (“That is the real meaning of ‘prior art’ in legal theory—it is knowledge that is available, including what would be obvious from it, at a given time, to a person of ordinary skill in an art.”).

not deserve public protection because they do not fulfill the novelty and nonobvious requirements.

Finally, mandatory joinder would focus litigation on the patents that deserve the most careful examination. Broad patents create larger monopolies for patentees and greater costs for consumers, so they deserve more scrutiny than narrow patents. Generally, broader patents lead to a greater number of potential infringers, and, as a result, these patents will be impacted the most from the efficiencies created by mandatory joinder. This is because the greater the number of joined defendants, the greater the reduction in individual litigation costs. Thus, mandatory joinder encourages litigation where it is in the public's best interest.

B. JUDICIAL EFFICIENCY

At first, it may seem that this proposal would decrease judicial efficiency because, instead of settling, defendants would choose to litigate. This first impression is illusory, however, because mandatory joinder would prevent patentees with bad patents from suing in the first place. They would not want to waste money litigating over an obviously invalid patent. Furthermore, over time, one would expect that fewer applications for bad patents would be filed.

In addition, joinder of all alleged infringers would increase the overall efficiency of the court system in other ways. Presently, a patent's validity is made an issue each time the patentee sues a potential infringer. This is clearly an inefficient use of judicial resources because each court must delve into the complex fact-based inquiries to test the patent's validity. Multiple trials also raise the possibility of inconsistent judgments. On the other hand, mandatory joinder would consolidate all issues of validity into a single proceeding, thus reducing the cost of duplicative trials. Further, it would eliminate the possibility of inconsistent judgments. Finally, even plaintiffs would derive some cost savings from consolidating all infringers into a single case.

V. POTENTIAL PROBLEMS

The significant decrease in costs and increased judicial efficiency make mandatory joinder an attractive solution to the current problem of bad patents. Although critics may argue that mandatory joinder will lead to some procedural and practical problems, this part argues that with the proper congressional support, mandatory joinder will not disrupt the patent litigation process.

A. JURISDICTION AND VENUE

The joinder of numerous defendants could create procedural problems, especially if the defendants are located in many different states. Subject matter jurisdiction is not a problem because patents fall under exclusive federal jurisdiction.⁴⁵ Personal jurisdiction, however, may pose a problem because there might not be a state with jurisdiction over all defendants. Congress can resolve this issue by authorizing nationwide service of process. Several federal statutes have done this,⁴⁶ including the 1934 Securities Exchange Act,⁴⁷ the Employee Retirement Income Securities Act,⁴⁸ the Racketeer Influenced and Corrupt Organizations Act,⁴⁹ and the Clayton Act.⁵⁰

Even if Congress authorized nationwide service of process, however, some courts still interpret the Fifth Amendment to require minimum contacts with a state, even in a federal cause of action. There is a split among the circuits as to what kind of minimum contacts due process requires. Some circuit courts have held that minimum contacts with the nation as a whole are sufficient.⁵¹ Lower courts in other circuits require minimum contacts with the state in which the federal court sits⁵² or apply a fairness test.⁵³ The best interpretation of due process, as far as this proposal is concerned, is that minimum contacts with the nation as a whole should be sufficient to allow for personal jurisdiction. Any inconvenience to the defendants is mitigated by the ability to share resources with other defendants. In addition, the convenience of defendants can be taken into account when deciding venue, as discussed below. Finally, the defendant

45. See 28 U.S.C. § 1338(a) (2000).

46. These statutes all refer to nationwide service of process because they were enacted before service of process was separated from the basic elements of personal jurisdiction, as it is now in Rule 4(k) of the Federal Rules of Civil Procedure.

47. 15 U.S.C. § 78aa (2000) (authorizing service in any district defendant inhabits or may be found).

48. 29 U.S.C. § 1132(e) (2000) (authorizing nationwide service when venue is proper).

49. 18 U.S.C. § 1965 (2000) (authorizing nationwide service of process).

50. 28 U.S.C. § 1391 (describing general venue requirements for all civil actions).

51. See, e.g., *Busch v. Buchman, Buchman & O'Brien, Law Firm*, 11 F.3d 1255, 1258 (5th Cir. 1994); *Go-Video, Inc. v. Akai Elec. Co.*, 885 F.2d 1406, 1413 (9th Cir. 1989). *But see Chandler v. Barclays Bank PLC*, 898 F.2d 1148, 1154 (6th Cir. 1990).

52. See *Dofflemyer v. W.F. Hall Printing Co.*, 558 F. Supp. 372, 386 (D. Del. 1983).

53. See *Farr v. Designer Phosphate & Premix Int'l, Inc.*, 777 F. Supp. 890, 893-94 (D. Kan. 1991).

may benefit from restrictions on the proceedings to the issues of validity and enforceability.⁵⁴

Venue is another potential problem with mandatory joinder. As with personal jurisdiction, this can be resolved by a statute similar to the one creating the Multidistrict Litigation Panel (“MLP”). The MLP was established in 1968 to deal with a deluge of nearly 2000 antitrust suits filed against electrical equipment manufacturers in the early 1960s.⁵⁵ Those suits involved over 25,000 claims for relief and were filed in thirty-six judicial districts.⁵⁶ Since then, the MLP has been charged with deciding whether to transfer federal court civil cases involving common questions of fact for coordinated or consolidated pretrial proceedings. The statutory basis for making this decision, either on motion or sua sponte,⁵⁷ is 28 U.S.C. § 1407.

The MLP has the authority to circumvent conventional venue limitations.⁵⁸ When deciding whether to transfer a case, the MLP looks at a number of factors to find the case’s “center of gravity.”⁵⁹ Some of the factors relevant to this proposal include the location of documents and other things subject to discovery,⁶⁰ convenience of the parties and witnesses,⁶¹ the location of the corporate headquarters of the defendant,⁶² and convenience and location of counsel for the parties.⁶³ Additional considerations may include the number of cases pending on the respective

54. The bifurcation portion of this proposal is discussed in detail in notes 70–73 *infra* and accompanying text.

55. See Robert A. Cahn, *A Look at the Judicial Panel on Multidistrict Litigation*, 72 F.R.D. 211, 211 (1976).

56. *Id.*

57. 28 U.S.C. § 1407(c) (2000).

58. See, e.g., *In re N.Y. City Mun. Sec. Litig.*, 572 F.2d 49, 51 (2d Cir. 1978) (“We begin by noting that § 1407, unlike §§ 1404 and 1406, authorizes transfer of an action to ‘any district’ and not simply to a district where the action could have been brought.”); *In re Tax Refund Litig.*, 723 F. Supp. 922, 924 (E.D.N.Y. 1989).

59. See, e.g., *In re Temporomandibular Joint (TMJ) Implants Prods. Liab. Litig.*, 844 F. Supp. 1553, 1554 (J.P.M.L. 1994); *In re W. Coast Bakery Flour Antitrust Litig.*, 368 F. Supp. 808, 809 (J.P.M.L. 1974).

60. See, e.g., *In re Air Crash off Long Island, N.Y. on July 17, 1996*, 965 F. Supp. 5, 7–8 (S.D.N.Y. 1997).

61. See, e.g., *In re Enron Corp. Sec., Derivative & “ERISA” Litig.*, 227 F. Supp. 2d 1389, 1391 (J.P.M.L. 2002); *In re Qwest Communications Corp.*, 219 F. Supp. 2d 1356, 1357 (J.P.M.L. 2002).

62. See, e.g., *In re Baldwin-United Corp. Litig.*, 581 F. Supp. 739, 741 (J.P.M.L. 1984); *In re Upjohn Co. Antibiotic “Cleocin” Prods. Liab. Litig.*, 450 F. Supp. 1168, 1170–71 (J.P.M.L. 1978); *In re Penn Cent. Sec. Litig.*, 322 F. Supp. 1021, 1023 (J.P.M.L. 1971).

63. See, e.g., *In re Regents of Univ. of Calif.*, 964 F.2d 1128, 1136 (Fed. Cir. 1992); *In re Xerox Corp. Sec. Litig.*, 211 F. Supp. 2d 1382, 1383 (J.P.M.L. 2002).

dockets of potential transferee courts,⁶⁴ the level of interest of the potential transferee courts in receiving the cases,⁶⁵ and the relative experience of the potential transferee courts in the particular subject matter at issue.⁶⁶

Taking into account the experience gained from the MLP, one could imagine the creation of a similar “Patent Panel” to decide the venue of patent cases. A suit on patent validity could be filed anywhere in the country, but the Patent Panel, either sua sponte or on a party’s motion, could decide to move the litigation to wherever it deems most fair. Similar to the MLP, the Patent Panel would have to deal with issues of fairness to parties who may be inconvenienced by a transfer. Nevertheless, as the MLP has persuasively argued, the inconvenience is small:

[T]he judicious use of liaison counsel, lead counsel and steering committees will eliminate the need for most counsel ever to travel to the transferee district. And it is most logical to assume that prudent counsel will combine their forces and apportion their workload in order to streamline the efforts of the parties and witnesses, their counsel, and the judiciary, thereby effectuating an overall savings of cost and a reduction of inconvenience to all concerned.⁶⁷

There may be a greater need for party and counsel participation on the issue of validity than in a pretrial motion, but the same procedures by which counsel coordinate their efforts in the pretrial phase of complex MLP cases are applicable in patent cases. In addition, any additional hardship due to an inconvenient venue is balanced by the benefits to defendants discussed above. Finally, more than forty patent cases have been subject to transfer by the MLP, so patent litigants are used to dealing with these issues.⁶⁸

The Patent Panel, in deciding on the venue, could take into account all the factors used by the MLP to find the most fair and efficient location for all the parties. Just as the cases transferred by the MLP are remanded back to their respective district courts after the pretrial proceedings are

64. See *In re Eastern Airlines, Inc. Flight Attendant Weight Program Litig.*, 391 F. Supp. 763, 764–65 (J.P.M.L. 1975).

65. A transfer must be approved by the court receiving the case. 28 U.S.C. § 1407(b) (2000).

66. See *In re Temporomandibular Joint (TMJ) Implants Prods. Liab. Litig.*, 844 F. Supp. 1553, 1554 (J.P.M.L. 1994).

67. *In re Asbestos Prod. Liab. Litig.*, 771 F. Supp. 415, 422 (J.P.M.L. 1991).

68. See, e.g., *In re Laughlin Prods., Inc., Patent Litig.*, 265 F. Supp. 2d 525, 527 (J.P.M.L. 2003); *In re Mirtazapine Patent Litig.*, 199 F. Supp. 2d 1380, 1380 (J.P.M.L. 2002); *In re Cygnus Telecomms. Tech., LLC, Patent Litig.*, 177 F. Supp. 2d 1375, 1377 (J.P.M.L. 2001).

concluded, the transferee court would end its role after the issues of validity and enforceability have been decided.⁶⁹

B. TRIAL COMPLEXITY

One criticism of mandatory joinder is that participation of so many parties would be complex and unwieldy. The biggest problem is that, apart from patent validity and enforceability, the cases against each defendant would likely have very few facts in common. The conduct of each individual defendant would impact whether the patent was infringed, whether this infringement was willful, and the amount of damages that should be paid. This problem would be greatly reduced or eliminated if patent suits were bifurcated. Under this system, mandatory joinder would apply only to the validity of the patent, and the issues of infringement and damages would be tried separately.⁷⁰

Bifurcation of patent trials is not a novel concept. Separating issues of infringement from validity is a standard feature of the German patent system.⁷¹ In addition, there is a statutory basis for bifurcation in the Federal Rules of Civil Procedure.⁷² Although bifurcation may not be common, several cases have granted motions to bifurcate validity and infringement issues.⁷³ Even without a change to the current rules, bifurcation of patent trials to separate validity and enforceability from infringement and damages is permissible. In addition, as discussed above, bifurcation would reduce any inconvenience caused by trials distant from defendants.

69. See *infra* Part V.B.

70. In addition to validity, issues of enforceability due to fraud or prosecution estoppel could be resolved at a consolidated hearing.

71. Jan J. Brinkhof, *The Revocation of European Patents*, 27 INT'L REV. INDUS. PROP. & COPYRIGHT L. 225, 231 (1996) (describing the bifurcation of infringement and validity under German law, whereby the Federal Patent Court in Munich deals with revocation of patents, but infringement is decided by the "ordinary" courts).

72. Rule 42(b) of the Federal Rules of Civil Procedure states,

The court, in furtherance of convenience or to avoid prejudice, or when separate trials will be conducive to expedition and economy, may order a separate trial of any claim, cross-claim, counterclaim, or third-party claim or of any separate issue or of any number of claims, cross-claims, counterclaims, third-party claims, or issues, always preserving inviolate the right of trial by jury as declared by the Seventh Amendment to the Constitution or as given by a statute of the United States.

FED. R. CIV. P. 42(b).

73. See, e.g., *Gen. Patent Corp. v. Hayes Microcomputer*, No. SA CV 94-429-GLT ANX, 1997 WL 1051899, at *1 (C.D. Cal. Oct. 20, 1997); *Engelhard Minerals & Chems. Corp. v. Anglo-Am. Clays Corp.*, No. 80-187-MAC, 1981 U.S. Dist. LEXIS 17355, at *1 (M.D. Ga. Mar. 31, 1981); *Ludlow Corp. v. Textile Rubber & Chem. Co., Inc.*, 77 F.R.D. 752, 753 (N.D. Ga. 1978).

C. WORKABILITY OF THE KNOWLEDGE REQUIREMENT

One practical drawback that estoppel might introduce is the difficulty of proving when the patentee had knowledge of potential infringement. This problem is not intractable, however, because knowledge is an essential part of patent cases when laches is raised as a defense. Laches is an equitable defense that bars recovery for infringement before the filing of a lawsuit “when the owner unreasonably delays suit to the prejudice of the accused infringer.”⁷⁴ The Federal Circuit requires a defendant invoking the laches defense to prove two elements:

[A] defendant must prove by a preponderance of the evidence (1) that the plaintiff delayed filing suit an unreasonable and inexcusable length of time after the plaintiff *knew or reasonably should have known of its claim against the defendant*; and (2) the delay resulted in material prejudice or injury to the defendant.⁷⁵

The new estoppel rule could use these same standards. Clearly, if a device embodies technology similar to that of a patent and uses that technology to accomplish similar objectives, and a patentee has knowledge of that device, he or she has a duty to examine the device to determine whether it infringes on his or her patent.⁷⁶ There is substantial difficulty in determining when a patentee “knew or should have known” of a device because, based on a Supreme Court opinion on trademarks,⁷⁷ courts have also charged the patentee with some duty of inquiry regarding potential infringement.⁷⁸ It is generally agreed that “pervasive, open, and notorious activities” create constructive knowledge of infringement.⁷⁹ This includes the sale and marketing of infringing products through print advertisements

74. 6 DONALD S. CHISUM, CHISUM ON PATENTS § 19.05 (2000).

75. *Gasser Chair Co. v. Infanti Chair Mfg. Corp.*, 60 F.3d 770, 773 (Fed. Cir. 1995) (emphasis added).

76. *Odetics, Inc. v. Storage Tech. Corp.*, 919 F. Supp. 911, 918 (E.D. Va. 1996).

77. *See Johnston v. Standard Mining Co.*, 148 U.S. 360, 370 (1893) (“[W]here the question of laches is in issue, the plaintiff is chargeable with such knowledge as he might have obtained upon inquiry, provided the facts already known by him were such as to put upon a man of ordinary intelligence the duty of inquiry.”).

78. *See, e.g., Potash Co. of Am. v. Int’l Minerals & Chem. Corp.*, 213 F.2d 153, 155 (10th Cir. 1954).

Laches will not be imputed to one who has been justifiably ignorant of facts which create his right or cause of action. But ignorance will not of itself excuse delay. The party must be diligent and make such inquiry and investigation as the circumstances reasonably suggest, and the means of knowledge are generally equivalent to actual knowledge.

Id. (citations omitted). *See also ABB Robotics, Inc. v. GMFanuc Robotics Corp.*, 828 F. Supp. 1386, 1392 (E.D. Wis. 1993), *aff’d*, 52 F.3d 1062 (Fed. Cir. 1995) (discussing the patent holder’s duty to police his or her own patent rights).

79. *See Hall v. Aqua Queen Mfg., Inc.*, 93 F.3d 1548, 1553 (Fed. Cir. 1996).

and trade shows⁸⁰ and publications of trade brochures distributed to the trade.⁸¹

Two recent cases have thrown into doubt what more is required. In *Wanlass v. General Electric Co.*,⁸² the majority opinion of a divided court appeared to have required of the patentee a broad duty of inquiry. It held that “constructive knowledge of the infringement may be imputed to the patentee even where he has no actual knowledge of the sales, marketing, publication, public use, or other conspicuous activities of potential infringement if these activities are sufficiently prevalent in the inventor’s field of endeavor.”⁸³ The court reasoned that “[patentees] are in the best position to know the scope of their patent protection and, therefore, also to know likely places to find infringement.”⁸⁴ In a similar case, in the same session regarding the same patentee with the same judges who decided *General Electric*, the court came to an opposite conclusion.⁸⁵ Although the court’s opinion attempted to distinguish the facts of the two cases,⁸⁶ in a concurrence, the dissenting judge in *General Electric* argued that the majority failed to “reconcile its reasoning and result with the sweeping duty imposed by *General Electric*.”⁸⁷ The author of the majority opinion in *General Electric* dissented in this later case because he was of the opinion that the same rule would require the same result.⁸⁸ No subsequent decision by the Federal Circuit has resolved whether the broad duty imposed in *General Electric* still exists.

A better solution that avoids much of the ambiguity that has developed in the doctrine of laches is to require that the patentee perform a reasonable search for potential infringers before filing an infringement suit. In any subsequent case, this search would constitute prima facie evidence that the patentee did not have knowledge of any potential infringer not found through the search. The party raising estoppel would then be required to show by a preponderance of the evidence that the search was flawed. This option would not work with the doctrine of laches because, under that

80. See *Pearson v. Cent. Ill. Light Co.*, 210 F.2d 352, 356 (7th Cir. 1954) (holding that the trial court’s inference of knowledge on the part of the patentee was reasonable because he had bid on some of the same jobs as the alleged infringer, he had previously made informal charges of infringement, and the alleged infringer had published brochures advertising the purported infringing product).

81. See *id.* See also *A.R. Mosler & Co. v. Lurie*, 209 F. 364, 371 (2d Cir. 1913).

82. *Wanlass v. Gen. Elec. Co.*, 148 F.3d 1334 (Fed. Cir. 1998).

83. *Id.* at 1338.

84. *Id.* at 1339.

85. See *Wanlass v. Fedders Corp.*, 145 F.3d 1461, 1465 n.3, 1468 (Fed. Cir. 1998).

86. *Id.* at 1465 n.3.

87. *Id.* at 1468–69.

88. *Id.* at 1469–71.

doctrine, the patentee must show a continuous lack of knowledge over an extended period of time and, thus, it is not possible for the patentee to show a lack of knowledge based on a single search. On the other hand, for the estoppel proposed in this Note, the patentee's knowledge is relevant only at the time the lawsuit is filed. Therefore, a single diligent search should be sufficient to find all potential infringers that need to be joined. There may still be ambiguity as to what kinds of searches are reasonable, but limiting the discussion to a single point in time will assist in creating a more definite standard.

D. DECREASING INNOVATION

Some may argue that by tilting the playing field toward potential infringers, this proposal decreases the incentive to innovate. Although any proposal that subjects patents to greater scrutiny has the potential to decrease innovation, the purpose of the patent process is to reward only truly novel and nonobvious innovation. Inventions that legitimately meet these criteria will not be affected by this proposal because a patentee with a truly valid patent need not fear greater scrutiny and, thus, significant innovations will not be discouraged.

There may also be particular concerns about small patentees with truly innovative ideas. Such companies would face the daunting prospect of confronting not just one opponent but potentially an entire industry. It might seem at first that this would significantly burden small inventors, just as the present rule is burdening small businesses. There is, however, a significant difference between the position of a small patentee and a small potential infringer. Whereas a potential infringer who invalidates a patent gets nothing, a patentee with a valid patent has the potential to reap a large profit. Thus, while defendants need to pay their attorneys by the hour, thereby racking up exorbitant legal bills, patentees can hire their lawyers on contingency fees. Presently, not many firms are willing to take patent infringement suits on contingency, given the great risks involved. There is no reason to believe, however, that the risks in patent suits are any larger than those in tobacco or any other mass torts litigation. It then stands to reason that small inventors will still be able to protect their rights using lawyers working on contingency fees.

VI. ALTERNATIVE SOLUTIONS

Commentators have proposed several alternative solutions to the problem of bad patents. Defendant class actions, which apply a similar

procedural doctrine to mandatory joinder, are ineffective in practice because courts rarely certify the classes. Reexamination is problematic because of its limited scope and the reluctance of third-party challengers to use the process, instead of civil litigation, to resolve issues of patent validity. Finally, fee-shifting and the presumption of validity are both laudable ideas and should be used in conjunction with mandatory joinder.

A. DEFENDANT CLASS ACTIONS

Similar to mandatory joinder, class action lawsuits also mandate the sharing of litigation costs. Mandatory joinder is more comparable to a defendants' class action suit than to the usual plaintiffs' class action. In contrast to the typical class action suit where a class of plaintiffs sues an individual defendant, a defendant class action suit allows an individual plaintiff to sue a class of defendants. A defendant class lawsuit on patent infringement would involve the patentee suing a group of alleged infringers as a class rather than individually. Defendant classes have a long and rich history but are much less common than plaintiff classes.⁸⁹ For a short time after the decision in *Blonder-Tongue Laboratories v. University of Illinois Foundation*,⁹⁰ it was suggested that plaintiffs should regularly use defendant class actions.⁹¹ If plaintiffs could not use defendant class actions, their losses would be generalized while their successes would not.⁹² Since defendant classes automatically get the benefits of collaboration present in mandatory joinder, these suits may seem like a good alternative.

The courts, however, have not been receptive to such suits and, aside from a few rare instances,⁹³ have refused to certify defendant classes in patent cases.⁹⁴ There are several reasons why courts have looked unfavorably on defendant class actions. First, under existing law it may be

89. 2 HERBERT B. NEWBERG, *NEWBERG ON CLASS ACTIONS* § 4:46 (2002).

90. *Blonder-Tongue Labs, Inc. v. Univ. of Ill. Found.*, 402 U.S. 313 (1971).

91. See, e.g., Note, *Defendant Class Actions*, 91 HARV. L. REV. 630, 631–32 (1978); Comment, *Federal Rule of Civil Procedure 23 Class Actions in Patent Infringement Litigation*, 7 CREIGHTON L. REV. 50, 52 (1973).

92. A more detailed discussion on the present rules of estoppel in patent cases is given in notes 79–84 *supra* and accompanying text.

93. See, e.g., *Dale Elecs., Inc. v. R.C.L. Elecs., Inc.*, 53 F.R.D. 531, 537–38 (D.N.H. 1971); *Research Corp. v. Pfister Associated Growers, Inc.*, 301 F. Supp. 497, 503 (N.D. Ill. 1969) (certifying a defendant class in a patent infringement and antitrust action).

94. See, e.g., *Winder Licensing, Inc. v. King Instrument Corp.*, 131 F.R.D. 538 (N.D. Ill. 1990) (refusing to certify a defendant class in a patent infringement suit); *Sperberg v. Firestone Tire & Rubber Co.*, 61 F.R.D. 70, 78 (N.D. Ohio 1973); *In re Yarn Processing Patent Litig.*, 56 F.R.D. 648, 653–54 (S.D. Fla. 1972); *Marston v. L.E. Gant, Ltd.*, 56 F.R.D. 60, 62 (E.D. Va. 1972).

difficult to find a venue that is appropriate for all members of the defendant class.⁹⁵ In addition, the interests of all the defendants may not be the same, even concerning validity.⁹⁶ Finally, each defendant may have trade secrets and other proprietary information that the defendant would not be willing to share with his or her codefendants.⁹⁷ Thus, the class representative may not fairly represent the interests of the class.⁹⁸

Mandatory joinder addresses most if not all of these concerns. As mentioned above, venue could be dealt with using a panel similar to the MLP.⁹⁹ More importantly, however, the issues of trade-secret conflicts and adequate representation of each defendant's interests are minimized with mandatory joinder, because, unlike in a class action suit, each defendant would be permitted his or her own counsel. If all the defendants decided to represent themselves individually, they could do so. Although this would reduce the efficiency benefits of mandatory joinder, there would still be some cost savings.¹⁰⁰ Finally, the issue of trade secrets would also be reduced if validity issues were bifurcated from infringement because trade secrets would likely become an issue only at the infringement stage.

B. REEXAMINATION

Reexamination is a process whereby any party can ask the PTO to subject an issued patent, which has already been examined once prior to issuance, to examination again. *Ex parte* reexamination, where the reexamination process is conducted almost entirely between the PTO and the patentee, was instituted in 1980.¹⁰¹ In response to the limited use of *ex parte* reexamination, Congress instituted *inter partes* reexamination, which allows the third party a greater opportunity to participate in the reexamination process.¹⁰² As it is presently instituted, however,

95. See *Sperberg*, 61 F.R.D. at 75–76 (denying class certification when some members of the class were not amenable to the venue). See also 28 U.S.C. § 1400(b) (2000) (“Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.”). But see *Dale Elecs.*, 53 F.R.D. at 538; *Research Corp.*, 301 F. Supp. at 501 (“[T]his court concludes that venue need not be established as to those nonrepresentative-party class members, since to do so would eliminate the use of the class action route in all cases where a defendant class is appropriate.”).

96. See *Sperberg*, 61 F.R.D. at 76–77.

97. See *id.* at 77.

98. See *id.*

99. See *supra* notes 55–68 and accompanying text.

100. See *supra* Part IV.A.

101. At most, a third party requesting examination is allowed one statement supporting its initial request for reexamination. See 35 U.S.C. § 304 (2000).

102. See 35 U.S.C. § 314(b)(2).

reexamination would not be a viable solution to the many problems of bad patents. Leaving aside the various academic criticisms of reexamination¹⁰³ and the rare use of this procedure,¹⁰⁴ there is a practical problem that prevents reexamination from being useful in many of the cases. Reexamination proceedings, whether *ex parte* or *inter partes*, can consider only documentary prior art.¹⁰⁵ In the case of Internet patents, computer patents, business method patents, biotechnology patents, and many others, much of the prior art is not published in patents or academic journals. Thus, reexamination will have a limited impact in reducing the number of bad patents, especially in these fields.

C. FEE-SHIFTING AND ELIMINATING THE PRESUMPTION OF VALIDITY

Several additional proposed solutions could be used in conjunction with mandatory joinder. The general rule in the U.S. judicial system has long been that each side is left to bear its own attorney's fees, regardless of which side prevails.¹⁰⁶ A different fee-shifting rule, for instance, one that would award attorney's fees to the prevailing party, would serve to deter suits based on weak patents.¹⁰⁷

A second proposal questions the presumption of validity given to issued patents. Currently, a patent is presumed valid once it has been

103. See generally Mark D. Janis, *Inter Partes Patent Reexamination*, 10 FORDHAM INTELL. PROP., MEDIA & ENT. L.J. 481 (2000); Mark D. Janis, *Rethinking Reexamination: Toward a Viable Administrative Revocation System for U.S. Patent Law*, 11 HARV. J.L. & TECH. 1 (1997) [hereinafter Janis, *Rethinking Reexamination*]; Marvin Motesenbocker, *Proposal to Change the Patent Reexamination Statute to Eliminate Unnecessary Litigation*, 27 J. MARSHALL L. REV. 887 (1994); Ashley N. Parker, Comment, *Problem Patents: Is Reexamination Truly a Viable Alternative to Litigation?*, 3 N.C. J.L. & TECH. 305 (2002).

104. See Dost, *Ex Parte*, *supra* note 7; Dost, *Inter Partes*, *supra* note 7. Many explanations have been proposed to explain the unpopularity of *ex parte* reexamination. For more information on this topic, see generally Janis, *Rethinking Reexamination*, *supra* note 103, at 6 n.12. The lack of *inter partes* reexamination is most likely attributable to 35 U.S.C. § 315(c), which states that a third party who initiated *inter partes* reexamination is estopped in subsequent civil infringement actions from asserting invalidity defenses that it could have or did assert in reexamination. See *id.* Defendants who must choose between the well-proven civil litigation system and the relatively new *inter partes* system almost always choose the former.

105. See 35 U.S.C. § 301.

106. The Supreme Court first articulated this principle in *Arcambel v. Wiseman*, 3 U.S. (3 Dall.) 306 (1796), and has continued to follow it. See, e.g., *Alyeska Pipeline Serv. Co. v. Wilderness Soc'y*, 421 U.S. 240, 248–50 (1975) (describing the history of the “American Rule” of awarding attorney's fees).

107. Janis, *Rethinking Reexamination*, *supra* note 103, at 120; Jay P. Kesan, *Carrots and Sticks to Create a Better Patent System*, 17 BERKELEY TECH. L.J. 763, 787–88 (2002); Lemley, *supra* note 3, at 1530.

examined and issued by the PTO.¹⁰⁸ Several commentators have proposed eliminating the presumption of validity to take into account the generally poor quality control of the PTO.¹⁰⁹ These ideas are both laudable and should be used in conjunction with mandatory joinder to prevent exploitation of invalid patents.

VII. CONCLUSION

This Note offers an alternative approach to improving patent quality without increasing expenditures on examination or reexamination. Mandatory joinder would decrease the costs of challenging dubious patents by distributing litigation costs over all alleged infringers and encouraging these infringers to challenge the patent rather than settle. A greater number of vigorous attacks on bad patents would decrease the incentives to apply for such patents in the first place and thus increase overall patent quality. In addition, mandatory joinder would have the beneficial effect of increasing judicial efficiency by consolidating all validity issues into a single proceeding. Any potential problems with venue, increased complexity of trials, and proving knowledge can be resolved by tailoring statutes and doctrines already in place for other areas of the law. Thus, mandatory joinder is a viable and efficient solution to improving patent quality through a relatively simple procedural mechanism.

108. See 35 U.S.C. § 282.

109. Kesan, *supra* note 107, at 775; Lemley, *supra* note 3, at 1528.