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Senate Panel Hears 'Disturbing Reality' On Patent Quality

By **Tiffany Hu**

Law360 (June 22, 2021, 9:23 PM EDT) -- A law professor testified before a U.S. Senate Judiciary subcommittee on Tuesday that a holding company's infringement suit against a COVID-19 test supplier over patents originally assigned to Theranos founder Elizabeth Holmes highlights a "disturbing" problem with quality control in the patent system.

University of Utah law professor Jorge L. Contreras said during the hearing on improving patent quality before the subcommittee on intellectual property that many patents cover inventions that were never made or never worked, and those patents may act as prior art that blocks later inventors from securing a patent on legitimate inventions or discourage innovation.

Case in point, he said, is a lawsuit filed in March 2020 by a company called Labrador Diagnostics against French medical testing company BioMerieux, which was about to launch the first diagnostic test for COVID-19, Contreras said. The patents asserted in that case were among the nearly 1,000 patents once owned by now-defunct Theranos and issued to its former founder, Elizabeth Holmes, who **was charged** in 2018 with defrauding investors and doctors with blood-testing technology that she allegedly knew didn't work.

The U.S. Patent and Trademark Office issued one of the asserted patents in Holmes' name in January 2020, two years after Holmes' indictment, Contreras said, which he said highlights a "disturbing reality" that companies and individuals can get patents on inventions that are nonexistent or impossible.

While the patent case against BioMerieux has **since been dropped**, Contreras proposed a number of what he called "reality checks" that the USPTO can implement, including checking inventors' names against lists of retracted scientific papers, criminal indictments and securities investigations, and looking into other behavior "that might cast doubt on assertions made in an application."

He also suggested that the USPTO be able to ask for third-party verification that the invention can be successfully reduced to practice, and to enhance penalties for fraud, among other things.

The chair of the IP subcommittee, Sen. Patrick Leahy, D-Vt., said he was "so boggled" by the number of patents issued to Holmes and asked, "Is there any real basis on which she should have gotten those patents?"

"My opinion is that the patent should not have been issued," Contreras answered. "I do believe ... there are signals the PTO should be aware of and should respond to when applications come down

the pipe for inventions that are not actually reduced to practice as they need to be."

Cree Inc.'s chief intellectual property counsel Julio Garceran and golf equipment maker Acushnet Co.'s vice president of patents Troy Lester also weighed in on their companies' experiences dealing with lawsuits over questionable patents.

Garceran suggested that revenues from the USPTO could go toward improving the quality of patent examiners and the agency's infrastructure, but he cautioned against measures that would make it more difficult to obtain a patent or forcing inventors to overly narrow their patent scope.

The subcommittee had been grappling with ways to improve patent quality long before Tuesday's hearing. At a **2019 hearing**, panel members acknowledged that the USPTO has been issuing patents later deemed invalid as anticipated, obvious or lacking proper scope and written description

At the time, committee ranking member Sen. Chris Coons, D-Del., suggested giving examiners more time to review applications or letting them use artificial intelligence and other new technologies to identify evidence that an application should be rejected, among other things.

--Additional reporting by Ryan Davis. Editing by Rich Mills.

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