



INTELLECTUAL PROPERTY DEPARTMENT

ALERT

SWEEPING PATENT REFORM LEGISLATION PASSED BY SENATE

On September 8, 2011, the U.S. Senate passed the House Patent Reform bill (H.R. 1249). This represents the culmination of a decade of attempts to pass patent reform legislation in the United States. The highlight of the legislation is a change from a “first-to-invent” to a “first-inventor-to-file” system in conformity with the patent systems in most of the rest of the world.

The legislation includes numerous changes to U.S. patent law and USPTO practice. It limits the requirements for standing to bring false marking actions to the U. S. government and private parties who can show competitive injury and changes marking requirements by allowing virtual marking of patented articles. It provides a mechanism for derivation proceedings, as well as a prior use defense to patent infringement unless the subject matter of the patent was developed under a federally funded agreement or by universities without the use of private funds. The legislation eliminates the defense of patent invalidity or unenforceability based upon failure to disclose the best mode of the invention.

Other provisions of the legislation exclude tax strategies and human organisms from patentability. As a compromise on the issue of USPTO fee diversion, the legislation establishes an account for USPTO revenue in excess of appropriated fees, but requires Congressional appropriation for the excess fees to be used by the USPTO.

Also provided are supplemental examination proceedings of a patent initiated by the patent holder based on new information considered relevant to patentability, post grant ex parte review proceedings in which a third party may challenge the validity of a patent within nine

months of issuance on the grounds of lack of enablement or written description, anticipation or obviousness, and inter parties review proceedings after the nine month post grant period but that are limited to prior art grounds.

President Obama is expected to sign the legislation as soon as it reaches his desk. The default effective date is one year after the date of enactment, but certain provisions, including the exclusion of tax strategies and human organisms from patentability, are effective immediately upon enactment. The changes to standing requirements for false marking actions are effective upon enactment and applicable to pending actions. The best mode and prior use defense provisions are also effective upon enactment and applicable to patents issued on or after the date of enactment. USPTO fee setting authority is also effective immediately upon enactment.

Certain provisions become effective 10 days after enactment, including a 15 percent surcharge on all patent-related fees, including maintenance fees, and the setting of a prioritized examination fee which will implement the “Track 1” examination program for patent applications. After 60 days, a surcharge for patent applications that are not filed electronically becomes effective. The provisions for first-inventor-to-file and for derivation proceedings become effective 18 months after enactment and are applicable to applications with an effective filing date on or after that date.

If you have any questions regarding patent reform, please contact Janet M. MacLeod, Ph.D., at 212.905.2301 or jmacleod@foxrothschild.com or any member of Fox Rothschild’s Intellectual Property Department.

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