



IP Update

Senate Approves Leahy-Smith America Invents Act

September 8, 2011

The U.S. Senate voted by a margin of 89 to 9 on September 8, 2011, to reform U.S. patent laws by approving the Leahy-Smith America Invents Act, with identical provisions to H.R. 1249, which was approved by the House of Representatives on June 23, 2011. The President previously indicated his support for patent law reform, and we expect he will sign this legislation shortly.

The legislation passed by the House and Senate makes significant changes to the U.S. patent system, including conversion to a first-inventor-to-file system, introduction of enhanced post-grant review procedures conducted in the USPTO, and redefinition of the parameters of USPTO funding. The bill also addresses preissuance submissions by third parties; USPTO fee-setting authority; supplemental examination, which appears relevant to the issue of inequitable conduct; reissue, which also appears relevant to the issue of inequitable conduct; micro entity fees; false marking; tax strategy patents; elimination of the best mode defense (although the best mode requirement remains in 35 U.S.C. § 112); special post-grant review for business method patents; USPTO satellite offices; creation of a USPTO ombudsman; residency for Federal Circuit judges; and USPTO authority to prioritize examination.

Many provisions will not be effective for a substantial period of time following enactment of the legislation, and the USPTO will need to promulgate regulations implementing the legislation. A number of important changes will take effect upon enactment. Notably, the threshold for instituting inter partes reexamination will change. The new threshold requires a finding “that there is a reasonable likelihood that the requester would prevail with respect to at least one of the claims challenged in the request.” Additionally, the Federal Circuit will serve as the only appeal route from ex parte reexamination

decisions. The legislation also includes substantial changes to the false marking statute, which will apply to cases pending on the date of enactment, as well as cases filed on or after that date. Upon enactment, all fees will increase by 15% 10 days after enactment, the USPTO could offer a new micro entity discount (75% discount) for certain fees, and Track I prioritized examination will be available for \$4,800. Patent challengers who file proceedings on or after the date of enactment may no longer rely on best mode as a defense to infringement. Also, on or after the date of enactment, patent holders may use virtual marking (through a website). When enacted, the legislation also makes immediate changes to patent applications directed to tax strategies and human organisms. The legislation also includes a change that will apply in certain instances to the method of calculating the due date for a patent term extension application based on FDA approval.

Finnegan will continue to follow developing news on patent reform, and we will also provide analysis on the changes to the patent landscape. To sign up for *IP Updates* from Finnegan, please click [here](#).

Click [here](#) to listen to Finnegan attorney [Rebecca M. McNeill](#) discuss the impact of the Leahy-Smith America Invents Act, what it means for the U.S. patent system, the most contentious points to the bill, and the next steps for this legislation.

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