



IP Update

Patent Law Reform 2011

August 31, 2011

The U.S. House of Representatives voted by a margin of 304 to 117 on June 23, 2011, to reform U.S. patent laws by approving the America Invents Act (H.R. 1249). This vote follows approval in the U.S. Senate of very similar legislation (S. 23) on March 8, 2011.

The House and Senate now will begin a process of reviewing the two versions of the legislation, aiming to adopt a final bill that the President can sign into law. On August 2, 2011, Senate Majority Leader Harry M. Reid filed cloture on the motion to proceed to H.R. 1249. The cloture vote, which would end debate in the Senate, is scheduled for September 6, 2011. If the cloture vote passes, the Senate would then vote on adopting H.R. 1249, in lieu of S. 23. If the Senate approves the House version of the legislation, the President would have the opportunity to sign the legislation. The President has previously indicated his support for patent law reform, and we expect he will sign this legislation if and when it is presented to him.

Prior to the final vote on the bill, the House had approved a manager's amendment offered by Rep. Lamar Smith by a vote of 283 to 140. The manager's amendment changed the language of the bill that had been previously reported out of the Judiciary Committee in several ways. The most significant change related to the establishment of a patent and trademark fee reserve fund overseen by the Congressional Appropriations Committee. Original H.R. 1249, like S. 23, gave the Director of the USPTO authority to use the fund without fiscal year limitations and implied this authority was without other limitations, such as approval by Congress. The amendment also addressed other sections of the legislation, including expanding prior user rights, synchronizing the timing requirements for post-grant review and inter partes review with S. 23, authorizing certain USPTO fee increases, authorizing the USPTO's Track I prioritized examination, limiting the fraud exception to supplemental examination to circumstances where the USPTO

Director becomes aware of the fraud, and limiting enforcement of DNA diagnostic patents when a patient needs a second opinion. The House also approved an amendment proposed by Rep. John Conyers, Jr. maintaining the 60-day deadline period to apply for patent term extension.

Both versions of the legislation passed by the House and Senate make significant changes to the U.S. patent system, most notably 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; amendment of the reissue statute, which also appears relevant to the issue of inequitable conduct; micro entity fees; tax strategy patents; elimination of the best mode defense (although the best mode requirement remains in Section 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 of inventions.

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

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Legislation

Senate

Passed Senate - March 8, 2011 ("America Invents Act") [[PDF](#)]

Reported in Senate - February 3, 2011 [[PDF](#)]

Introduced in Senate - January 25, 2011 [[PDF](#)]

House

Passed House - June 23, 2011 ("Leahy-Smith America Invents Act") [[PDF](#)]

Reported in House - June 1, 2011 [[PDF](#)]

House Report showing all the changes to existing statutes that would result from the bill passing as is [[PDF](#)]

Introduced in House - March 30, 2011 [[PDF](#)]

Congressional Testimony on Patent Law Reform

House

Committee on the Judiciary Hearing: "Promoting Investment and Protecting Commerce Online: Legitimate Sites v. Parasites, Part II" - April 6, 2011 [[Website](#)]

Statement of The Honorable John Morton, Director, U.S
Immigration and Customs Enforcement [[PDF](#)]

Floyd Abrams, Senior Partner, Cahill Gordon & Reindel LLP [[PDF](#)]

Kent Walker, Senior Vice President and General Counsel,
Google Inc. [[PDF](#)]

Statement of Christine N. Jones, Executive Vice-President, General
Counsel, & Corporate Secretary, The Go Daddy Group, Inc. [[PDF](#)]

Committee on the Judiciary Hearing: "America Invents Act" - March 30, 2011 [[Website](#)]

Statement of The Honorable David J. Kappos, Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office [[PDF](#)]

Statement of The Honorable Steve Bartlett, President and Chief Executive Officer of the Financial Services Roundtable [[PDF](#)]

Statement of Steven W. Miller, Vice President and General Counsel for Intellectual Property, Proctor & Gamble Company [[PDF](#)]

Statement of Mark Chandler, Vice President, General Counsel and Secretary, Cisco Systems, Inc. [[PDF](#)]

Statement of John Vaughn, Executive Vice President, Association of American Universities, [[PDF](#)]

Committee on the Judiciary Hearing: "Promoting Investment and Protecting Commerce Online: Legitimate Sites v. Parasites, Part I" - March 14, 2011 [[Website](#)]

Statement of Maria A. Pallante, Acting Register of Copyrights [[PDF](#)]

Statement of David Sohn, Senior Policy Counsel, Center for Democracy & Technology [[PDF](#)]

Daniel Castro, Senior Analyst Information Technology and Innovation Foundation (ITIF) [[PDF](#)]

Frederick Huntsberry, Chief Operating Officer, Paramount Pictures Corporation [[PDF](#)]

Committee on the Judiciary Hearing: Review of Recent Judicial Decisions on Patent Law - March 10, 2011 [[Website](#)]

Statement of Dan L. Burk, Chancellor's Professor of Law, University of

California, Irvine [[PDF](#)]

Statement On Behalf of the Business Software Alliance by Andrew J. Pincus,
Partner, Mayer Brown LLP [[PDF](#)]

Statement of Dennis D. Crouch, Associate Professor of Law, University of
Missouri School of Law [[PDF](#)]

Committee on the Judiciary Hearing: Driving American Innovation: Creating Jobs and
Boosting our Economy – March 9, 2011 [[Website](#)]

Statement of Anthony Atala, M.D., Director, Wake Forest Institute for Regenerative
Medicine and W.H. Boyce Professor and Chair, Department of Urology, Wake
Forest University School of Medicine [[PDF](#)]

Michael S. Fulkerson, Ph.D., Chief Technology Officer, Rosetta Stone, Inc. [[PDF](#)]

Scott Smith, Ph.D., Professor and Chair, Department of Mechanical Engineering
and Engineering Science, University of North Carolina at Charlotte [[PDF](#)]

Committee on the Judiciary Hearing: Crossing the Finish Line on Patent Reform: What
Can and Should Be Done? - February 11, 2011 [[Website](#)]

Testimony of David Simon, Associate General Counsel, Intellectual
Property Policy, Intel Corporation [[PDF](#)]

Statement of Carl Horton, Chairman Coalition for 21st Century Patent Reform
and Chief IP Counsel of General Electric [[PDF](#)]

Statement of Judge Paul R. Michel (Ret.) former Chief Judge U.S. Court of
Appeals for the Federal Circuit [[PDF](#)]

Committee on the Judiciary Hearing: How an Improved U.S. Patent and Trademark
Office Can Create Jobs - January 25, 2011 [[Website](#)]

Statement of David J. Kappos, Under Secretary of Commerce for Intellectual

Property and Director of the U.S. Patent and Trademark Office [[PDF](#)]

Statement of Douglas K. Norman, President, Intellectual Property Owners Association and General Patent Counsel for Eli Lilly and Company, Inc. [[PDF](#)]

Statement of Robert J. Shapiro, Chairman, Sonecon, LLC; Senior Fellow of the Georgetown University McDonough School of Business; and Former Under Secretary of Commerce for Economic Affairs [[PDF](#)]

Government Statements

Statement from USPTO Director David Kappos

June 23, 2011 [[Website](#)]

June 21, 2011 [[Website](#)]

Statement from U.S. Commerce Secretary Gary Locke

May 31, 2011 [[Website](#)]

April 26, 2011 [[Website](#)]

Statement of House Judiciary Chairman Lamar Smith

April 14, 2011 [[Website](#)]

March 30, 2011 [[Website](#)]

March 8, 2011 [[Website](#)]

Letter Requesting Debate on Constitutionality of H.R. 1249 - June 1, 2011 [[PDF](#)]

Press Release - Reps. Rohrabacher, Kaptur Lead Bipartisan Opposition to Patent Reform Bill - June 1, 2011 [[Website](#)]

Press Release - House Judiciary Committee - Support for House Patent Reform Proposal Grows - June 1, 2011 [[Website](#)]

Statement of the Senate Judiciary Committee about the America Invents Act - March 8, 2011 [[Website](#)]

White Board: Austan Goolsbee, Chairman of the Council of Economic Advisers,
on Patent Reform [\[Video\]](#)

Press Release - USPTO - March 1, 2011 [\[Website\]](#)

Statement of Administration Policy - February 28, 2011 [\[PDF\]](#)

Industry Organization Statements

American Intellectual Property Law Association (AIPLA)

Letter to Speaker Boehner and Minority Leader Pelosi re: AIPLA supports Section 22 of
H.R. 1249, the America Invents Act - June 9, 2011 [\[PDF\]](#)

Letter to Majority Leader Reid and Minority Leader McConnell re: Support for S. 23, The
Patent Reform Act of 2011 - February 24, 2011 [\[PDF\]](#)

Patent Reform Legislation Chart (itemizing AIPLA's position on each section of S. 23)
[\[PDF\]](#)

Intellectual Property Owners Association (IPO)

Letter to the House re: Full Funding for the U.S. Patent and Trademark Office - An
Urgent Jobs Issue - June 8, 2011 [\[PDF\]](#)

Letter to the Senate re: Full 2011 Funding for the U.S. Patent and Trademark Office - An
Urgent Jobs Issue - November 24, 2010 [\[PDF\]](#)

Letter to the House re: Full 2011 Funding for the U.S. Patent and Trademark Office - An
Urgent Jobs Issue - November 24, 2010 [\[PDF\]](#)

Biotech Industry Organization (BIO)

House Judiciary Committee's Patent Reform Bill is in Need of Reform, Says BIO
[\[Website\]](#)

BIO Commends Launch of House Patent Reform Process [\[Website\]](#)

BIO Hails Senate Passage of America Invents Act [[Website](#)]

BIO Commends Senate Judiciary Committee Passage of Patent Reform Act of 2011 [[Website](#)]

BIO Supports Patent Reform Act of 2011 [[Website](#)]

Related Prior Bills

S. 515: Patent Reform Act of 2009

Introduced in the Senate - March 3, 2009 [[PDF](#)]

Reported in the Senate - April 2, 2009 [[PDF](#)]

H.R. 1260: Patent Reform Act of 2009

Introduced in the House - March 3, 2009 [[PDF](#)]

H.R. 1908: Patent Reform Act of 2007

Introduced in the House - April 18, 2007 [[PDF](#)]

Reported in the House - September 4, 2007 [[PDF](#)]

Engrossed in House [Passed House] - September 7, 2007 [[PDF](#)]

Placed on Calendar Senate - September 11, 2007 [[PDF](#)]

H.R. 2795: Patent Reform Act of 2005

Introduced in the House - June 8, 2005 [[PDF](#)]

Finnegan Patent Law Reform Resources

“Treatment of Business Method Patents in Pending Patent Reform Legislation: *Bilski* Backlash?,” *BNA’s Patent, Trademark & Copyright Journal* - July 15, 2011 [[Article](#)]

“Reform law would allow for quick challenges to patents,” *The National Law Journal* - May 9, 2011 [[Article](#)]

“Patent Reform Inches Closer to Reality,” *R&D Directions* - May 2, 2011 [[Media Mention](#)]

"Senate Passes Patent Reform Act of 2011," *IP Update* - March 9, 2011 [[IP Update](#)]

"A Familiar Start to the New Year in IP - The Community's Reaction to Patent Reform and Anti-Piracy Attack," *BNA Patent Trademark & Copyright Journal* - February 4, 2011 [[Media Mention](#)]

"Senate That Cried Wolf Readies Fifth Try at Patent Law Changes," *Bloomberg* - February 2, 2011 [[Media Mention](#)]

"Special Feature - Patent Legislation - Meeting the Challenges of Reform?" *Intellectual Property Today* - January 28, 2011 [[Article](#)]

"Patent Reform Continues to Focus on Post Grant Challenges," *Full Disclosure* - April 2010 [[Article](#)]

"USPTO News," *Full Disclosure* - February 2010 [[Article](#)]

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