

“The Patent Reform Act of 2007” Bill Summary

Comprehensive Result of Bipartisan, Bicameral Efforts. The Patent Reform Act of 2007 (H.R. 1908) is the first comprehensive modernization and revision of the patent law in 55 years. The bill judiciously and prudently addresses those elements of current law which have been identified as needing reform to ensure that in the 21st Century our patent law continues to promote the progress of science and the useful arts as mandated by Article 1, Section 8 of the Constitution. It is the product of six years of work by the Judiciary Committee. Over those years the bill has undergone substantial changes to reflect developments in the marketplace and the law, and in response to specific concerns raised by Members of the Committee and other interested parties.

Right of the First Inventor to File. The Act converts the U.S. patent system from a first-to-invent system to a first-inventor-to file system. The U.S. is alone in granting priority to the first inventor as opposed to the first inventor to file a patent. The Act will inject needed clarity and certainty into the system. While cognizant of the enormity of the change that a “first inventor to file” system may have on many small inventors and universities, a grace period is maintained to substantially reduce the negative impact to these inventors.

New Formula for Calculating Fair and Equitable Remedies. This section provides much needed guidance to courts and juries to ensure inventors are compensated fairly, while not discouraging innovation with excessive damage awards. While preserving the right of patent owners to receive appropriate damages, the bill provides optional methods to ensure that the patent owner is rewarded for the actual value of the patented invention.

Willful infringement. HR 1908 contains certain limitations on willful infringement requiring the patent owner to show. This section provides that a court may only find willful infringement if the patent owner shows, by clear and convincing evidence, that (1) the infringer, after receiving detailed written notice from the patentee, performed the acts of infringement, (2) the infringer intentionally copied the patented invention with knowledge that it was patented, or (3) after having been found by a court to have infringed a patent, the infringer engaged in conduct that again infringed on the same patent. An allegation of willfulness is subject to a “good faith” defense.

Post-Grant Procedures And Other Quality Enhancements. H.R. 1908 cures the principal deficiencies of re-examination procedures and creates a new, post-grant review that provides an effective and efficient system for considering challenges to the validity of patents. Addressing concerns that a post-grant review procedure could be abused by one seeking to cancel a patent, this section establishes a single opportunity for challenge which must be initiated within 12 months of the patent being granted. It also requires the Director to prescribe rules for abuse of discovery or improper use of the proceeding, limits the types of prior art which may be considered, and prohibits a party from reasserting claims in court that it raised in post-grant review.

Submissions by Third Parties and Other Quality Enhancements. H.R. 1908 will improve patent quality by creating a mechanism for third parties with knowledge of the subject matter of a claimed invention to submit relevant information about prior art to the USPTO. The availability of additional information to the examiner will substantially enhance patent quality.

Venue and Jurisdiction. The bill also addresses changes to venue, to address extensive forum shopping and provides for interlocutory appeals to help clarify the claims of the inventions early in the litigation process. H.R. 1908 would restore balance to this statute by allowing cases to be brought in a variety of locales – including where the

defendant is incorporated or has its principal place of business or where the plaintiff resides in certain instances. H.R. 1908 makes patent reform litigation more efficient by providing the Federal Circuit jurisdiction over interlocutory orders on claim construction by the district court.

Additional Information, Inequitable Conduct as Defense to Infringement.

Inequitable conduct -- One costly part of patent litigation is the battle over “inequitable conduct” – whether the patent holder made misrepresentations while obtaining the patent which should make the patent unenforceable. H.R. 1908 establishes stringent standards both in pleading and proof for inequitable conduct as a defense to the infringement of a patent.

Regulatory Authority. This provision would clarify the authority of the PTO to make procedural rules where appropriate to limit abuses by applicants. Specifically, this amendment clarifies that the Office may make rules that ensure the quality and timeliness of the application process.