

THE COALITION FOR 21ST CENTURY PATENT REFORM

Protecting Innovation to Enhance American Competitiveness

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THE AMERICA INVENTS ACT, H.R. 1249

Its Origins and Development

The “America Invents Act” traces all the way back to H.R. 2795, introduced in the 109th Congress by Congressman Lamar Smith, Chair of the House Judiciary Subcommittee on the Courts, the Internet, and Intellectual Property, on June 8, 2005. Since that time, succeeding versions of a patent reform bill have been introduced in each Congress – a total of 8 bills in all. There have been hearings in each chamber, during which dozens of witnesses have testified. The current language of H.R. 1249 has been extensively reviewed by the myriad stakeholders involved in the patent reform debate.

Over the past six years, certain elements of patent reform have been added, deleted and amended in the various bills. Those provisions that remain after six years of scrutiny and debate are the ones that have achieved the broadest support. The bill also reflects recent court decisions that have made legislation unnecessary on litigation reform issues such as damages, venue and willful infringement. The elements of the bill that have survived provide solutions that represent a balanced package of the least controversial and most widely accepted improvements to the patent system. As Chairman Smith said in his Opening Statement during the America Invents Act hearing in the House Judiciary Committee, “It is impossible for any one group to get everything they want. This bill represents a fair compromise and creates a better patent system than exists today for inventors and innovative industries.”

A more detailed history is appended to this paper.

APPENDIX

Detailed History of the America Invents Act, H.R. 1249

109th Congress

The “America Invents Act” traces back to H.R. 2795, introduced by Congressman Lamar Smith, then Chair of the House Judiciary Subcommittee on the Courts, the Internet, and Intellectual Property, on June 8, 2005. H.R. 2795 would have moved the United States toward greater harmony with the rest of the world by granting patents to the first-inventor-to-file. Building on this important change, H.R. 2795: specified objective criteria for determining patentability; eliminated the subjective requirement for an inventor to disclose the “best mode” for making an invention; expanded to all inventions the “prior use” defense for someone who had commercialized an invention before a patent application was filed; established an all-issues, post-grant opposition procedure available during the first nine months of patent grant, and allowed the public to submit information to the USPTO during patent examination.

Following several hearings, Chairman Smith introduced an “Amendment in the Nature of a Substitute to H.R. 2795” in July 2005 and gave stakeholders an additional opportunity to express their views. While the Senate also held hearings on the need to improve the patent system in 2005 and 2006, no comprehensive patent reform legislation was introduced in that chamber until very late in the 109th Congress when Senator Hatch introduced S. 3818, on August 3, 2006. S. 3818 contained many of the same provisions as its House counterpart.

Neither H.R. 2795 as amended nor S. 3818 advanced beyond Committee in the 109th Congress.

110th Congress

Identical patent reform bills, H.R. 1908 and S. 1145, were introduced early in the 110th Congress by the new Chairman of the House Judiciary Subcommittee on Courts, the Internet, and Intellectual Property, Congressman Howard Berman, and by the Chairman of the Senate Judiciary Committee, Senator Patrick Leahy. These bills continued many of the proposals suggested in the 109th Congress including awarding patents to the first-inventor-to-file, providing an early all-issues opposition procedure, and expanding the prior user defense to all inventions.

Following one hearing, an Amendment in the Nature of a Substitute to H.R. 1908 was reported by the House Subcommittee on Courts, the Internet, and Intellectual Property on May 16. The substitute bill was reported by the full Judiciary Committee on September 4, and was passed by the House on September 7. Most of the provisions in H.R. 1908 as introduced remained intact in the Substitute that passed the House, and some improvements, such as the addition of a provision to limit the “best mode” defense, were added. Other amendments, however, moved it in the opposite direction. These included making the effective date of first-inventor-to-file dependent on changes

in the laws of both Europe and Japan and precluding the grant of patents for tax planning methods. The inclusion in H.R. 1908 of these and other controversial provisions led 175 Members to vote against the bill. No further action was taken on patent reform by the House in the 110th Congress and the activity shifted to the Senate.

After holding one hearing, the Senate Judiciary Committee favorably reported S.1145 with amendments on July 19, 2007. While most of the provisions in the bill as introduced remained intact, one significant improvement was the inclusion, for the first time in any of the comprehensive bills, of a provision aimed at strengthening the capabilities of the USPTO. This provision would have authorized the Director to set fees and established a revolving fund into which those fees would be deposited for the exclusive use of the Office. Ultimately, the effort to reform the patent laws in the Senate ended when the Judiciary Committee leadership could not agree on some controversial language that would have limited patent owners' ability to obtain adequate damages from someone infringing their patents.

111th Congress

Early in the 111th Congress, similar (but not identical) bills, H.R. 1260 and S. 515, were introduced. Both bills continued to include provisions adopting first-inventor-to-file, creating an all-issues post-grant opposition procedure available promptly after patent grant, improving the existing inter partes reexamination procedure, allowing members of the public to submit prior art to the Office prior to patent grant, and authorizing the Director to set patent and trademark fees.

While a hearing was held in each chamber during the 111th Congress, action was only taken on S. 515. The first action occurred on April 2, 2009 with the adoption by the Senate Judiciary Committee of a compromise version of S. 515 that continued the basic structure of the bill and strengthened the protections for an inventor who failed to disclose the "best mode."

Following extensive consultations among the members of the Senate Judiciary Committee, Senators Leahy, Sessions, Hatch, Schumer, Kyl, and Kaufman announced on March 4, 2010 that they had reached an agreement on the details of a patent reform bill to be considered by the full Senate. The agreed bipartisan Managers' Amendment to S. 515 clearly limited inter partes reexamination to patents and publications under sections 102 and 103 of Title 35, allowed patentees to request "supplemental examination" by the Office to consider or correct information believed relevant to patentability, and limited actions for false marking to those who suffered a competitive injury as a result of a falsely marked patent. The bipartisan Manager's Amendment to S. 515 was widely supported by a diverse group of companies, trade associations, universities, labor, and the Administration.

112th Congress

On January 25, 2011, the "Patent Reform Act of 2011," S. 23, was introduced by a bipartisan group of Senators, building on the progress made during the 111th Congress.

It included provisions adopting first-inventor-to-file, creating an all-issues post-grant opposition procedure, allowing members of the public to submit prior art to the Office prior to patent grant, allowing patentees to request “supplemental examination” to consider information relevant to patentability, limiting false marking actions to recovery of damages suffered for competitive injury, and authorizing the Director to set fees. It also included a completely revised inter partes reexamination procedure to speed the proceedings and significantly reduce opportunities for harassment of patent owners.

The Senate Judiciary Committee favorably reported S. 23 on February 5, 2011, adding new provisions regarding tax strategies and clarifying the jurisdiction of actions involving claims under the patent statute.

S. 23 was further amended and passed by the Senate on March 8, 2011 by a vote of 95-5. Importantly, the renamed “America Invents Act” added a provision similar to that first included in S. 1145 as reported to establish a revolving fund into which USPTO fee revenues would be deposited for use solely by the USPTO, bringing to an end the diversion of such fees to fund other government programs. In addition, a transitory program allowing the review of certain business method patents was also included.

Following several hearings on patent law reform issues in February and March, 2011, House Judiciary Committee Chairman Smith introduced H.R. 1249, the House version of the America Invents Act. H.R. 1249 built on the previous bills in both the House and Senate, and added several provisions aimed at improving the operations of the USPTO. The House Judiciary Committee marked-up H.R. 1249 on April 14, 2011 and made a number of amendments including the expansion of the prior use defense from “method” inventions to all categories of invention and the addition of a new provision limiting the situations in which a patentee can join several accused infringers in a single action. The Committee approved the amended bill by an overwhelming, bipartisan 32 to 3 vote.

Conclusion

The Coalition for 21st Century Patent Reform believes the United States has an historic opportunity to finally pass a balanced and fair patent reform bill that will unleash the incentives of the patent system to create economic growth and jobs in America. The Coalition is committed to working with House to achieve the passage of the America Invents Act.