

Update On U.S. Patent Reform

Kluwer Patent Blog

January 13, 2014

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Please refer to this post as: *Courtenay C. Brinckerhoff, 'Update On U.S. Patent Reform', Kluwer Patent Blog, January 13 2014, <http://patentblog.kluweriplaw.com/2014/01/13/update-on-u-s-patent-reform/>*

Now that the holidays are over and the U.S. Congress has headed back to work, it is a good time to review what is happening with U.S. patent reform. The Goodlatte Innovation Act passed the House in December, so attention now turns to the Senate, where the Leahy Patent Transparency and Improvement Act may be the vehicle that moves the current round of U.S. patent reform to the next stage.

The Goodlatte Innovation Act

I wrote about the Goodlatte Innovation Act shortly after it was introduced in the House in October 2013. Although there were some changes between the original bill and the final bill, the primary focus of the Innovation Act remains to curb "abusive patent litigation." The House Judiciary Report summarizes the goals as follows:

It is the goal of this Committee to ensure that American manufacturing, small businesses, and start ups are protected against patent-enforcement abuse, while also ensuring that the patent system continue to protect and encourage American ingenuity. The Innovation Act, which has earned the support of a broad coalition of America's most innovative companies, recalibrates the Nation's patent-enforcement mechanisms in a manner that strikes a balance between these overlapping and sometimes conflicting goals, and ensures that the Nation's patent system continues to drive technological innovation and economic growth.

Key provisions of the Innovation Act are outlined below. More detail is provided in this [Foley & Lardner LLP Legal News Alert](#).

Sec. 3. Patent Infringement Actions

- Heightened initial pleading requirements
- Fee Shifting
- Requirements to join parties with an interest in the patent
- Limitations on discovery

Sec. 4. Transparency of Patent Ownership

- Requires plaintiffs to inform the parties, the court, and the USPTO of the identity of parties with rights in the patent

Sec. 5. Customer-Suit Exception

- Allows a manufacturer (or supplier) to intervene in a suit against his customers, and provides for stays as to the customer.

Sec. 6. Procedures and Practices to Implement and Recommendations to the Judicial Conference

- Requires the Judicial Conference to promulgate rules and procedures on discovery
- Provides procedures to ensure initial disclosure and early case management conference practices
- Eliminates Form 18 (patent infringement complaint)
- Provides for protection of IP licenses in bankruptcy

Sec. 7. Small Business Education, Outreach, and Information Access

- Requires the USPTO to provide educational resources and outreach programs for small businesses facing abusive patent litigation practices.
- Requires the USPTO to develop a website that includes patent ownership (real party in interest; ultimate parent entity) information.

Sec. 9. Improvements and Technical Corrections to the Leahy-Smith America Invents Act

- Narrows Post-Grant Review estoppel to issues that the petitioner actually "raised"
- Eliminates the "broadest reasonable interpretation" standard for claim construction in *Inter Partes* Review and Post Grant Review proceedings and requires a district court-type claim construction to be used
- Creates [statutory double-patenting provisions](#) for patents subject to the first-inventor-to-file laws.
- Codifies the Patent Term Adjustment decision in *Exelixis II* ([adopting the USPTO's interpretation](#) of 35 USC 154(b)(1)(B))

The Leahy Patent Transparency and Improvements Act

The parallel legislation pending in the Senate was introduced by Chairman Leahy of the Senate Judiciary Committee on November 18, 2013. The "Patent Transparency and Improvements Act of 2013" (S.1720) differs in several significant ways from the House bill. Key differences are outlined below. More detail is provided in this [Foley & Lardner LLP Legal News Alert](#).

- No heightened pleading standard for patent complaints
- No fee-shifting
- No required joinder of "interested parties"
- No limitations on discovery
- No amendments to the Patent Term Adjustment statute
- Federal Trade Commission policing of demand letters
- Duty to disclose the assignee's "ultimate parent entity" during prosecution and throughout the life of a patent
- Extends the limitations period for USPTO disciplinary actions from 1 year to 2 years
- "Technical correction" to the America Invents Act that would eliminate the need to obtain a new executed inventor oath/declaration for continuing applications that straddle the September 16, 2012 effective date of the AIA changes to 35 USC § 115.
- Other "technical corrections" to the America Invents Act to clarify various provisions

Reconciling The Pending Legislation

The next step in this new round of patent reform is to reconcile the language of the Goodlatte Innovation Act with the Leahy Patent Transparency and Improvements Act (S. 1720), and other bills that may be pending or proposed in the Senate. Although party politics has divided the U.S. legislature over other issues, there seems to be consensus to move forward with patent reform, as shown by the passage of the Goodlatte act by a vote of 325-91. Thus, practitioners, stakeholders and other interested parties should stay tuned for more U.S. patent reform in 2014.