

Kluwer Patent Blog

The Innovation Act Would Bring More U.S. Patent Reform

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On October 23, 2014, U.S. Congressman Goodlatte (R-VA) introduced the “Innovation Act,” which is intended “to make improvements and technical corrections” to the Leahy-Smith America Invents Act (AIA) “and for other purposes.” The bulk of the Act focuses on patent litigation, but it also includes significant changes to the new patent trial proceedings (*inter partes* review, post-grant review, and covered business method patent review), and several miscellaneous substantive changes to other aspects of U.S. patent law. A hearing before the House Judiciary Committee is scheduled for Tuesday, October 29, 2013. Although patent reform has been a bipartisan effort, it is not clear whether the U.S. Congress is ready to put aside its recently fractious differences and work together to enact these additional changes to the U.S. patent system.

Significant Changes Proposed In The Innovation Act

The following overview is based on the House Judiciary Committee’s summary of the bill. A more complete overview can be found in this [Foley & Lardner LLP News Alert](#). A more in-depth review of the provisions affecting patent applicants can be found in this [PharmaPatentsBlog article](#).

Provisions Relating To Patent Infringement Actions

- Heightened initial pleading requirements, including a requirement to identify the patents and claims infringed, and provide detailed allegations of how they are infringed.
- Fee shifting that would award reasonable fees and expenses to the prevailing party, unless the non-prevailing party’s position was “substantially justified.”
- Joinder provisions that would allow courts to join parties that have an interest in the patent at issue, on motion of the defendants.
- Discovery rules that would allow courts to limit discovery until after claim construction.
- Requiring plaintiffs in a patent infringement action to identify the patent assignee, any entity with a right to sublicense or enforce the patent, any entity with a financial interest in the patent, and the ultimate parent entity of these entities.
- Providing for stays of suits against customers, when a manufacturer and customer agree that the manufacturer will intervene on the customer’s behalf.
- Requiring the Judicial Conference of the United States to promulgate rules and procedures that will address various asymmetries and burdens that arise in patent litigation, particularly as pertains to discovery.

Provisions Relating To Patent Trials

- Limiting the estoppel that would arise from a post-grant review proceeding to issues that were raised, not issues that “reasonably could have” been raised.
- Requiring the USPTO to use district court-type claim construction during *inter partes* review and post-grant review proceedings, instead of the USPTO’s “broadest reasonable interpretation.”
- Providing that covered business method patent review is available for all covered business method patents subject to the first-to-invent version of 35 USC § 102, eliminating its “sunset” provision, and codifying the definition of a “covered business method patent” adopted by the USPTO Patent Trial and Appeal Board in *SAP America, Inc. v. Versata Dev. Group, Inc.*, Paper 36 (January 9, 2013).

Provisions Relating To Patent Applications And Patent Term

- Repealing 35 USC § 145, which permits an applicant dissatisfied with a final USPTO decision to file a civil action to obtain a patent. (This would abrogate the U.S. Supreme Court decision in *In re Hyatt*.)
- Enacting new 35 USC § 106 to provide for obviousness-type double patenting between applications and patents examined under the first-inventor-to-file version of 35 USC § 102.
- Amending 35 USC § 154(b)(1)(B) to limit the type of patent term adjustment that can accrue after a Request for Continuing Examination (RCE) is filed. (This would codify the district court decision in *Exelixis II*, which is on appeal at the Federal Circuit.)

Weighing In On The Debate

All stakeholders can make their views of these proposed changes known by working with U.S. industry organizations and patent bar associations, while stakeholders with a U.S. presence also can contact their Congressmen and Senators. While some may question whether the current U.S. Congress will be able to reach agreement on any legislation, Congressional leadership may see patent reform as a ground where both parties can find common footing.

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