

## **LEAHY-SMITH AMERICA INVENTS ACT (PATENT REFORM) (July 2011)**

On June 23, 2011, the U.S. House of Representatives passed a patent reform bill that includes some of the most significant reforms to the U.S. patent system in 60 years. The U.S. Senate had passed a very similar bill on March 8, 2011. There is substantial bipartisan support for this legislation, and after the House and the Senate versions of the bills are reconciled, it is likely to be enacted during this congressional session.

### **First to Invent**

The bills that have been passed move the U.S. to a “first inventor to file” system. Under the current “first to invent” system, if patent applications for the same or similar inventions are filed close to each other in time, the Patent Office (“USPTO”) decided who invented first in an Interference proceeding. This proceeding can easily cost hundreds of thousands in legal fees to determine who the first to invent was. Under the proposed legislation, a provisional or utility application will establish effective rights to an invention, as of the date of filing with close calls being decided in a “derivation” proceeding. The derivation proceeding is to make sure that the first person to file the application is actually an original inventor and that the application was not derived from another inventor. This means that inventors will need to file applications more quickly and more often to ensure their inventions are first in time at the USPTO.

### **Fees**

Allowing the USPTO to keep all of the user fees it receives was one of the main goals of patent reform. Ending fee diversion was supposed to enable the USPTO to reduce pendency and hire more examiners to reduce the backlog of over 700,000 patents to be examined. While the Senate bill ended the practice of user fee diversion entirely, the House bill establishes an account to receive funds that are collected in excess of the amount appropriated to the USPTO by Congress. The pending legislation also includes authority for the USPTO to establish and adjust its fees, as needed, to reflect changes in costs, demands, and workloads.

### **Prior User Defense**

The House bill expands to all inventions the “prior user” defense to infringement which previously only applied to business methods. The Senate bill did not include this expansion of the “prior user” defense.

### **Post-Issuance Proceedings**

The legislation further provides for a new post-grant review proceeding and re-tools existing post-grant reexamination procedures. Thus, when a patent is issued, there would be more opportunities for others to challenge it.

### **Supplemental Examination**

The bills provide a new opportunity for a patent owner to request a supplemental examination of a patent. The patent owner may provide corrected or new information to the USPTO that was not presented, or not accurately presented during the application process. If the Office conducts a supplemental examination, the patent cannot be held unenforceable on the basis of information considered in the supplemental examination.