

## *U.S. House Passes Comprehensive Patent Bill*

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Today the U.S. House of Representatives passed the Leahy-Smith America Invents Act, a comprehensive patent reform bill containing significant substantive, procedural, and technical changes impacting U.S. patent law. If passed by the Senate and signed into law by the President, the Leahy-Smith America Invents Act would be the first time in nearly 60 years that Congress enacted comprehensive patent reform legislation. Barring unforeseen circumstances, it is our understanding that the Senate will take up identical legislation in the coming weeks.

The Leahy-Smith America Invents Act contains significant transformations in U.S. patent law that would generally take effect one year after enactment and would apply to any patent issued on or after that date. In some instances, however, such as the modifications to the false patent marking statute discussed below, the provisions would be effective immediately upon enactment.

The Leahy-Smith America Invents Act contains the following changes to U.S. patent law:

- Replaces the current “first to invent” system with a new “first inventor to file” system to harmonize the U.S. patent system with other countries
- Amends 35 U.S.C. Sections 102 and 103, including changes as a result of the elimination of “first to invent,” such as the removal of Section 102(g)
- Adds a “commercial use” defense, which permits an accused infringer to prove that it had commercially used the claimed subject matter more than one year prior to the filing of the asserted patent
- Eliminates failure to comply with the best mode requirement of 35 U.S.C. Section 112 as a defense to patent infringement
- Allows third parties to submit patents or publications along with a statement of relevance for the PTO’s consideration during examination of a pending patent application
- Creates a new third-party post-grant review procedure to allow a third party to request cancellation on any invalidity ground during the first year following issuance or reissuance
- Replaces existing *inter partes* reexamination with an *inter partes* review procedure that may only be used after the newly established third-party post-grant review procedure, or after the one year time period for requesting third-party post-grant review expires; *inter partes* review may only be based on prior art consisting of patents and printed publications

- Eliminates the Board of Patent Appeals and Interferences and creates a new Patent Trial and Appeal Board with responsibility (1) to conduct post grant review proceedings, (2) to conduct derivation proceedings to determine whether the subject matter of a filed application was misappropriated from an actual inventor, and (3) to review decisions of examiners in examination and reexamination proceedings
- Establishes supplemental examination procedures for issued patents to allow cure of potential inequitable conduct occurring during the original prosecution; our previous alerts on an earlier version of this provision can be found [here](#) and [here](#); the only difference is that the new bill includes a paragraph authorizing the Patent and Trademark Office (“PTO”) Director to make a confidential referral to the Attorney General if potential fraud on the PTO is found during supplemental examination or the resulting reexamination proceeding. The legislative history confirms that this is a narrow provision to be used only in extraordinary circumstances.
- Modifies inventor’s oath or declaration requirements so that a person to whom an inventor has assigned (or is under an obligation to assign) an invention can file a patent application as an agent of the inventor
- Changes false marking legislation (35 U.S.C. § 292) eliminating the *qui tam* provision (which permits any person to sue on behalf of the United States) and protecting patentees from false marking actions during the three year period following patent expiration; the passed bill states that only the United States or a person who has suffered a competitive injury may bring a false marking case
- Allows a patent holder to satisfy the patent marking statute (35 U.S.C. § 287) through “virtual marking,” which is a mark directing a reader to a public website listing relevant patents
- Prohibits use of an accused infringer’s failure to obtain advice of counsel regarding infringement to prove that any infringement was willful or induced
- Adds procedural provisions regarding joinder of accused infringers in patent cases (not involving certain drugs and biologics, in particular, cases brought under 35 U.S.C. § 271(e)(2)) such that parties accused as defendants may be joined in one action only if questions of fact common to all defendants will arise in the action, and (1) any right to relief is asserted against the parties jointly and severally, or (2) if it arises out of the same transaction or occurrence relating to the alleged infringement; however, accused infringers may not be joined solely based on allegations that each has infringed the patents in suit
- Requires the PTO Director to establish a ten-year transitional program to allow post-grant review of the validity of business method patents claiming “a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service”
- Prohibits issuance of any patent claim directed to or encompassing a human organism
- Mandates a PTO study on genetic diagnostic testing to determine whether providing independent, confirming genetic diagnostic testing activity (for second opinions to patients) would impact existing patent and license holders of exclusive genetic tests

- Directs the PTO to establish methods for studying the diversity of patent applicants and prohibits the results of any such study to be used to provide preferential treatment to patent applicants
- Authorizes the PTO Director to establish three or more U.S. satellite offices and requires that the PTO consider several factors in selecting the location of each office, including the economic impact to the region and the availability of scientific and technical personnel in the region from which to draw examiners at minimal cost

The above list contains the most prominent provisions of the Leahy-Smith America Invents Act, but it is not exhaustive. The text of H.R. 1249 can be found [here](#). The amendments approved during today's session can be found [here](#). Amendment Nos. 1, 4-7, 9 and 10 were adopted. Amendment Nos. 2, 3, 8 and 12-15 were denied. Amendment No. 11 was withdrawn. For a complete version of the bill with all amendments incorporated [click here](#).

Under the new law, patentees would need to consider well in advance of the new law's effective date how patenting strategies previously used outside the U.S. in first-to-file systems should be adopted for U.S. filings. Patentees and accused infringers would also need to re-think patentability, infringement, validity and enforceability issues in accordance with the new statute, as well as the implementing regulations to be enacted by the PTO. And the myriad issues raised by this new paradigm will generate a significant body of new judicial precedent interpreting and explaining the revised law.

*If you have any questions concerning these developing issues, please do not hesitate to contact any of the following Paul Hastings lawyers:*

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