

Intellectual Property Client Service Group

To: Our Clients and Friends

February 22, 2011

Patent Reform Act of 2011

On January 25, 2011, The Patent Reform Act of 2011 (S. 23) ("the Bill") was introduced by Senator Leahy (D-VT) with bipartisan support. The Bill is the latest installment of Congress' attempts to pass patent legislation reform, following the Patent Reform Act of 2009 and other bills in recent years, all of which died in Congress. The Bill has been approved by the Senate Judiciary Committee and Senator Leahy has said that the full Senate will begin debating the legislation on February 28. Several provisions of the Bill are highlighted below.

First to File

The Bill would convert the U.S. patent system from to a first-to-invent system to a first-to-file system, aligning the U.S. with other countries, where first-to-file systems are the standard. Applicants would continue to receive a grace period for disclosures of the invention made within one year of the effective filing date of the patent application, provided such disclosures were made by the applicant(s) or by someone who obtained the information about the invention from the applicants.

Derivation Proceedings

The Bill would establish "derivation proceedings" to replace the current interference proceedings, which are used to determine who was the first-to-invent as between two patent applicants. In a derivation proceeding, the U.S. Patent and Trademark Office ("USPTO") would determine whether the invention claimed in a first-filed application was derived from a later applicant.

Third Party Administrative Challenges

The Bill would permit third parties to submit patents or publications for consideration by the USPTO during examination of another's patent application.

The Bill would also permit petitions for post-grant review proceedings within nine months of the grant of a patent, on any ground of patentability.

After the nine-month period for post-grant review proceedings expires, the Bill would further permit petitions for *inter partes* review. Unlike post-grant review proceedings, however, a third party may

This Client Bulletin is published for the clients and friends of Bryan Cave LLP. Information contained herein is not to be considered as legal advice. This Client Bulletin may be construed as an advertisement or solicitation. © 2011 Bryan Cave LLP. All Rights Reserved.

only challenge validity for obviousness or lack of novelty, and may only rely upon prior art patents or printed publications.

The Bill would prohibit a third party from filing a petition for either a post-grant review or for an *inter partes* review (1) if it has already filed a lawsuit in district court challenging the patent, or (2) more than six months after it has received the patent infringement complaint for the corresponding patent(s). Additionally, unsuccessful petitioners would be estopped from raising any ground of invalidity in a subsequent district court action or ITC proceeding that was actually raised or could reasonably have been raised in the post-grant review.

Tax Strategies Deemed to be Within the Prior Art

The Bill would define “any strategy for reducing, avoiding or deferring tax liability, whether known or unknown at the time of the invention or application for patent ... insufficient to differentiate a claimed invention from the prior art.” As a result, any claim covering tax strategies would be unpatentable, as the USPTO would consider it to lack novelty or to be obvious in light of the prior art. Such restrictions would apply to any patent applications that are pending, and to any patent application that issues, after the Bill is enacted into law.

Venue

The Bill would require the courts to transfer venue upon a showing that the transferee venue is “clearly more convenient than the venue in which the civil action is pending.”

Best Mode Requirement

Under 35 U.S.C. § 112, applicants are required to “set forth the best mode ... of carrying out the invention.” Such a requirement would remain unaffected with respect to the patent application process. However, the Bill would remove failure to disclose the “best mode” as a reason to invalidate claims or to make issued claims unenforceable.

Inventor’s Oath or Declaration

The Bill simplifies the current process for submitting a substitute statement, in lieu of an inventor’s oath or declaration, where such inventor is deceased, incapacitated, or cannot be found or reached after diligent effort.

Filing by Other than Inventor

The Bill would permit persons, such as assignees, to file a patent application on behalf of inventors under certain circumstances, if such persons can show their proprietary interest in the patent application. In the case where such persons are full assignees of the invention, if the patent issues, it would be granted directly to the assignee, rather than to the inventor(s).

Fee Setting Authority

The Bill would grant the USPTO authority to adjust the fees it charges, provided that the fees “in the aggregate” recover the USPTO’s costs.

Conclusion

If enacted, the Bill would introduce significant alterations to the current U.S. patent system. But, the Bill still has not yet cleared the Senate, and the House still has to act. As a result, the Bill will likely see many changes.

If you would like to discuss how this matter may affect your business, please contact any of the following members of Bryan Cave's [Intellectual Property Client Service Group](#):

Kara E.F. Cenar
(312) 602-5019
kara.cenar@bryancave.com

George C. Chen
(602) 364-7367
george.chen@bryancave.com

J. Bennett Clark
(314) 259-2418
ben.clark@bryancave.com

Daniel A. Crowe
(314) 259-2619
dacrowe@bryancave.com

Stephen M. Haracz
(212) 541-1271
smharacz@bryancave.com

Edward J. Hejlek
(314) 259-2420
edward.hejlek@bryancave.com

Kevin C. Hooper
(212) 541-1266
kchooper@bryancave.com

Lawrence G. Kurland
(212) 541-1235
lgkurland@bryancave.com

Robert G. Lancaster
(310) 576-2239
rglancaster@bryancave.com

K. Lee Marshall
(314) 259-2135
klmarshall@bryancave.com

Ryan Tyler Pumpian
(404) 572-6851
ryan.pumpian@bryancave.com

Joseph Richetti
(212) 541-1092
joe.richetti@bryancave.com

Pedro J. Rivera
(602) 364 7037
pedro.rivera@bryancave.com

David A. Roodman
(314) 259-2614
daroodman@bryancave.com

Charles L. Warner
(404) 572-6718
charles.warner@bryancave.com