

Client Alert

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House Moves Patent Reform Toward Enactment

Patent reform and the U.S.'s adoption of a "First-Inventor-to-File" system are moving toward enactment following the House's passage of the Leahy-Smith America Invents Act (H.R. 1249) by a 304–117 majority on June 23. House approval followed the Senate's own patent reform bill (S. 23) that passed 95–5 in March.

Although the bills are similar in converting from a "First-to-Invent" to a "First-Inventor-to-File" system, expanding pre-grant prior art submissions, implementing broader post-grant and inter partes review procedures and limiting private false marking actions for statutory damages, the bills contain notable differences that will require reconciliation:

1. **USPTO Fee Diversion** – The Senate version ensures that the PTO keeps all of its fees to fund its operations. The House bill establishes a PTO reserve fund that can be tapped for use for other governmental purposes.
2. **Expanded Defense to Infringement Based on Prior Commercial Use** – The House bill amends 35 U.S.C. §273 to expand infringement defenses beyond secret prior use of "business methods." Secret uses among the broader categories of processes, machines, manufacture and compositions of matter used in a manufacturing or other commercial process would provide a noninfringement defense if occurring more than one year before a patent's priority date. The Senate did not amend the "business method" prior use defense.

The House bill is on the Senate Legislative Calendar without a definitive timetable for final compromise. America Invents Act cosponsor Senator Patrick Leahy (D-VT) is encouraging the Senate to fast-track the legislation and pass the House version. Others, primarily advocating the Senate's provisions to end fee diversion, are pushing for a conference to resolve the House and Senate differences. In either case, enactment appears likely, and the White House has signaled its broad backing of the proposed changes to the U.S. patent system.

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