

# Patent Reform: The Debate Continues Into 2010

Jonathan W. Parthum  
Philippe J.C. Signore<sup>\*†</sup>

*It has been over 50 years since Congress enacted sweeping changes to United States Patent Law. However, a recent interest in legal harmony with foreign nations and a recognition of the economic importance of Intellectual Property has provided an impetus for Congress to seek change once more. Therefore, starting in 2005, various Patent Reform bills have been introduced to Congress that attempt to accommodate these foreign and economic interests. However, as of 2008, none of the proposed bills have made it out of Congress and to the President's desk for signature. The debate was in full swing again in 2009 with the introduction of three separate "Patent Reform Act" bills that propose significant reform to the current system. These bills represent a series of compromises on big issues such as damages, a first-to-file system, and post-grant procedures while also providing a variety of other changes and additions to the current system. Further, a comparison of all three bills reveals that they are similar on some issues, provide drastically different approaches on others, and also propose additional changes independent of each other. As expected with an attempt at patent law reform, there are many arguments for against almost every legislative initiative. Therefore, the debate continues into 2010 where it will once again be determined whether that will be the year for patent reform.*

## I. INTRODUCTION

Ever since the writing of the Constitution, the Founding Fathers have recognized the importance of protecting intellectual property by including an express clause granting Congress the power to enact copyright and patent statutes granting property protection to writings inventions.<sup>1</sup> In 1790, Thomas Jefferson, and Congress, responded by penning the United States Patent Act.<sup>2</sup> Much of the structure, policy, and guidelines established by Jefferson represent the basis for the patent system of today.

The purpose of the patent act is to provide inventors with limited-time exclusionary rights over their invention as an incentive to innovate, realizing that eventually the public will benefit from the required disclosure of those innovations to enable others to build upon them.<sup>3</sup> The goal is that everything from cars, to TVs, to the Internet are a direct result of the ideals behind the patent system and that absent these innovative protections, the public would not gain the benefit of these life improving technological

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\* Mr. Parthum and Mr. Signore are members of the intellectual property firm Oblon, Spivak, McClelland, Maier & Neustadt, P.C. located in Alexandria, Virginia, U.S.A. They both work in the firm's Electrical/Mechanical Patent Practice and may be reached at [jparthum@oblon.com](mailto:jparthum@oblon.com) and [psignore@oblon.com](mailto:psignore@oblon.com).

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<sup>1</sup> Congress has the power to "promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. art. I, § 8, cl. 8.

<sup>2</sup> The first federal patent law in the U.S. was the Patent Act of 1790.

<sup>3</sup> FTC, "To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy" 4-5 (2003), at 2. Available at <http://www.ftc.gov/os/2003/10/innovationrpt.pdf> ("Because the patent system requires public disclosure, it can promote dissemination of scientific and technical information that would not occur but for the prospect of a patent").

breakthroughs as fast as it would without a patent system in place.<sup>4</sup> In other words, while innovation would likely still take place without a patent system, the innovative incentives provided by the patent system ensure an increase in the rate of innovation and subsequently an increase in the required dissemination of these innovations into the public warehouse of knowledge.

The patent system, due to its exclusionary nature, can also have a large impact on the economy.<sup>5</sup> The U.S. economy is based on free markets to stimulate competition and increase the quality of goods and services. Patents, on the other hand, are inherently monopolistic and aimed at excluding others from practicing the technology claimed in patents. However, the two systems are not necessarily in conflict and actually complement each other.<sup>6</sup> Both systems are aimed at increasing innovation and competition and can stimulate competition and innovation between various firms rather than restraining them.<sup>7</sup>

The importance of the patent system to the U.S. economy cannot be understated. However, it is only recently that this importance of the patent system to the economy gained widespread attention. As such, all three branches of government have now taken a large interest in updating patent law. In the past few years alone, the U.S. Supreme Court has accepted an large number of patent cases with major implications in patent law.<sup>8</sup> The Court of Appeals for the Federal Circuit has also recently provided en banc guidance on contentious patent issues.<sup>9</sup> This has lead many to believe that the Supreme Court and the Federal Circuit are trying to use their influence in an attempt to guide patent reform through the judiciary. Further, President Obama demonstrated an early interest by arguing for patent reform during his campaign. Early into his presidency, President Obama continued to show interest and support by hiring David Kappos, a staunch supporter of patent reform, as the Director of the United States Patent and Trademark Office (USPTO). As for Congress and the Senate, the fundamental economic affect of the patent system has been one of the main catalysts behind a recent series legislative patent reform efforts.<sup>10</sup>

## II. HISTORY OF PATENT REFORM

Progress towards the creation of Patent Reform Act bills began as early as April of 2001. At this point a series of Senate hearings were held regarding a variety of issues ranging from “business patent methods” to “market power” to “patent quality” and involved testimony from leaders in industry,

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<sup>4</sup> See *Generally Id* (concluding that the patent system benefits the public through the development and improvement of goods, services and processes).

<sup>5</sup> Robert J. Shapiro and Aparna Mathur, “The Economic Implications of Patent Reform: The Deficiencies and Costs of Proposals Regarding the Apportionment of Damages, Post-Grant Opposition, and Inequitable Conduct,” (2009), at 3.

<sup>6</sup> See *Supra* note 3 at 1.

<sup>7</sup> *Id.*

<sup>8</sup> *Quanta Computer, Inc. v. LG Elecs., Inc.*, 128 S. Ct. 2109 (U.S. 2008); *KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. 1727 (U.S. 2007); *MedImmune, Inc. v. Genentech, Inc.*, 127 S. Ct. 764 (U.S. 2007); *eBay v. MercExchange, L.L.C.*, 547 U.S. 388 (U.S. 2006); The Supreme Court is also currently hearing an appeal of *In re Bilski*, 88 USPQ2d 1385 (Fed. Cir. 2008).

<sup>9</sup> *In re Bilski*, 88 USPQ2d 1385 (Fed. Cir. 2008); *Lucent Technologies, Inc. v. Gateway, Inc.*, 580 F.3d 1301 (Fed. Cir. 2009); *In re Seagate Technology*, 497 F.3d 1360 (Fed. Cir. 2007); *Star Sci., Inc. v. R.J. Reynolds Tobacco Co.*, 37 F.3d 1357 (Fed. Cir. 2008); *In re TS Tech USA Corp.*, 551 F.3d 1315 (Fed. Cir. 2008).

<sup>10</sup> Senator Patrick J. Leahy (D-Vt), “This legislation is not an option, but a necessity. If you’re staying put in the fast-moving fields of technology and intellectual property, then you’re falling behind. To preserve and build on our position as the global leader in intellectual property and technology, we need to be looking ahead and moving forward, and this bill is our first step.”, (2006). Available at <http://leahy.senate.gov/press/200608/080406.html>.

academics, and professional organizations.<sup>11</sup> Further, in 2003 and 2004, two major studies were completed by The Federal Trade Commission (FTC)<sup>12</sup> and National Academy of Sciences (NAS)<sup>13</sup>, respectively, detailing the important features of the patent system and their relation to the economy.

On June 8, 2005, Representative Lamar Smith introduced a House version of the Patent Reform Act of 2005 proposing many of the recommendations made by the FTC and NAS.<sup>14</sup> A very similar Senate version, the Patent Reform Act of 2006, was later introduced by Senator Orrin Hatch on June 3, 2006.<sup>15</sup> While neither of these bills made it out of their respective committee's, the debate over patent reform was just getting started.

On April 18, 2007, Representative Howard L. Berman introduced the Patent Reform Act of 2007 to the House Committee of the Judiciary.<sup>16</sup> On the very same day, Senator Patrick J. Leahy introduced a similar bill to the Senate.<sup>17</sup> Both of these bills broadly resembled the previous bills and mostly represented a continuation of the debate. These bills, however, fared better than their predecessors by each being reported out of committee and placed on their respective floors. While the Senate bill did not get voted on, the House bill passed and was reported to the Senate. However, the House bill was not voted on in the Senate as Democratic Chairmen Leahy and ranking Republican Senator Arlen Specter could not come to agreement over highly contentious language regarding the calculation of damages in patent litigation suits.

The debate continued into 2009 as three separate versions of the "Patent Reform Act of 2009" were introduced in the 111<sup>th</sup> Congress. Two bills, the House of Representatives bill, H.R. 1260, and the Senate bill, S.515, were introduced on March 3, 2009 by Representative Conyers and Senator Leahy, respectively. Further, On March 17, 2009, Senator John Kyl entered the fray by introducing a second Senate bill, S.610, to the Senate Judiciary Committee. At this point, only Senator Leahy's bill has made it out of committee to be placed on the Senate Legislative Calendar.

### III. PROPOSED LEGISLATIVE INITIATIVES

What follows is a description of current U.S. Patent Law and how the proposed legislative initiatives of all three bills will alter that law. While all three bills seek significant reforms to the patent system and are therefore similar in some respects, they also provide unique changes as well as various methods for changing the same area of law.<sup>18</sup> These changes range from major reform to technical modifications and additions to United States Code.

As this topic has been discussed extensively, this paper attempts to serve as both a quick reference while also providing a more thorough discussion of each initiative. In doing so, the paper is arranged such that the major and more contentious initiatives are discussed first, followed by the more technical

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<sup>11</sup> Patent Reform Hearing Timeline in the House, 2001 - 2007. Available at <http://judiciary.house.gov/hearings/pdf/PRefTimeline.pdf>.

<sup>12</sup> See *Supra* note 3 at 1.

<sup>13</sup> National Research Council (U.S.). Committee on Intellectual Property Rights in the Knowledge-Based Economy, "A Patent System for the 21st Century", Stephen A. Merrill, Richard C. Levin, and Mark B. Myers, editors, (2004), ISBN 0-309-08910-7.

<sup>14</sup> H.R. 2795, 109<sup>th</sup> Congress, 2005.

<sup>15</sup> S. 3318, 109<sup>th</sup> Congress, 2005.

<sup>16</sup> H.R. 1908, 110<sup>th</sup> Congress, 2007.

<sup>17</sup> S. 1145, 110<sup>th</sup> Congress, 2007.

<sup>18</sup> See Appendix A.

amendments. For each initiative, a chart is provided that briefly describes the proposed changes. A combined chart of all the changes is provided in Appendix A. Following the chart is a more extensive discussion of each initiative and the policies behind such changes.

### A. Damages

H.R. 1260	S. 515	S. 610
Court determines reasonably royalty from the (1) entire market value, (2) marketplace licensing value, or (3) economic value attributed to the invention.	Court acts as a gatekeeper and can use Georgia Pacific factors or any other factors in determining a reasonably royalty.	Courts determined a reasonable royalty by considering any factors that are relevant.

One of the more contentious proposed initiatives relates to a proper measure of a reasonable royalty award in a patent litigation suit where lost profits can not be shown. While frequently mentioned as one of the reasons for patent reform, it is an issue that, as mentioned above, has prevented passage of previous patent reform legislation. Current patent law regarding a reasonable royalty is very succinct and consists of a one sentence paragraph.<sup>19</sup> It is very broad and states that the “court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.”<sup>20</sup>

Determining a reasonable royalty can often be difficult because it is difficult to understand the value of the specific invention in a dynamic marketplace and to apply the Georgia-Pacific factors (below). For example, in a complex device, such as a computer, there is a multitude of various inventions that are all required for the functionality of the computer. If one of these inventions, such as a processor, is under patent protection and is infringed, a court must determine the contribution that processor makes to the overall marketplace demand. If the processor is what is driving sales of the product, damages for infringement might represent the entire market value of every computer sold even though it is only a part of the computer. An indication of a reasonable royalty could also be determined from what other companies are paying to license the use of the processor. Further, a reasonable royalty can be determined solely by looking at the improvements and added functionality provided by the processor.

Due to the various approaches of calculating a reasonable royalty as well the broad nature of the damages provision, judicial decisions have played a large role in shaping the meaning of reasonable royalty. One case in particular, Georgia-Pacific, played a defining role in providing a court with a

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<sup>19</sup> 35 U.S.C. § 284.

<sup>20</sup> *Id.*

framework for determining a royalty award by establishing a large list of factors to aid a court or jury in deciding a reasonable royalty.<sup>21</sup> While it is not required to show how these factors are used when awarding damages, they have proven to be a frequently-used resource for judges and jurors alike.

H.R. 1260 proposes to enlarge the brief provision regarding an award of a reasonable royalty by appending the three methods described above. Therefore, a court is instructed to determine a reasonable royalty from: (1) the entire market value, (2) marketplace licensing values, or if neither (1) or (2) are shown, (3) the economic value attributed to the invention itself (a form of apportionment of damages).<sup>22,23</sup> In making these determinations, the other Georgia-Pacific factors, or any other factors, can still be used, but the court must specifically identify the applicability of these relevant factors. Once identified, the court or jury are required to use only those factors in determining a reasonable royalty.

S. 515 originally had the same language as that of H.R. 1260 but was amended before emerging from the Senate Judiciary Committee. It preserves the courts role as gatekeeper and does not force it to pick a method for calculating reasonable royalty.<sup>24</sup> Therefore, the court can utilize the Georgia-Pacific factors, or any other factors, in determining reasonable royalty. However, as with H.R. 1260, once the relevant factors are identified, the court or jury are required to use only those factors in determining a reasonable royalty. This amendment may prove to be a successful compromise on damages that is aimed at moving the bill forward.<sup>25</sup>

S. 610 modifies the damages provision to allow courts or juries to “consider any factors that are relevant to the determination of a reasonable royalty.”<sup>26</sup> Further, S. 610 stipulates that a reasonable royalty should not be determined by comparisons to royalties paid for other patents unless: (1) such patents are used in the same field, (2) such patents are economically comparable, and (3) the value of such patents is presented with other evidence for determining reasonable royalty.<sup>27</sup>

Proponents of damages reform typically include large information technology industries and financial service corporations. These large companies are often targeted by non-practicing entities because of their vast economic resources. Due to the broad nature of the current damages provision as well as jury confusion, large and unreasonably royalty awards are allegedly granted against these companies.<sup>28</sup> It is therefore argued that these immense awards are stifling innovation because of the “chilling-effect” they have on a companies decision to enter the marketplace.

Opponents of damages reform typically include smaller companies and patent-rich industries, such as pharmaceuticals and biotechnology. As for the smaller companies, they understandably want to be able to recover adequate damages from the infringement of their patents by a larger company. As for pharmaceuticals and biotech companies, they invest vast sums of money in research for products that can often be easily copied. Therefore, they want to hinder and prevent any incentive to

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<sup>21</sup> *Georgia-Pacific Corp. v. United States Plywood Corp.*, 318 F. Supp. 1116 (S.D.N.Y. 1970).

<sup>22</sup> H.R. 1260, § 5(c).

<sup>23</sup> It should be noted that items (2) and (3) are among the existing Georgia-Pacific factors, but are given increased emphasis in the bill.

<sup>24</sup> S. 515, § 4(b).

<sup>25</sup> Senator Patrick J. Leahy (D-Vt), “A Fresh Look at Patents and Innovation,” *New York Times* (November 2009). Available at <http://www.nytimes.com/2009/11/28/opinion/128patent.html>.

<sup>26</sup> S. 610, § 4(c).

<sup>27</sup> *Id.* at (d).

<sup>28</sup> Coalition for Patent Fairness, “Clarification of the “Reasonable Royalty” Standard is Essential to Unleash Innovation and Promote Economic Growth,” at 2. Available at [http://www.patentfairness.org/pdf/whitepapers/Damagse\\_FINAL.pdf](http://www.patentfairness.org/pdf/whitepapers/Damagse_FINAL.pdf).

steal their products with the threat of large monetary awards for infringement. Ironically, these industries argue that changes to the damages provision also stifle innovation because there is no incentive to enter the marketplace if high damage awards are not present to hinder infringement. However, it should be noted that the gatekeeper language as amended out of the Senate Judiciary Committee appears to have gained the support of pharmaceuticals and biotechnology companies.

### *B. Willful Infringement*

H.R. 1260	S. 515	S. 610
A patent owner must prove by clear and convincing evidence that acting with objective recklessness the infringer (1) continued to infringe after receiving notice; (2) intentionally copied the patented invention with knowledge it was patented; or (3) continued infringing conduct after a court determined that infringement took place.	Similar to H.R. 1260.	Not included.

Another aspect of damages reform involves legislative initiatives introduced to codify the rules on determining willful infringement of a patent. Currently, a court “may increase the damages up to three times the amount found or assessed” after a finding of willful infringement.<sup>29</sup> However, there are no codified rules on determining willful infringement and the current standard was judicially created by the Federal Circuit as requiring proof of “at least a showing of objective recklessness” by the infringer.<sup>30</sup>

<sup>29</sup> 35 U.S.C. § 284.

<sup>30</sup> *In re Seagate Technology*, 497 F.3d 1360 (Fed. Cir. 2007) (in banc).

Both H.R. 1260 and S. 515 propose to codify and append this “objective recklessness” standard set by the Federal Circuit. As such, a patent owner must prove by clear and convincing evidence that acting with objective recklessness the infringer (1) continued to infringe after receiving notice; (2) intentionally copied the patented invention with knowledge it was patented; or (3) continued infringing conduct after a court determined that infringement took place.<sup>31</sup> However, it should be noted that objective recklessness cannot be shown where the infringer had a good faith belief that the patent was invalid or unenforceable based on (1) reasonable reliance on advice of counsel, (2) evidence that the infringer tried to modify his infringing conduct upon discovery of the patent, or (3) other sufficient evidence.<sup>32</sup> S. 610 does not address willful infringement.

Proponents of the willful infringement changes argue that willfulness claims are raised too frequently and contribute to an increase in the length and expense of patent litigation. Therefore, proposed reform will provide less of an incentive for people to file frivolous and time-consuming willfulness claims. Further, it is argued that lax willful infringement laws can stifle innovation by incentivizing innovators not to review issued patents for fear it may later come up in court.

Opponents, however, argue that current law already makes it extremely difficult to prove willful infringement. They submit that the current legislation will make it even harder to get a judgment for willful infringement and will therefore encourage parties to infringe others’ patents since the likelihood of obtained enhanced damages would be de minimus.

### *C. Post-Issuance Review Proceedings*

Another major area of change proposed by current reform efforts relates to post-issuance patent revocation proceedings. Post-issuance proceedings involve the options available to challenge the validity of a granted patent. Two options, already included in the current system, include an ex parte and an inter partes reexamination proceeding for post-issuance review of patent validity in the USPTO. A third option, proposed by all three patent reform bills, is the aptly named post-grant review proceeding. To initiate any one of these revocation procedures, the challenger must first present a citation of prior art to question the patent claims’ patentability.

#### *1. Citation of Prior Art*

H.R. 1260	S. 515	S. 610
Increases the types of permissible prior art available for citation.	Similar to H.R. 1260.	Not included.

While a citation of prior art can be done by any person at any time, it is often done at the initiation of a post-issuance proceeding. Further, in the current system, a person can only cite

<sup>31</sup> H.R. 1260, § 5(e); S. 515, § 4(c).

<sup>32</sup> *Id.*

“prior art consisting of patents or printed publications which that person believes to have a bearing on the patentability of any claim of a particular patent.”<sup>33</sup>

H.R. 1260 expands upon this language by also allowing (1) written statements from the patent owner who took a certain position on the scope of the claims in proceedings before a Federal Court, the USPTO, or the U.S. International Trade Commission (ITC) or (2) documented evidence that the claimed invention was in substantial use or on sale in the U.S. more than one year prior to filing.<sup>34</sup>

S. 515 also expands upon the current language to a more limited extent by allowing written statements from the patent owner who took a certain position on the scope of the claims in proceedings before a Federal Court or the USPTO.<sup>35</sup> Unlike H.R. 1260, it does not provide for statements before the ITC. Interestingly, S. 515 originally provided for statements regarding substantial use and sale but had these provisions removed upon coming out of the Senate Judiciary Committee. It should be noted that S. 610 does not address this issue.

## 2. *Ex Parte and Inter Partes Reexamination*

H.R. 1260	S. 515	S. 610
Removes language allowing for an estoppel effect to arise at a later trial.	Similar to H.R. 1260.	Removes <i>Inter Partes</i> proceeding from U.S. patent law.

U.S. patent law currently provides two procedures for reviewing the validity of patents once they have been granted: *ex parte* and *inter-partes* reexamination.<sup>36</sup> Both proceedings are handled in the Central Examination Unit of the USPTO by hand-picked primary examiners who work in teams of three. Further, in both methods of reexamination the patent does not enjoy a presumption of validity and the challenger may establish unpatentability by a preponderance of the evidence standard.

An *Ex parte* reexamination can be filed at any time during the enforceable life of the patent by the Director of the USPTO or third parties wishing to challenge the validity of the patent based on their citation of prior art. However, being an *ex parte* reexamination, the third party challengers are not allowed to participate in the proceeding.

An *inter partes* reexamination can also be filed at any time during the enforceable life of the patent but it allows for third party requesters to participate throughout the examination and appeal stages of the proceeding as an alternative to litigation. Unfortunately, the *inter partes* proceeding can have an estoppel effect at a later trial by preventing a third party

<sup>33</sup> 35 U.S.C. § 301. These statements will then become part of the official file.

<sup>34</sup> H.R. 1260, § 6(a).

<sup>35</sup> S. 515, § 5(a).

<sup>36</sup> See *Generally* 35 U.S.C. Chapter 30 and 31.

requester from raising issues that they raised or could have raised at the reexamination proceeding.<sup>37</sup>

Both H.R. 1260 and S. 515 propose to remove the phrase “or could have raised” from the statute to prevent that type of estoppel effect.<sup>38</sup> Further, the bills provide that both reexaminations proceedings will be heard before an administrative patent judge rather than a primary examiner.<sup>39</sup> Also, a third party requester or a patent owner can now request an oral hearing be conducted by the administrative patent judge.<sup>40</sup> Interestingly, S. 610 would repeal the inter partes reexamination from U.S. patent law entirely.<sup>41</sup>

While there has been a recent increase in requests for an inter partes reexamination, the numbers still demonstrate that the proceeding is seldom used as an alternative to litigation.<sup>42</sup> However, due to the current recession and the exorbitant cost of patent litigation in the U.S., it is hoped that the removal of the “could have raised” estoppel language will provide more of an incentive to request inter partes reexaminations as an inexpensive and more expedient alternative to litigation.

### 3. *Post-Grant Review Proceedings*

H.R. 1260	S. 515	S. 610
Establishes a post-grant review proceeding available for one year after the grant of a patent. There must be a substantial question of patentability for at least one claim.	Similar to H.R. 1260	Establishes a post-grant review proceeding within a “first-period” window of nine months from the grant of a patent and a “second-period” window for the life of the patent. There must be a sufficient basis to conclude at least one

<sup>37</sup> 35 U.S.C. § 315(c).

<sup>38</sup> H.R. 1260, § 6(f); S. 515, § 5(d).

<sup>39</sup> H.R. 1260, § 6(e); S. 515, § 5(c).

<sup>40</sup> H.R. 1260, § 6(d); S. 515, § 5(d).

<sup>41</sup> S. 610, § 5(b).

<sup>42</sup> Matthew A. Smith, “Inter Partes Reexamination”, Ed. 1E, 42-44 (Jan. 31, 2009). Available at <http://www.patentlyo.com/matthewsmithinterpartesreexaminationtreatise.pdf>.

		claim is unpatentable.
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Another inexpensive way to question the validity of a patent while avoiding litigation is through a post-grant review proceeding. This procedure is common to foreign patent systems and allows for a third party to challenge a patent after its issuance. All three bills propose to establish a U.S. version of a post-grant review proceeding.<sup>43</sup>

While seemingly similar to a reexamination, the establishment of a post-grant review proceeding provides some key differences. Unlike reexamination, H.R. 1260 and S. 515 stipulate that a third party challenger only has one year after the issuance of a patent to petition for review unless the patent owner later consents. As a petition, the Director of the USPTO must determine that the written request for review, along with any evidence, is enough to establish “that a substantial question of patentability exists for at least one claim in the patent.”<sup>44</sup> Further, a post-grant review petition can be based on 35 U.S.C. §§ 101,112, and 102/103 issues not limited to patents and printed publications, whereas such requests are not permitted under reexamination. However, H.R. 1260 does stipulate that a petition will not be granted if it (1) is based on the best mode requirement or (2) involves a party to a final decision in a civil action or order from the ITC that upheld a patent’s validity. S. 515 has similar requirements but does not include provisions regarding an ITC judgment. As with reexamination, the patent owner does not benefit from a presumption of validity and the challenger enjoys a preponderance of the evidence burden of proof.

The post-grant review proceeding proposed by S. 610 provides an alternative approach to petition for review. It establishes a “first-period” proceeding for challenging a patent that must be made within 9 months of issuance and a “second-period” proceeding that can be requested at any time during the life of the patent after the “first-period” has expired. As such, any invalidity argument can be made during the first-period window whereas only arguments regarding §102 and §103, solely on the basis of patents and printed publications, can be made in the second period window. This second-period proceeding appears to replace the inter parties reexamination repealed by S. 610.

To allow review under S. 610, the Director of the USPTO must determine that the written request for review, if not rebutted, would “provide a sufficient basis to conclude at least one of the claims challenged in the petition is unpatentable.”<sup>45</sup> Further, unlike reexamination and the post-grant review proceedings established by H.R 1260 and S. 515, S. 610 provides the patent owner with a presumption of validity. Interestingly, while the burden of proof for the first-period proceeding is preponderance of the evidence, this burden rises to a clear and

<sup>43</sup> H.R. 1260, § 6(h); S. 515, § 5(f); S. 610, § 5(c).

<sup>44</sup> H.R. 1260, § 325; S. 515, § 325.

<sup>45</sup> S. 610, § 5(c).

convincing standard for the second-period proceeding to encourage third parties to challenge patents early.

Post-grant review proceedings are seen by some as another step on the path to harmonizing U.S. patent law with the rest of the world. Further, it is hoped that it will be utilized more frequently than the rarely-used reexamination proceedings and provide for higher quality patents while also providing a cheaper alternative to litigation.<sup>46</sup> However, there are worries that a possible flood of post-grant review requests would not only cause a significant increase in the pendency of review but also provide an outlet for the harassment of competitors.<sup>47</sup>

#### D. Third Party Submissions

H.R. 1260	S. 515	S. 610
Increases the types of permissible submissions. Submissions must include a description of the relevance of submitted documents.	Same as H.R. 1260.	Similar to S. 610.

Another proposed legislative initiative inspired by the desire for higher quality patents relates to third party pre-grant submissions. Unlike post-grant review proceedings and reexamination which take place after a patent has been granted, third-party submissions are made while a patent application is pending after publication. Under current U.S. law, a submission by a member of the public can only be in the form of patents or publications that are relevant to a pending published application.<sup>48</sup> This submission cannot include any pre-grant protest or opposition statement concerning the cited patents or publications.<sup>49</sup> Further, a submission must be filed within two months from the date of publication of the application or prior to a mailing of the notice of allowance of the application, whichever is earlier.<sup>50</sup>

All three bills propose significant modifications to the current submission rules.<sup>51</sup> First, any publication relevant to the examination of an application will be accepted in addition to patents and printed publications. Second, any submission must include a concise description of the relevance of any submitted document. Third, the submission must be made in writing before the earlier of (1) the

<sup>46</sup> See *Supra* 3 at 7; Bronwyn H. Hall and Dietmar Harhoff, "Post-Grant Reviews in the U.S. Patent System - Design Choices and Expected Impact," (2004), at 27. Available at <http://elsa.berkeley.edu/~bhall/papers/HallHarhoff04BTLJ.pdf>.

<sup>47</sup> Stephen G. Kunin and Anton W. Fetting, "The Metamorphosis of *Inter Partes* Reexamination," *19 Berkeley Tech. L.J.* 971, 977 (2004).

<sup>48</sup> 37 C.F.R. § 1.99(a).

<sup>49</sup> *Id.* at § 1.99(d).

<sup>50</sup> *Id.* at § 1.99(e).

<sup>51</sup> H.R. 1260, § 9; S. 515, § 7; S. 610, § 7.

notice of allowance or (2) the later of either 6 months after the date the application is published or the date of the first rejection.

The goal of such legislation is to provide the USPTO with as much relevant information as possible so that higher quality patents can be issued.<sup>52</sup> However, the eligibility of submissions cannot be so extensive that it provides a flood of information to an already backlogged patenting process. Therefore, an attempt is made to balance these concerns by proposing limits on the timing and nature of permitted submissions.

### *E. Applicant Quality Submissions*

H.R. 1260	S. 515	S. 610
Not included.	Not included.	Provides incentives to applicants who submit search reports, a patentability analysis, or other information relevant to patentability.

S. 610 proposes to introduce a method for receiving higher quality applicant submissions. Currently, patent applicants have a duty “to disclose to the Office all information known to that individual to be material to patentability.”<sup>53</sup> However, it is not required that applicants complete a patentability search or provide patentability analysis. Interestingly, previous legislation in both houses would have required patent applicants to submit search reports and patentability analysis.<sup>54</sup> However, it was strongly opposed on fears that it would unnecessarily increase the cost of patent applications while also increasing unwarranted charges of inequitable conduct<sup>55</sup> against patent owners.<sup>56</sup>

S. 610 takes a more moderate approach by providing incentives to applicants who submit search reports, a patentability analysis, or other information relevant to patentability.<sup>57</sup> Such incentives include “prosecution flexibility, modifications to requirements for adjustment of a patent term, and modification to fees.” Further, S. 610 stipulates that these submissions are not admissible “to construe the patent in a civil action or in a proceeding before the International Trade Commission.”<sup>58</sup>

<sup>52</sup> See Applicant Quality Submissions below.

<sup>53</sup> 37 C.F.R. § 1.56.

<sup>54</sup> H.R. 1908, § 12(a); S. 1145, § 11.

<sup>55</sup> See Inequitable Conduct below.

<sup>56</sup> See Intellectual Property Owners Association (IPO) chart, “Patent Reform (111<sup>th</sup> Congress): A comparison of H.R. 1260 and S. 515, highlighting the primary differences,” (2009), at 5. Available at <http://www.ipo.org/AM/Template.cfm?Section=Home&Template=/CM/ContentDisplay.cfm&ContentID=22211>.

<sup>57</sup> S. 610, § 10.

<sup>58</sup> *Id.* Also stating that quality submissions “may be introduced to demonstrate that the patent owner is estopped from asserting that the patent is infringed under the doctrine of equivalents.”

The motivation behind such proposed changes is to provide the USPTO with all relevant information during prosecution which will in turn lead to higher quality patents being issued.

*F. First Inventor to File*

H.R. 1260	S. 515	S. 610
Provides a shift from a “first-to-invent” system to a “first-to-file” system. Removes interference proceedings. Requires a finding that major patenting authorities have adopted a similar grace period.	Similar to H.R. 1260 but does not require a finding that major patenting authorities have adopted a similar grace period.	Similar to H.R. 1260 but does not require a finding that major patenting authorities have adopted a similar grace period.

Another major proposed initiative involves the shift from a “first-to-invent” system to a “first-inventor-to-file” system. While all three bills propose shifting the U.S. from a “first-to-invent” system to a first-inventor-to-file system<sup>59</sup>, H.R. 1260 conditions this shift on the “President’s finding that major patenting authorities have adopted a grace period having substantially the same effects as that contained under the amendments made by this section.”<sup>60</sup>

Changing to a “first-inventor-to-file” system is seen by many as one of the more significant changes proposed in the current patent reform. For at least the past 40 years, the United States has withstood proposals to switch to a first-to-file system and has maintained its “first-to-invent” system.<sup>61</sup> In holding to this ideal, the U.S. is the only nation to use this system.

In a first-to-invent system, when two or more independent inventors are seeking patent protection on the same invention, the patent will be given to whoever was the first inventor between the two. An “interference” proceeding, held at the USPTO, is the mechanism used to legally determine the first inventor when a dispute arises between inventors.<sup>62</sup> This relatively complex proceeding provides an outlet for an earlier inventor to make sure he does not lose his invention because he could not file as

<sup>59</sup> H.R. 1260, § 3; S. 515, § 2; S. 610 § 2.

<sup>60</sup> H.R. 1260 at § 3(k).

<sup>61</sup> Michael F. Martin, “The End of the First-to-Invent Rule: A Concise History of its Origin,” 49 Intellectual Property Law Review 435 (2009). Available at <http://www.piercelaw.edu/assets/pdf/idea-vol49-no3-martin.pdf>.

<sup>62</sup> 35 U.S.C. § 135.

quickly as another inventor. However, interference proceedings are seldom used in real practice and can often be very complex.<sup>63</sup>

A switch to a first-inventor-to-file system will remove the need for interferences and will make it far less burdensome to determine who should be awarded a patent. In a first-inventor-to-file system, the first inventor to file their invention at the USPTO is awarded potential patent rights. It should be noted that “inventor’s rights contests” are provided for in all three bills to prevent an individual from copying another’s invention and then rushing to file first at the USPTO.<sup>64</sup>

Proponents of a first-inventor-to-file system typically include larger foreign and domestic companies. They argue that a first-inventor-to-file system is basically already in effect and that a change to the first-inventor-to-file will negatively affect very few while providing the benefit of harmonizing the law with foreign patent systems.<sup>65</sup> Further, a first-inventor-to-file system provides the added benefit of removing the complex interference proceedings required to determine prior inventorship. Also, an inventor who is encouraged to disclose his invention as quickly as possible benefits the public by providing a quicker dissemination into the public warehouse of knowledge.

Opponents of a first-inventor-to-file system typically include independent inventors, small businesses, and universities. They submit that as smaller entities they are not equipped with the resources of a larger entity thereby preventing them from winning a race to USPTO against these larger entities.<sup>66</sup> Further, it is often argued that the quality of patents inherently decreases when inventors are rushing to the USPTO to ensure entitlement to a patent on their invention.<sup>67</sup>

### G. Grace Period

H.R. 1260	S. 515	S. 610
Changes disclosure to include public use or sale anywhere in the world. The current grace period would only apply to applicants themselves.	Similar to H.R. 1260	Similar to H.R. 1260

In tandem with the switch to a first-inventor-to-file system, patent reform would modify the grace period currently afforded to inventors. U.S. patent law currently affords inventors with an absolute

<sup>63</sup> Wendy H. Schacht and John R. Thomas, “Patent Reform in the 111<sup>th</sup> Congress: Innovation Issues,” CRS Report R40481 (2009), at 14.

<sup>64</sup> H.R. 1260, § 3(i); S. 515, § 2(i); S. 610, § 2(i).

<sup>65</sup> David Kappos, Director of the USPTO, “Director’s Forum: David Kappos’ Public Blog,” (2009). Available at [http://www.uspto.gov/blog/director/entry/director\\_s\\_forum\\_david\\_kappos](http://www.uspto.gov/blog/director/entry/director_s_forum_david_kappos).

<sup>66</sup> Rebecca C.E. McFadyen, “The ‘First-to-File’ Patent System: Why Adoption is NOT an Option!,” 14 *Rirch. J.L. & Tech.* 3, 34 (2007).

<sup>67</sup> *Id.* at 31.

one year grace period measured prior to the earliest U.S. filing date in which to file their inventions with the patent office.<sup>68</sup> Disclosure arises out of earlier identical prior patents or publications by the inventor or third parties. It can also arise out of a public use or sale of the invention in the United States. If the inventor does not file within this one year grace period, his rights to a patent are forfeited. However, if a reference related to the invention is disclosed within this one year grace period but before the invention was filed, an inventor can predate such a disclosure by proving he invented the subject matter before the reference date. This policy is designed to give an inventor some time to determine the value of the invention while also forcing an eventual disclosure to the public.

H.R. 1260, S. 515, and S. 610 would all change the grace period by making it only apply to patent applicants themselves. Therefore, disclosures made by inventors within the international grace period measured one year prior to the applicant’s earliest filing date anywhere in the world would not act as a bar to patent eligibility. Only disclosures made by third parties prior to an inventor’s filing date or disclosures made by inventors and their associates more than one year prior to the earliest filing date anywhere in the world can prevent an inventor from getting a patent.<sup>69</sup> It should also be noted that the three bills change the definition of disclosure to include public use or sale anywhere in the world, rather than just in the United States. Again, these changes in the definition of what constitutes prior art represents a shift to a first-inventor-to-file system and are designed to encourage faster disclosure to the public while also providing closer legal harmony with foreign patent systems.

#### *H. Prior User Rights*

H.R. 1260	S. 515	S. 610
Extends the current “first inventor defense” to affiliates of the inventor.	Same as H.R. 1260.	Not included.

Both H.R. 1260 and S. 515 propose a small but significant change to prior user rights. These rights come about when an inventor has kept his invention secret rather than disclosing it to the public. Well established law provides that an inventor who makes a secret, commercial use of an invention for more than one year prior to filing forfeits his rights to the patent.<sup>70</sup> However, the inventor obtains prior user rights to the invention because there is the possibility that he could be liable to later infringement if a third party independently invents and patents the same invention. As such, The American Inventors Protection Act of 1999 established a “first inventor defense,” to protect the prior users rights of an earlier inventor but limited the defense to patents of a “method of doing or conducting business.”<sup>71</sup>

H.R. 1260 and S. 515 propose to enhance the first inventor defense by also providing protection to affiliates of an inventor. In other words, the defense may be asserted by individual inventor “as

<sup>68</sup> 35 U.S.C. § 102(b).

<sup>69</sup> H.R. 1260 § 3; S. 515 § 2; S. 610 §2.

<sup>70</sup> 35 U.S.C. §102(b).

<sup>71</sup> 35 U.S.C. § 273.

well as any other entity that controls, is controlled by, or is under common control with such person.”<sup>72</sup> While previous legislation would have extended the first inventor defense to all subject matter, current reform does not modify prior user rights to extend beyond the current protection of business methods. It should be noted S. 610 does not address this issue.

Proponents of prior use rights reform, such as the financial services and biotechnology industry, argue that this change will provide for increased innovation between large companies now that they can assert a first inventor defense upon inventions created by their employees.<sup>73</sup> This will in turn benefit the public by increasing competition and further innovation between firms. However, opponents argue that the proposed modifications reduce the value of patents while also providing an incentive to keep inventions secret which runs counter to one of the main goals of the patent system to disseminate useful innovation to the public.<sup>74</sup>

### I. Interlocutory Claim Construction Appeals

H.R. 1260	S. 515	S. 610
Gives authority for approval of interlocutory appeals to the District Court without allowing discretion by the Federal Circuit.	Similar to H.R. 1260 but requires the District Court to find that the appeal (1) materially advances the termination of litigation or (2) likely controls the outcome of the case.	Not included.

A big issue for patent litigators is the proposed legislative initiatives regarding interlocutory appeals. In patent litigation, interlocutory appeals often arise in regard to claim interpretations following a “Markman” hearing.<sup>75</sup> Under the current system, if a claimant feels he was subject to an erroneous interpretation of his claims, he can appeal to the Federal Circuit before trial continues solely to have them give their interpretation of the claims.<sup>76</sup> However, the Federal Circuit has the option of denying the interlocutory appeal at which point trial continues at the district court level.<sup>77</sup>

Both H.R. 1260 and S. 515 provide language that would give the authority for approval of such an appeal to the District Courts, without giving the Federal Circuit discretion to decline the appeal.<sup>78</sup> H.R. 1260 allows appeal merely upon District Court Approval, whereas S.515 requires the District

<sup>72</sup> H.R. 1260, § 5(c); S. 515, § 4(c).

<sup>73</sup> Carl Shapiro, “Prior User Rights,” *Intellectual Property, Litigation, and Innovation*, Vol. 96 No. 2, (2006), at 95.

<sup>74</sup> Vincenzo Denicolo` and Luigi A. Franzoni, “Patents, Secrets, and the First-Inventor Defense,” *Journal of Economics and Management Strategy*, (2004), at 517–38.

<sup>75</sup> A Markman hearing is a pretrial hearing in a U.S. District Court during which a judge examines evidence from all parties on the appropriate meanings of relevant key words used in a patent claim.

<sup>76</sup> 28 U.S.C. § 1292.

<sup>77</sup> Id. at § 1292(b).

<sup>78</sup> H.R. 1260, § 10(b); S. 515, § 8(b).

Court to find that the appeal (1) may materially advance the ultimate termination of litigation; or (2) will likely control the outcome of the case.<sup>79</sup> S. 610 does not address this issue.

Patent litigation is one of the most expensive forms of litigation and it can be extremely costly to go through an entire trial at the District Court level only to receive a different and negative claim construction from the Federal Circuit on appeal. This is not uncommon and proponents, therefore, argue that the proposed changes will allow for a final determination of the claim interpretation which can give a claimant a better idea of whether or not to proceed to an expensive trial.

Opponents of interlocutory appeals reform submit that the pendency of cases in the Federal Circuit is already too long for companies in a competitive global economy.<sup>80</sup> They argue that without discretion over interlocutory appeals, the Federal Circuit will become so inundated with requests for claim interpretation that the average pendency of patent cases could double.<sup>81</sup> Further, it is claimed that the high rate of reversal of claim construction by the Federal Circuit will not be altered by the proposed reform, because it does not address the perceived problem. Instead, there needs to be more technical training to judges at the District Court level<sup>82</sup> as well as a change to the “de novo” standard of review on appeal requiring Federal Circuit judges to start claim construction anew.<sup>83</sup>

### *J. Inequitable Conduct*

H.R. 1260	S. 515	S. 610
Not included.	Not included.	Removes inequitable conduct determinations from court and places them in province of USPTO. Provides USPTO the option to levy civil fines.

Another contentious issue of patent law is finding a proper standard for determining inequitable conduct. Interestingly, although an extremely contentious issue in previous attempts at patent reform, only S. 610 currently proposes changes relating to inequitable conduct. Under current U.S. law, inequitable conduct is determined by the courts when a patent applicant breaches his duty of candor and good faith to the USPTO with intent to deceive while applying for a patent.<sup>84</sup> For example, withholding material references or publications regarding the invention from the USPTO. To determine a breach of duty, the courts apply a two prong approach of analyzing and weighing against

<sup>79</sup> Id.

<sup>80</sup> Letter of Chief Judge Paul R. Michel to the Patent Reform Legislation Group (October 26, 2009), at 1.

<sup>81</sup> Id.

<sup>82</sup> See District Court Pilot Programs below.

<sup>83</sup> Thomas Chen, “Patent Claim Construction: An Appeal for Chevron Deference,” *94 Virginia Law Review* 1165, 1176 (2009).

<sup>84</sup> 37 C.F.R § 1.56.

each other the (1) level of materiality of the withheld information and (2) intent to mislead the USPTO.<sup>85</sup> These prongs must each be proved separately by clear and convincing evidence before balancing materiality and intent.<sup>86</sup> Most importantly, a determination of inequitable conduct by the above test can render an entire patent unenforceable.

S. 610 includes language that would remove a determination of inequitable conduct from the courts and place it in the province of the USPTO.<sup>87</sup> It grants the Director the power to set regulations on whether a party may have engaged in misconduct by determining the existence of “misconduct consisting of intentionally deceptive conduct of a material nature in connection with the applicable matter or proceeding before the Office.”<sup>88</sup> S. 610 further provides for the option to levy civil fines for inequitable conduct and the ability to appeal a decision to the Federal Circuit.<sup>89</sup> As stated previously, while a contentious issue in prior reform efforts, neither H.R. 1260 nor S.515 currently address the issue of inequitable conduct. However, it is possible the issue will resurface as Sen. Leahy stated that he would work with Sen. Hatch on the inequitable conduct provision to address any statutory changes.<sup>90</sup>

A proper inequitable conduct standard is an attempt at balancing a variety of concerns. Some argue that the burden of proving inequitable conduct should be made easier to discourage dishonesty and cheating. In other words, there must be a viable inequitable conduct standard to guard against the intentional withholding of material references or there will be less of an incentive for companies to enter the market and provide for consumers.

However, it is often argued that inequitable conduct is used frequently in litigation by accused infringers to distract a court away from the main issues of infringement. Further, because it is so frequently raised in court it can lead to an increase in the cost and length of litigation.<sup>91</sup> Therefore, some argue that the burden of proving inequitable conduct should be made harder to prevent any incentive for potential abuse while still allowing punishment in the most egregious of cases.

## K. Venue

H.R. 1260	S. 515	S. 610
Modifies the method of determining venue for patent infringement	Does not modify the determination of venue but instead modifies when a transfer of venue can take	Similar to H.R. 1260.

<sup>85</sup> *Larson Manufacturing Co. v. Aluminart Products Ltd.*, 559 F.3d 1317, 1326 (Fed. Cir. 2009).

<sup>86</sup> *Ariad Pharmaceuticals Inc. v. Eli Lilly & Co. Inc.*, 90 USPQ2d 1549, 1558 (Fed. Cir. 2009).

<sup>87</sup> S. 610, § 11(b).

<sup>88</sup> *Id.* at § 11(c).

<sup>89</sup> *Id.* at §§ 11(c)(3) and 11(e), respectively.

<sup>90</sup> Senator Patrick Leahy (D-Vt), “During consideration of the Patent Reform Act of 2007 in Committee last Congress, I offered an amendment, which was adopted, to codify the inequitable conduct doctrine. Senator Hatch has asked that the provision be removed on introduction this year. I understand that the issue of inequitable conduct is very important to Senator Hatch, and I will work him to address any statutory changes.”, (2009). Available at <http://leahy.senate.gov/press/200903/030309b.html>.

<sup>91</sup> *Burlington v. Dayco*, 849 F.2d 1418 (Fed. Cir. 1998). (“the habit of charging inequitable conduct in almost every major patent case has become an absolute plague.”).

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All three bills introduce changes in the way venue is determined in Federal Court. Currently, venue for patent infringement may be brought (1) where the defendant resides or (2) where the defendant has committed acts of infringement and has a regular and established place of business.<sup>92</sup> Further, a defendant that is a corporation is “deemed to reside in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced.”<sup>93</sup> Large corporations, however, have such pervasive contacts that almost any federal court in the country could have personal jurisdiction over them. Therefore, concerns have arisen over forum shopping by small companies and non-practicing entities seeking a venue that is most likely to give them a favorable judgment against the deep-pockets of these corporations. To address these concerns, all three bills attempt to supplement or modify the method of determining venue.

Both H.R. 1260 and S. 610 provide a list of various ways in which a court can determine venue. H.R. 1260 describes venue as existing (1) where the defendant has its principal place of business or incorporation, (2) where the defendant has committed infringement and has a significant physical presence, or (3) where the plaintiff resides if the plaintiff is an educational institute, non-profit, or an individual inventor.<sup>94</sup> S. 610 includes, among others similar provisions as well as additional provisions such as where (1) the defendant agrees to be sued, (2) the invention was conceived or reduced to practice, and (3) significant research and development occurred at an established facility.<sup>95</sup> Interestingly, S. 515 was amended in the Senate Judiciary Committee to remove similar language to that of H.R. 1260 by replacing it with a codified holding from recent case law.<sup>96</sup> As such, S. 515 only modifies the transfer of venue code to provide transfer of venue “upon a showing that the transferee venue is clearly more convenient than the venue in which the civil action is pending.”<sup>97</sup> While this proposed reform does not change the method of determining venue, it does allow claimants a possible way of escaping from an unfavorable venue determination.

Opponents to venue changes argue that proposed changes will not necessarily result in the most appropriate or convenient venue for litigation and that certain courts attract patent cases simply

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<sup>92</sup> 28 U.S.C. § 1440(b).

<sup>93</sup> 28 U.S.C. § 1391.

<sup>94</sup> H.R. 1260, § 10. In this instance, the individual inventor must qualify as a “micro-entity”. This relates to another change proposed by H.R. 1260 and S. 515 which define micro-entities as a new category of patent applicant. The definition includes any applicant who (1) qualifies as a small inventor, (2) has not been named on 5 or more previously filed patent applications, (3) has not assigned, granted, or conveyed, and is not required to assign, grant, or convey any type of ownership rights to the invention, and (4) does not have a gross income 2.5 times the average gross income. S. 610 does not address this issue.

<sup>95</sup> S. 610, § 8.

<sup>96</sup> *In re TS Tech USA Corp.*, 551 F.3d 1315 (Fed. Cir. 2008).

<sup>97</sup> S. 515, § 8.

because of their expertise and timeliness.<sup>98</sup> Further, many argue that having a single appellate court, the Federal Circuit, mitigates the effect forum shopping.<sup>99</sup>

### L. Best Mode

H.R. 1260	S. 515	S. 610
Not included.	Maintains best mode as a requirement in prosecution but eliminates best mode as a way to invalidate a patent in litigation.	Not included.

Only S. 515 proposes to change the requirements relating to “best mode”. Best mode requires that an inventor disclose the best way of carrying out his invention.<sup>100</sup> To meet this requirement, an inventor must (1) possess a best mode for practicing his invention at the time of filing and (2) sufficiently disclose the best mode such that one of ordinary skill in the art could practice the invention. Currently, failure to properly disclose the best mode can prevent a patent from being granted by the USPTO and can also invalidate a granted patent during litigation.

Proponents argue that a best mode requirement is essential for public disclosure and proper use of the invention. However, it has become an increasingly costly and distracting satellite issue in litigation which detracts from the main issues of infringement.<sup>101</sup> Therefore, S. 515 eliminates the use of best mode as a way to invalidate a granted patent during litigation, but retains it as a requirement that must be met when initially applying for a patent at the USPTO.<sup>102</sup> As with other proposed

<sup>98</sup> See Donald F. Parsons, Jack B. Blumenfeld, Mary B. Graham & Leslie A. Polizoti, “Solving the Mystery of Patentees’ ‘Collective Enthusiasm’ for Delaware”, 7 *Del. L. Rev.* 145, 148-151 (2004). (discussing how forum shopping is the solution to inconsistent application of patent law by creating courts with expertise.)

<sup>99</sup> Scott Atkinson, Alan C. Marco, and John L. Turner, “The Economics of a Centralized Judiciary: Uniformity, Forum Shopping and the Federal Circuit,” (2008), at 1. Available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1129846](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1129846).

<sup>100</sup> 35 U.S.C § 112, First Paragraph.

<sup>101</sup> Congressman Mike Pence “At the Judiciary Committee, I offered a best mode relief amendment that was accepted. The Pence Amendment retained best mode as a specifications requirement for obtaining a patent, the intent being to maintain in the law the idea that patent applicants should provide an extensive disclosure to the public about the invention.

“But, the Pence Amendment endeavored to remove best mode from litigation by saying that it could not be used as a legal defense to infringement in patent litigation. Increasingly, in patent litigation, defendants have put forth best mode as a defense and a reason to find a patent unenforceable. It becomes a satellite piece of litigation in and of itself and distracts from the actual issue of infringement and costs American inventors millions in legal fees.”, (2007). Available at [http://mikepence.house.gov/index.php?option=com\\_content&task=view&id=460&Itemid=65](http://mikepence.house.gov/index.php?option=com_content&task=view&id=460&Itemid=65).

<sup>102</sup> S. 515, § 14.

initiatives, this change provides legal harmony by further aligning the U.S. patent system with the rest of the world. H.R. 1260 and S. 610 do not address this issue.<sup>103</sup>

### *M. USPTO Related Changes*

Current legislative initiatives also address changes and additions to rules and regulations relating to the USPTO. As discussed below, may have a large impact on the day-to-day operations of the USPTO.

#### *1. USPTO Fee Setting*

H.R. 1260	S. 515	S. 610
Gives the USPTO authority over the setting and adjusting of fees.	Same as H.R. 1260.	Same as H.R. 1260.

The USPTO is granted the ability to establish regulations not inconsistent with the law.<sup>104</sup> However, this does not provide for ultimate authority as certain areas of the law and rulemaking are left to Congressional oversight and judicial decision. Therefore, the courts can determine what is within or not within the USPTO’s regulatory authority.<sup>105</sup> As such, all three bills introduce legislation that explicitly moves the adjustment of fees set by statute within the province of USPTO regulatory authority. The legislation provides the USPTO with the authority “to set or adjust by rule any fee established or charged by the Office.”<sup>106</sup> This will enable the USPTO to accurately recover for the costs of providing services and will also increase revenue to combat against Congressional fee diversion. The USPTO is also seeking to add a 15% surcharge to statutory fees in any patent reform legislation.

#### *2. USPTO Fee Diversion*

H.R. 1260	S. 515	S. 610
Not included.	Not included.	Establishes a revolving fund for fees collected by the USPTO to fund

<sup>103</sup> However, as mentioned previously, both H.R. 1260 and S. 515 provide that best mode cannot be used as a basis for a post-grant review proceeding.

<sup>104</sup> 35 U.S.C. § 2(b)(2).

<sup>105</sup> For example, *see generally* *Tafas v. Dudas*, 511 F. Supp. 2d. 652 (E.D. Va. 2007).

<sup>106</sup> H.R. 1260, § 11(a)(1); S. 515, § 9(a)(1); S. 610, § 9(a)(1).

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As of 1990, approximately 80% of USPTO costs are funded through user fees from obtaining and maintaining patents and trademarks.<sup>107</sup> However, it was not long before Congress realized that it could divert money obtained from USPTO revenue to make up for shortfalls in other programs. As such, it is estimated that from 1992 to 2004 as much as \$750 million has been diverted from the USPTO to fund other government operations.<sup>108</sup> Currently, the 2009 Omnibus Appropriation Bill and the recently passed Consolidated Appropriations Act of 2010 allow for the diversion of fees that exceed USPTO fee collection estimates.<sup>109</sup>

S. 610 proposes to establish a revolving fund containing fees collected by the USPTO that can be used to fund USPTO operations. While there has been scant fee diversion in the past few years, this provision ensures the USPTO will have more revenue to handle the ever increasing number of applications. As such, more examiners can be hired that will ensure a quicker response for securing the intellectual property rights of inventors.<sup>110</sup> Neither H.R. 1260 nor S. 515 address this issue.

### 3. USPTO Venue

H.R. 1260	S. 515	S. 610
Modifies where the USPTO is subject to venue when	Similar to H.R. 1260.	Similar to H.R. 1260.

<sup>107</sup> See USPTO Funding Diversion History at The Library of Congress. Available at [http://thomas.loc.gov/cgi-bin/cpquery/?&dbname=cp109&sid=cp109OaGul&refer=&r\\_n=hr372.109&item=&sel=TOC\\_11043&](http://thomas.loc.gov/cgi-bin/cpquery/?&dbname=cp109&sid=cp109OaGul&refer=&r_n=hr372.109&item=&sel=TOC_11043&).

<sup>108</sup> Letter from Michael K. Kirk, then Executive Director of the American Intellectual Property Law Association (AIPLA), to Senate Minority Leader Mitch McConnell, (2007). Available at [http://www.aipla.org/Content/ContentGroups/Legislative\\_Action/110th\\_Congress1/Testimony6/McConnell-AdequateFunding.pdf](http://www.aipla.org/Content/ContentGroups/Legislative_Action/110th_Congress1/Testimony6/McConnell-AdequateFunding.pdf).

<sup>109</sup> Interestingly, the Consolidated Appropriations Act of 2010 removed language recommended in the President's budget that would have permitted the USPTO to spend up to \$100 million more if actual 2010 fee collection exceeded estimates.

<sup>110</sup> Senator Orrin Hatch (R-UT), "By prohibiting the practice of diverting fees to pay for other programs, the Agency will be able to ensure that fees paid by inventors are used solely for USPTO operations. The resource-starved agency is still trying to recover from the almost \$750 million in patent and trademark application fees that were diverted away from the USPTO between 1992 and 2004. As a result, the Agency has been unable to hire, train, and retain the number of qualified examiners needed to handle the ever-increasing number of patent application filings. Moreover, the practice of fee diversion has inhibited the Agency from playing more of a key role in combating counterfeiting and piracy, both domestically and abroad." (2009). Available at [http://hatch.senate.gov/public/index.cfm?FuseAction=PressReleases.View&PressRelease\\_id=aad5a49a-1b78-be3e-e0df-472df87f4cf6](http://hatch.senate.gov/public/index.cfm?FuseAction=PressReleases.View&PressRelease_id=aad5a49a-1b78-be3e-e0df-472df87f4cf6).

it is party to a suit.		
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A minor technical change proposed by all three bills is to change the venue in suits where the USPTO is a party. Currently, when the USPTO is a party in a suit it is subject to venue in the United States District Court for the District of Columbia.<sup>111</sup> Therefore, H.R. 1260, S. 515, and S. 610 modify the venue statute to make the USPTO subject to venue in the United States District Court for the Eastern District of Virginia when it is a party to a suit.<sup>112</sup>

#### 4. USPTO Travel Expenses Test Program

H.R. 1260	S. 515	S. 610
Not included.	Establishes a “travel expenses test program” at the USPTO.	Not included.

S. 515 seeks to establish a new “travel expenses test program” designed to save money while also making the USPTO more efficient. Currently, teleworking USPTO employees must pay their own travel expenses when coming to the USPTO to perform work. The reason for this is that all USPTO employees have their duty station in Alexandria, VA qualifying them for the locality pay rates for the DC area.

The “travel expenses test program” program provides for the USPTO to pay for travel expenses of employees to and from the worksite if (1) the employee enters into an approved telework arrangement, (2) the employee requests the telework from a distance outside the local commuting area of the USPTO, and (3) the USPTO approves the requested arrangement for reasons of employee convenience rather than the need for the employee to relocate for duties at a specific location.<sup>113</sup> The program is subject to internal oversight and requires that the USPTO submits an analysis of the effectiveness of the program to appropriate committees in Congress.<sup>114</sup> H.R. 1260 and S. 610 do not address this issue.

#### N. Residency of Federal Circuit Judges

H.R. 1260	S. 515	S. 610
Repeals the residency requirement of Federal Circuit	Similar to H.R. 1260 but provides facilities and	Not included.

<sup>111</sup> 15 U.S.C. § 1071(b)(4).

<sup>112</sup> H.R. 1260, § 10(c); S. 515, § 8(c); S. 610, § 8(b).

<sup>113</sup> S. 515, § 13(a)(2).

<sup>114</sup> Id. at §§ 13(a)(3)(A) and 13(a)(4)(B), respectively.

judges.	administrative support services where judges reside.	
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Both H.R. 1260 and S. 515 propose to modify the residency requirement for Federal Circuit judges. Under current U.S. law, known as the Baldwin Rule, Federal Circuit judges are required to live within 50 miles of the District of Columbia.<sup>115</sup> S. 515 repeals this requirement and requires that the Administrative Office of the United States provide “appropriate facilities and administrative support services” where the judges actually reside or in the closest district to where the judge resides.<sup>116</sup> H.R. 1260 simply eliminates the requirement that Federal Circuit judges live within 50 miles of the District of Columbia but does not have any language regarding facilities and support.<sup>117</sup> S. 610 does not address the issue of residency requirements.

The motivation behind such changes is to increase the pool of available judges that could serve on the Federal Circuit. Some judges are reluctant to move and it is thought that this change will not only provide an incentive to consider a term on the Federal Circuit but also provide for a better selection of qualified judges to deal with the complexity common to patent law issues.

Opponents to the residency requirement argue that the Federal Circuit, and subsequently patent law in general, would not be better served by these changes. In a letter of October 26, 2009, addressed to the Patent Reform Legislation Group, Federal Circuit Chief Judge Paul Michel argued that the costs imposed by S. 515 cannot be absorbed by the Federal Circuit or the Administrative Office of the United States.<sup>118</sup> Further, he stated that the “court is greatly assisted [by the residency requirement] ... because most days judges can and do meet face-to-face to discuss cases, just by walking down the hall” and that “these face-to-face contacts contribute greatly to more consistent and clear rulings.”<sup>119</sup>

### *O. District Court Pilot Program*

H.R. 1260	S. 515	S. 610
Not included.	Establishes a “district court pilot program” to increase district court expertise with patent cases.	Not included.

S. 515 also seeks to establish a pilot program to run in not less than six district courts for ten years from the enactment of the program.<sup>120</sup> These district courts will be picked from the 15 district courts which had the largest number of patent and plant protection cases within the last year. Under this program, district court judges are allowed to volunteer to hear cases on issues involving patent

<sup>115</sup> 28 U.S.C. § 44 (c).

<sup>116</sup> S. 515 §§ 11(a) and 11(b).

<sup>117</sup> H.R. 1260, § 12.

<sup>118</sup> Letter of Chief Judge Paul R. Michel to the Patent Reform Legislation Group (October 26, 2009), at 4.

<sup>119</sup> *Id.*

<sup>120</sup> S. 515, § 15.

law. The purpose of the program is to increase the ability of district courts to effectively hear and make rulings on the extremely complex issues that often arise in patent cases. As such, the program requires that reports be made to Congress detailing various criteria such as the effectiveness at increasing judge expertise in patent law, increased efficiency due to that expertise, and the reversal rate by the Federal Circuit of cases heard in these designated district courts.<sup>121</sup> H.R. 1260 and S. 610 do not address this issue.

*P. Conditions for Patentability*

H.R. 1260	S. 515	S. 610
Removes 35 U.S.C. § 102 (c), (d), and (f) from U.S. code.	Similar to H.R. 1260 but does not require a finding that major patenting authorities have adopted a similar grace period.	Same as H.R. 1260.

Patent reform also seeks to change the conditions for patentability by updating the law to reflect current practice and usage. These conditions are defined in section 102 of the Patent Act and describe various ways in which an inventor can be denied patent eligibility.

Section 102(c) states that a person shall be entitled to a patent unless “he has abandoned the invention.”<sup>122</sup> Abandonment only comes about when “the inventor intend[s] to abandon the invention”<sup>123</sup> and in making such a determination, “[any] reasonable doubt should be resolved in favor of the inventor.”<sup>124</sup>

Section 102(d) prevents patent eligibility if (1) a person filed for a patent in a foreign office more than 12 months before filing in the U.S., and (2) if a patent was granted in a foreign office before filing in the U.S.<sup>125</sup>

Section 102(f) understandably prevents an inventor from obtaining patent protection if he did not invent the subject matter sought to be patented.<sup>126</sup>

Section 102(e) prevents patent eligibility if there exists a U.S. patent or U.S. published application that was filed before the applicant’s application.<sup>127</sup> Section 102(g) prevents patent eligibility if before the applicant’s invention, the invention was made in the U.S. by another inventor who did not abandon, suppress, or conceal the invention.<sup>128</sup> Both sections rely on the often criticized Hilmer Doctrine which states that, regardless of priority provisions under Section 119<sup>129</sup> and/or the

<sup>121</sup> Id. at § 15(e).

<sup>122</sup> 35 U.S.C. § 102(c).

<sup>123</sup> *In re Gibbs*, 437 F.2d 486, 168 USPQ 578 (CCPA 1971).

<sup>124</sup> *Ex parte Dunne*, 20 USPQ2d 1479 (Bd. Pat. App. & Inter. 1991).

<sup>125</sup> 35 U.S.C. § 102(d).

<sup>126</sup> 35 U.S.C. § 102(f).

<sup>127</sup> 35 U.S.C. § 102(e).

<sup>128</sup> 35 U.S.C. § 102(g).

<sup>129</sup> 35 U.S.C. § 119.

Paris Convention<sup>130</sup>, a U.S. patent application that eventually issues is effective as prior art only as of its U.S. filing date regardless of any foreign priority date.<sup>131</sup>

H.R. 1260, S.515, and S. 610 all propose to modify the definition of prior art by deleting paragraphs (c), (d), and (f) of section 102 from the U.S.C. H.R. 1260 conditions this modification on a Presidential finding that other major patenting authorities provide inventors with a grace period having substantially the same effect as the grace period proposed in the current legislation.<sup>132</sup> The driving force behind these changes is that paragraphs (c) and (d) are seldom used or cited<sup>133</sup> and paragraph (f) is covered elsewhere in U.S.C.<sup>134</sup> Further, all three bills propose the elimination of the Hilmer Doctrine so that the definition of prior art of a U.S. patent application that eventually issues is the priority date rather than the U.S. filing date.<sup>135</sup> As with other proposed legislative initiatives, these changes provide legal harmony by further aligning the U.S. patent system with the rest of the world.

### *Q. Assignee Filing*

H.R. 1260	S. 515	S. 610
Not included.	Allows for assignees of an invention to make an application for a patent.	Similar to S. 515.

Another modification relates to who can file an application for a patent. Under current U.S. law, a patent can only be filed by the original inventor unless “he refuses to execute an application for a patent or cannot be found or reached after diligent effort.”<sup>136</sup> In this instance, anyone with a sufficient propriety interest can file a patent application as long as it is “necessary to preserve the rights of the parties or to prevent irreparable damage.”<sup>137</sup> This rule is often taken advantage of by companies who have inventors working for them.

An employee of a company is usually required to contractually assign any inventions to the employer. While the inventor must still file the application, an employer can file on behalf of the inventor if he cannot be located or refuses to execute the application for a patent. This has been argued by many as an unnecessary step as most foreign patent systems simply allow the employer to

<sup>130</sup> Convention for the Protection of Industrial Property, Mat. 20, 1883, 1 Bovaas 80 (revised by Paris Convention for the Protection of Industrial Property, July 14, 1967, 21 U.S.T. 1583).

<sup>131</sup> *In re Hilmer*, 359 F.2d 859, 882-83 (C.C.P.A. 1966); *In re Hilmer*, 424 F.2d 1108 (C.C.P.A.1970). Also See 35 U.S.C. §§ 363 and 375(a).

<sup>132</sup> See Grace Period above.

<sup>133</sup> Wendy H. Schacht and John R. Thomas, “Patent Reform in the 111<sup>th</sup> Congress: Innovation Issues,” CRS Report R40481 (2009), at 17.

<sup>134</sup> 35 U.S.C. § 101 states “Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.”

<sup>135</sup> H.R. 1260, § 2(g); S. 515, § 2(g); S. 610, § 2(g).

<sup>136</sup> 35 U.S.C. § 118.

<sup>137</sup> *Id.*

file for a patent application as long as there is a contractual requirement of assignment from the employee.

In accordance with this argument, S. 515 and S. 610 modify existing law such that a “person to whom the inventor has assigned or is under an obligation to assign the invention may make an application for a patent.”<sup>138</sup> H.R. 1260 does not provide for any changes regarding for assignee filing. While this change does diminish an inventor’s control over an invention, it brings U.S. patent law into legal harmony with foreign patent systems while also making it easier and less time consuming for employers to file applications on behalf of employees. However, it should be noted that inventor’s oaths or declarations will still be required.

### *R. Patent Trial and Appeal Board*

H.R. 1260	S. 515	S. 610
Establishes a Patent Trial and Appeal Board to replace the Board of Patent Appeals and Interferences.	Same as H.R. 1260.	Same as H.R. 1260.

A technical change to current U.S. patent law is the establishment of the Patent Trial and Appeal Board. Currently, appeals of examiners decisions, appeals of decisions from reexamination, and interferences are all heard by the Board of Patent Appeals and Interferences. However, because interferences would no longer be required in a first-inventor-to-file system, all three bills propose to establish a Patent Trial and Appeal Board in place of the Board of Patent Appeals and Interferences.<sup>139</sup> This board will consist of administrative patent judges and will hear appeals of examiners and appeals from reexamination proceedings as well as conduct post-grant review proceedings.

## IV. CONCLUSION

The Patent Reform Act of 2009 represents some of the most sweeping changes in U.S. patent law since the Patent Act of 1952. Many of the changes, such as switching to a first-inventor-to-file system and post-grant review, are designed to harmonize U.S. patent law with foreign patent systems whereas other changes, such as damages and interlocutory appeals, are designed to provide equitable solutions to long-standing problems in patent law. Overall, however, the impetus for providing sweeping changes is to encourage innovation while also stimulating the economy.

Over the past few decades, the U.S. economy has shifted away from a tangible goods, manufacturing economy, to one based largely on intellectual property rights in high technology areas of innovation. It is therefore extremely important to the U.S. economy that the patent system continues to

<sup>138</sup> S. 515, § 3(b); S. 610, § 3(b).

<sup>139</sup> H.R. 1260, § 6; S. 515, § 6; S. 610, § 6.

provide incentives and protections to these technological areas.<sup>140</sup> Therefore, many argue that patent reform is a necessity for the U.S. to maintain its position at the forefront of the world's economy.<sup>141</sup>

This assessment of the potential positive effects of patent reform is not shared by all parties. A recent surge in judicial opinions at the Supreme Court and Federal Circuit has already provided reform on many contentious issues sought to be addressed by patent reform. Therefore, many argue that the courts are already proving to be a more appropriate forum for patent reform. Further, the U.S. economy is currently mired in one of the worst recessions in history and many wonder if now is the best time to be meddling with changes to the current system.

Whether the Patent Reform Act of 2009 will make it out of the 111th Congress is always a question up for debate. While interest in reform has grown significantly in the recent years, none of the previous legislative reforms managed to make any significant progress towards passage. Further, the endless debate over health care reform and a recent increased involvement in Afghanistan could further delay attempts by either house to return to the patent reform issue. However, with a compromise on the contentious damages issue and repeated statements by members of both houses stating that now is the time for patent reform, there appears to be strong support for passing at least S. 515 at some point in 2010. Regardless of the outcome, with the recognized importance of patents to the U.S. economy, it is safe to say that the issue of patent reform is here to stay.

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<sup>140</sup> See *Supra* note 5.

<sup>141</sup> Senator Patrick J. Leahy, "As I said when I introduced the Patent Reform Act last Congress: If we are to maintain our position at the forefront of the world's economy, if we are to continue to lead the world in innovation and production, if we are to continue to benefit from the ideas of the most creative citizens, then we must have a patent system that produces high quality patents, that limits counterproductive litigation over those patents, and that makes the entire system more streamlined and efficient.", (2009). Available at <http://leahy.senate.gov/press/200903/030309b.html>.

# APPENDIX A

	H.R. 1260	S. 515	S. 610
Damages	Court determines reasonable royalty from the (1) entire market value, (2) marketplace licensing value, or (3) economic value attributed to the invention.	Court acts as a gatekeeper and can use Georgia Pacific factors or any other factors in determining a reasonable royalty.	Courts determined a reasonable royalty by considering any factors that are relevant.
Willful Infringement	A patent owner must prove by clear and convincing evidence that acting with objective recklessness the infringer (1) continued to infringe after receiving notice; (2) intentionally copied the patented invention with knowledge it was patented; or (3) continued infringing conduct after a court determined	Similar to H.R. 1260.	Not included.

	that infringement took place.		
Citation of Prior Art	Increases the types of permissible prior art available for citation.	Similar to H.R. 1260.	Not included.
Reexamination	Removes language allowing for an estoppel effect to arise at a later trial.	Similar to H.R. 1260.	Removes <i>Inter Partes</i> proceeding from U.S. patent law.
Post-Grant Proceeding	Establishes a post-grant review proceeding available for one year after the grant of a patent. There must be a substantial question of patentability for at least one claim.	Similar to H.R. 1260	Establishes a post-grant review proceeding within a “first-period” window of nine months from the grant of a patent and a “second-period” window for the life of the patent. There must be a sufficient basis to conclude at least one claim is unpatentable.
3 <sup>rd</sup> Party Submissions	Increases the types of permissible submissions. Submissions must include a description of the relevance of	Same as H.R. 1260.	Similar to S. 610.

	submitted documents.		
Applicant Quality Submissions	Not included.	Not included.	Provides incentives to applicants who submit search reports, a patentability analysis, or other information relevant to patentability.
First-Inventor-To-File	Provides a shift from a “first-to-invent” system to a “first-to-file” system. Removes interference proceedings . Requires a finding that major patenting authorities have adopted a similar grace period.	Similar to H.R. 1260 but does not require a finding that major patenting authorities have adopted a similar grace period.	Similar to H.R. 1260 but does not require a finding that major patenting authorities have adopted a similar grace period.
Grace Period	Changes disclosure to include public use or sale anywhere in the world. The current grace period would only apply to applicants	Similar to H.R. 1260	Similar to H.R. 1260

	themselves.		
Prior User Rights	Extends the current “first inventor defense” to affiliates of the inventor.	Same as H.R. 1260.	Not included.
Interlocutory Appeals	Gives authority for approval of interlocutory appeals to the District Court without allowing discretion by the Federal Circuit.	Similar to H.R. 1260 but requires the District Court to find that the appeal (1) materially advances the termination of litigation or (2) likely controls the outcome of the case.	Not included.
Inequitable Conduct	Not included.	Not included.	Removes inequitable conduct determinations from court and places them in province of USPTO. Provides USPTO the option to levy civil fines.
Venue	Modifies the method of determining venue for patent infringement cases.	Does not modify the determination of venue but instead modifies when a transfer of venue can take place.	Similar to H.R. 1260.
Best Mode	Not	Maintains best mode as a	Not included.

	included.	requirement in prosecution but eliminates best mode as a way to invalidate a patent in litigation.	
USPTO Fee Setting	Gives the USPTO authority over setting and adjusting of fees.	Same as H.R. 1260.	Same as H.R. 1260.
USPTO Fee Diversion	Not included.	Not included.	Establishes revolving fund for fees collected by the USPTO to fund USPTO operations.
USPTO Venue	Modifies where the USPTO is subject to venue when it is party to a suit.	Same as H.R. 1260.	Same as H.R. 1260.
USPTO Travel Expense Test Program	Not included.	Establishes a “travel expenses test program” at the USPTO.	Not included.
Residency of Federal Circuit Judges	Repeals the residency requirement of Federal Circuit judges.	Similar to H.R. 1260 but provides facilities and administrative support services where judges reside.	Not included.
District Court Pilot Program	Not included.	Establishes a “district court pilot program” to increase	Not included.

		district court expertise with patent cases.	
Conditions for Patentability	Removes 35 U.S.C. § 102 (c), (d), and (f) from U.S. code. Requires a finding that major patenting authorities have adopted a similar grace period.	Similar to H.R. 1260 but does not require a finding that major patenting authorities have adopted a similar grace period.	Same as H.R. 1260.
Assignee Filing	Not included.	Allows for assignees of an invention to make an application for a patent.	Similar to S. 515.
Patent Trial and Appeal Board	Establishes a Patent Trial and Appeal Board to replace the Board of Patent Appeals and Interferences.	Same as H.R. 1260.	Same as H.R. 1260.