H.R. 1249, AMERICA INVENTS ACT

June 2011

In April, H.R. 1249, the "America Invents Act" was voted out of committee 32-3. This vote came on the heels of a 95-5 vote in the Senate in March. The product of 4 Congresses, dozens of hearings and several bill iterations, the Act reduces the costs of frivolous litigation, increases patent certainty and promotes the creation of American jobs. It addresses the fundamental question that what is good for American innovators and innovative industries will ultimately be a good deal for all Americans.

JOB CREATION:

- ***Prior User Rights*** – creates a strong right for those who first commercially use inventions, protecting the rights of early inventors and giving manufacturers a powerful incentive to build new factories in the United States and to keep and bring jobs back home.
- ***First-Inventor-to-File (FITF)*** – shifts the U.S. to the FITF system, ending the need for expensive discovery and litigation over priority dates and putting an end to expensive interference proceedings that small entities overwhelmingly lose (or can't afford), while ensuring that inventors can establish priority dates by filing simple and inexpensive provisional applications. A change that former Attorney General Michael Mukasey called both "constitutional and wise."
- ***University Innovation*** – builds on the landmark Bayh-Dole Act that unleashed the research potential of our research universities and provides them with patent protections relating to prior user rights and a greater share of the resources necessary to create the building blocks of new fields of science and technology, boosting our education system.
- ***Patent Ombudsman for Small Business Concerns*** – to ensure that independent inventors and small businesses continue to have a strong voice at the PTO, the ombudsman will work with folks on patent filings and guide them through the patent process at the PTO.

LEGAL REFORM:

- ***Joinder*** - restricts joinder of defendants to cases arising out of the same facts and transactions, ending the abusive practice of treating as codefendants parties who make completely different products and have no relation to each other.
- ***False Marking Abuse*** – reins in frivolous false-marking lawsuits, a recent growth industry in abusive litigation, by limiting suits only to those parties who have actually suffered competitive harm.
- ***Business Method Patent Transitional Program*** – creates an administrative program for review of business-method patents, the patentability of which was sharply restricted in the Supreme Court's recent *Bilski* decision, providing a much cheaper alternative to litigation and allowing the experts at the Patent Office to review business methods in light of proper standards and the best prior art.
- ***Tax Strategy Patents*** – puts an end to the abusive practice of patenting methods of complying with the Tax Code by banning all issuance of tax-strategy patents.

PATENT OFFICE REFORM AND BEST PRACTICES:

- ***Anti-fee Diversion (PTO Funding)*** – ends the practice of fee-diversion at the PTO, ensuring that non-taxpayer, user-provided examination fees are not diverted for unrelated projects or earmarks. This provision effectively lowers taxes on innovators and innovation.
- ***Oversight*** – ensures continued Congressional oversight by both Judiciary and Appropriations Committees in the House and Senate, while providing PTO with a clear mechanism to access excess fees. Also codifies the Weldon amendment to prevent patenting relating to human cloning.
- ***Fee-setting Authority*** – allows the PTO director to adjust fees to better adjust to market conditions and help reduce the time it takes to review and issue a patent to get it into market quickly and efficiently.
- ***Post Grant Review, Inter Partes Review and Supplemental Examination*** – these provisions create cost-effective alternative legal forums at the USPTO that will provide a simpler way to review questions of patentability, reducing the costs of frivolous litigation on job creators.