ARE PATENT RIGHTS HEADED TO THE RACES?

By David W. Higer
Kirkland & Ellis LLP

The United States Senate recently passed legislation S. 23 (the "America Invents Act") that would change numerous aspects of patent law. Senator Orrin Hatch, one of the bill's cosponsors, explained at the bill's introduction:

If enacted, the [America Invents Act] would move the United States to a first-inventor-to-file system, which will bring greater harmony and improve our competiveness. Also, among other things, the bill would improve the system for administratively challenging the validity of a patent at the USPTO; improve patent quality; create a supplemental examination process for patent owners; prevent patents from being issued on claims for tax strategies; and provide fee-setting authority for the USPTO Director to ensure the Office is properly funded.

This bipartisan bill also contains provisions on venue; changes to the best mode; increased incentives for government laboratories to commercialize inventions; restrictions on false marking claims, and removes restrictions on the residency of Federal Circuit judges.

CONG. REC. S142 (Jan. 25, 2011).

The America Invents Act is the culmination of more than five years of effort in both houses of Congress and garnered broad bipartisan support in passing the Senate on a vote of 95-5. As detailed by Senator Hatch, the America Invents Act would make numerous changes to the patent laws. Should the America Invents Act ultimately become law, one of the key impacts of it on new patents would be the fundamental change of our patent system from a first-to-invent to a first-to-file system.

To appreciate how significant this change would be, it is helpful to understand at a high level the status of current law. Under current law, the first inventor to conceive of a patentable idea will be awarded patents rights over a competing inventor—even if the later inventor reduced the invention to practice and applied for a patent first—as long as the first inventor exercised reasonable diligence in reducing the invention to practice. *See, e.g., Brown v. Barbacid,* 436 F.3d 1376, 1378–79 (Fed. Cir. 2006). However, the process of proving the earlier conception and diligent reduction to practice in an interference proceeding before the United States Patent and Trademark Office and subsequent court proceedings make this a slow and costly process and casts doubt on claimed patent rights until resolved.

By contrast, under the America Invents Act, the delay, costs and uncertainty of an interference proceeding would be replaced with a simple first-to-file rule. Under this approach, the only factual inquiry necessary will be to look to the filing dates of the competing patent applications. The earliest filed wins. Short. Simple. Certain.

An example will help illustrate the differences: Inventor A conceives of the idea for a new widget on January 1, 2010 and reduces the widget to practice on December 31, 2010. Inventor A files for a patent on the invention on June 1, 2011. Inventor B separately conceives of the same idea for the new widget on June 1, 2010, reduces it to practice on December 1, 2010 and files for a patent on February 1, 2011. Under current law, assuming Inventor A can actually prove earlier conception and reasonably diligent reduction to practice, Inventor A ultimately will be awarded the patent rights. By contrast, under the America Invents Act, because Inventor B filed for the patent before Inventor A, Inventor B will be awarded the invention. Thus, under current law, Inventor A would not lose his rights for failing to reduce the invention to practice and filing for a patent as soon as possible. But, Inventor A would lose his rights under the first-to-file regime.

Consequently, if enacted into law, the America Invents Act will incentivize businesses to rethink and refocus their patent efforts to quickly identify and apply for new inventions in order to avoid the risk of losing patent rights to a more nimble, competing inventor who applied for a patent first. Of course, only time will tell if the America Invents Act becomes law, but given the broad bipartisan support it garnered in passing the Senate, corresponding efforts in the House (*e.g.,* H.R. 243), and the significant change that it would make in the patent law, this is pending legislation to keep an eye on. You can keep apprised of the latest action on this bill at www.thomas.gov by entering S23 in the search engine.

Dave is an intellectual property litigation partner based in the Chicago office of Kirkland & Ellis LLP. Dave has a national practice with prior and current cases before the International Trade Commission and federal district courts in Delaware, Florida, Illinois, Minnesota, Nevada, and New York. Dave's practice focuses on advising clients in all aspects of patent, copyright, and trademark law, including trial litigation, appellate litigation, and the assessment of potential opportunities or risks for particular patents, copyrights, or trademarks.

David W. Higer
Partner, IP Litigation
Chicago, Illinois
t: +1 312-862-7029
f: +1 312-862-2200
david.higer@kirkland.com

Intellectual Property 2011
Reprinted with the permission of the Law Bulletin Publishing Company®