

# Committee Approves Patent Reform Proposal

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For Immediate Release

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**Washington, D.C.** – The House Judiciary Committee today approved the *America Invents Act* (H.R. 1249), a bill to modernize and reform the patent system. The bill was reported favorably to the House floor by a vote of 32-3. Similar to legislation supported overwhelmingly by the Senate in March, H.R. 1249 implements a first-inventor-to-file standard for patent approval, creates a post-grant review system to weed out bad patents, and helps the Patent and Trademark Office (PTO) address the backlog of patent applications.

House Judiciary Committee Chairman Lamar Smith (R-Texas), the bill's primary sponsor, today praised the Committee vote.

**Chairman Smith:** "Today's vote puts much-needed patent reform one step closer to enactment. The *America Invents Act* updates our patent system to make it easier for innovators to produce new technologies that drive economic growth and generate jobs.

"This important legislation is long overdue. The last major patent reform was nearly 60 years ago. Since then, American inventors have helped put a man on the moon, developed cell phones and launched the Internet. But we cannot protect the technologies of today with the tools of the past.

"Technological innovation from America's intellectual property is linked to three-quarters of our economic growth. American IP industries account for over half of all U.S. exports and provide millions of Americans with well-paying jobs.

"In order to have a healthy economy, we must have a healthy patent system. These reforms discourage frivolous suits, enhance patent quality and streamline international principles. After six years of bipartisan efforts, I look forward to crossing the finish line on patent reform."

H.R. 1249 has broad support from industry leaders and groups including: the Coalition for Patent Fairness, Coalition for 21st Century Patent Reform, Association of American Universities, Pharmaceutical Research and Manufacturers of America (PhRMA), GE, DuPont, BIO, Eli Lilly, IBM, Microsoft, Advanced Micro Devices (AMD), Financial Services Roundtable, American Bankers Association, American Insurance Association, Independent Community Bankers of America, and Securities Industry and Financial Markets Association, American Institute of CPAs, Association of Public and Land-grant Universities, American Council on Education, Association of American Medical Colleges and various independent inventors.

A copy of the bill as amended by the Committee can be found at:  
[http://judiciary.house.gov/hearings/mark\\_04142011.html](http://judiciary.house.gov/hearings/mark_04142011.html)

Below is a summary of some of the main components in the House patent reform bill:

**First Inventor to File:** Creates more certainty about patent ownership by adopting a first-inventor-to-file standard for awarding patents.

**Post-Grant Review:** Establishes a new administrative construct called post-grant opposition that allows disputes involving patent quality and scope to be settled.

**Business Method Patents:** Authorizes a special *ex parte* reexamination of business-method patents. This process allows business method patents to be re-examined using the best prior art as an alternative to expensive litigation and helps invalidate poor-quality patents.

**Third-Party Submission of Prior Art:** Prevents bad patents from being awarded by permitting third parties to submit information regarding a patent application that may be relevant for the patent examiner to review.

**PTO Fee-Setting Authority & Revenue Retention:** Authorizes the PTO Director to establish patent and trademark fees to recover the costs of services rendered to inventors and trademark filers. Allows the PTO to retain revenue generated by these fees in order to hire new examiners and address the patent backlog.

**Best Mode:** Retains the best mode requirement for purposes of submitting an application, but prevents a defendant from claiming that a plaintiff failed to comply with the best mode requirement when filing for a patent.

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