



JONES DAY COMMENTARY

PATENT REFORM ACT OF 2007: BILL PROPOSING FUNDAMENTAL CHANGES TO THE PATENT SYSTEM (H.R. 1908) (S. 1145)

On April 18, 2007, the much anticipated, most recent incarnation of patent reform legislation was introduced in both the House of Representatives and the Senate. The bill amends Title 35 of the United States Code relating to the procurement, enforcement, and validity of patents. If the bill becomes law, the U.S. patent system will undergo its most substantial overhaul since Congress passed the Patent Act in 1952.

The Reform Act will affect virtually every facet of the patent process. Key features proposed in the bill include:

- Transitioning to a “first to file” system (35 U.S.C. § 102).
- Eliminating interference proceedings and instituting derivation proceedings (35 U.S.C. § 135).
- Permitting the filing of a substitute statement in lieu of executing an inventor’s oath or declaration (35 U.S.C. § 115).
- Permitting assignees to file applications in their own names (35 U.S.C. § 118).
- Enumerating a damages analysis whereby the court determines that a reasonable royalty is

applied only to that economic value properly attributable to the patentee’s specific improvement over the prior art (35 U.S.C. § 284).

- Describing a damages analysis that provides, “Unless the claimant shows that the patent’s specific improvement over the prior art is the predominant basis for market demand for an infringing product or process, damages may not be based upon the entire market value of the infringing product or processes” (35 U.S.C. § 284).
- Setting limitations on triggering and finding willful infringement and the subsequent trebling of damages (35 U.S.C. § 284).
- Establishing “prior user” rights and defenses (35 U.S.C. § 273).
- Providing post-grant review procedures (35 U.S.C. § 321 et al.).
- Replacing the Board of Patent Appeals and Interferences with the Patent Trial and Appeal Board and altering the duties of the Board members (35 U.S.C. § 6).

- Altering venue requirements for patent cases and providing for interlocutory appeals after a claim construction decision (28 U.S.C. § 1400; 28 U.S.C. § 1292).

The Reform Act will change the patent system fundamentally by shifting from a “first to invent” system to a “first to file” system when it comes to determining who is entitled to patent protection for a given invention. This shift will require all companies to reevaluate their strategies relating to patent prosecution.

In the months leading up to the introduction of the bill, industry groups, legal organizations, and other think tanks weighed in on the substance of the bill. The upcoming months will be filled with testimony and hearings from the various interests, and amendments to the bill will be forthcoming.

Jones Day is actively tracking the developments as they occur. The Firm has created a Patent Law Reform—Updates web site (www.jonesday.com/patentlawreformupdates), where materials including the bill, a redlined version of the Patent Reform Act of 2007, hearing testimony, witness statements, and interest-group position papers will be available. This web site is also an archive of materials created since the introduction of patent reform legislation in 2005. Upcoming hearing dates are posted as they are announced and scheduled.

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