



Patent Reform Update: House Committee Issues Its Report on the America Invents Act; Obama Administration Signals Its Support

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On June 1, 2011, House Judiciary Committee Chairman Lamar Smith (R-TX) submitted the [committee's report on H.R. 1249](#), the America Invents Act, to the full House. The committee recently voted 32 to 3 in favor of sending the patent reform bill to the House floor for consideration. Included in the report was a [letter from the Secretary of Commerce](#), Gary Locke, expressing the Administration's approval of the bill. In part, Secretary Locke stated that

we supported passage of the Senate's recent patent reform legislation, S. 23, and welcome the House Judiciary Committee's timely consideration and approval of an amended version of H.R. 1249. These two bills are identical in many respects, and we are confident that the variations between the two can be resolved and that enactment of a bipartisan consensus is within reach.

There are many similarities between the House and Senate bills, the most significant being the adoption of a first-to-file patent system. See our previous posts on the subject [here](#) and [here](#). Among the differences is the treatment of the "prior user defense." Under current law, the prior user defense may be raised only by a party accused of infringing a business method patent. Generally, if the defendant is able to show a reduction to practice at least one year before the patent filing date and commercial use before that date, the defendant "prior user" is not liable for infringing the patent.

Whereas the Senate bill only requires a study and report of the issue, the House bill would actually expand the prior user defense to all patents, with exceptions only for certain federally funded organizations. In his letter, Secretary Locke indicated that the Administration supports the House's attempt to expand the prior user defense, stating that "[a]s a matter of fairness, we believe that innovators who independently create and commercialize technology should not be penalized for, or deprived of, their investment. As a result, we believe that the availability of a prior user defense is, on balance, good policy."

Also included in the report were dissenting views from Rep. John Conyers, Jr. (D-MI) and additional views from Reps. Howard Berman (D-CA), Melvin Watt (D-NC), and Zoe Lofgren (D-CA). Those representatives who submitted additional views stated objections to certain provisions of the proposed post-grant review process. Among other issues with the House bill, Rep. Conyers voiced his disagreement with a section that proposes a retroactive post-grant review of financially-related business method patents:

[I]t is unfair and inappropriate to force specific patent holders that have been through reexamination, or that have survived years of legal challenge, to defend their patents under an entirely new set of rules at the USPTO. It is also contrary to patent law norms and establishes a bad precedent for our trade partners to force a small subset of patent holders—those who have invented financially-related business methods and associated apparatus—to defend themselves in a new, retroactive procedure that does not apply to other patent holders.

In support of this provision, Secretary Locke stated that it would “enable the USPTO, upon petition, to review the validity of a limited range of business method patents to address particular challenges faced in this technology area as a result of case law developments.”

Of particular interest to practitioners in the Eastern District of Virginia is a provision in both the House and Senate bills that would change the venue for challenging certain USPTO decisions from the District of Columbia to the Eastern District of Virginia. The report states that this is an effort to correct an inadvertent inconsistency in prior legislation: “Because the USPTO no longer resides in the District of Columbia, the sections that authorize venue for litigation against the USPTO are consistently changed to reflect the venue where the USPTO currently resides.”

While the America Invents Act continues on its path toward becoming law, there are still opportunities for significant amendments. Although a date to consider the House bill has not been set, it has been placed on the House Union Calendar. Moving forward, not only will the full House have a chance to amend or reject the bill, but even if approved, the House and Senate bills must then be reconciled and approved by both chambers before finally heading to President Obama’s desk.

As the bill moves through this process, the present [status](#) can be found on the Library of Congress’s legislative information website, THOMAS. The full text of the House bill in its current form is available [here](#).

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