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## **Patent reform bill heads to Obama's desk**

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The Senate on Thursday passed the first big overhaul of the U.S. patent system in nearly 60 years, sending the bill to President Obama for his signature.

This gave Obama a victory one hour and 15 minutes before his speech outlining his jobs plan to a joint session of Congress. The president had been pushing Congress to pass the patent reform bill, which he said will create jobs by enabling high-tech companies to commercialize their innovations more quickly.

The bill, which already had passed the House, cleared the Senate on an 89-9 vote.

The new law will move the United States from a "first to invent" patent system to a "first to file" system. Supporters contend this change will make the patent system more efficient by reducing expensive disputes over who actually invented a new technology or process. The change brings the United States in line with the patent principles used by other nations, helping American companies protect their intellectual property overseas.

The legislation also will allow third parties to submit information about patent applications and creates a new post-grant review process for patents.

High-tech giants such as Apple Inc. and Google Inc. supported the legislation, as did most major business groups. However, some small tech companies and independent inventors opposed the bill, contending they'll be hurt by the changes in patent law.

"This is a big corporation patent giveaway that tramples on the rights of small inventors," said Sen. Maria Cantwell, D-Ore.

But David Kappos, director of the U.S. Patent and Trademark Office,

said the law will give his agency “the tools it needs to effectively expedite application processing, drive down the backlog of unexamined patent applications and issue higher-quality patents that are less likely to be subject to a court challenge.”

One Cambridge lawyer noted that the full impact of the patent law overhaul may not be felt for several years, as various elements are implemented over time. However, Craig R. Smith, a partner with Lando & Anastasi, singled out the first to file as the most significant change. “It’s going to require that attorneys educate companies and inventors that when they invent something they have to file right away. If someone else beats you to the patent office they are going to get the rights to it.”

Smith concurred that awarding patents to the first filer, rather than to the party that can prove they were the first to invent something, gives an advantage to larger, deep-pocketed companies that can afford to file more patents. However, he noted that the bill does bring the U.S. into step with the rest of the world, where first to file is the accepted practice.

Smith said that the provision allowing the Patent and Trademark Office greater control over the revenue that it brings in should help the agency fund a reduction in its backlog of 700,000 patent applications. “In the past, you could have a patent pending before the Patent Office for many years, often three to five years. For companies on the edge of technology that lag can be really bad,” he said, adding that technology-focused companies could miss an entire product lifecycle with such long delays.

Smith also noted that changes in how patent cases are litigated will smooth the process for defending a patent suit while eliminating some of the more frivolous claims by patent trolls.

Attorney Patrick Waller of Wolf Greenfield & Sacks in Boston also sees first to file having a disproportionate impact on small companies, saying, “This shift will mean evaluating promising ideas early, developing these quickly in preparation for filing, and dedicating resources to this process earlier than may have been the case in a first-to-invent system.”

He also sees small companies feeling the impact of a change in when inventors are allowed to discuss their inventions without giving up their future patent rights. “These small entities depend on securing

outside funding in order to move ideas through the invention pipeline. Securing such funding involves getting out into the public and talking about your ideas. Although the grace period exists for “self” disclosures and for “derived” third party disclosures, it is unclear how this will play out in practice,” said Waller. “If an inventor discloses his or her idea to a third party and this third party then makes a disclosure about this idea prior to the inventor’s filing date, that third party disclosure could be invalidating prior art to the application – unless the inventor can show such a disclosure was derived from him (or her). The burden falls on the applicant to show this, and it is unclear how the applicant would even be able to prove such derivation.”