

## Senate Passage of Patent Reform Could Boost Use of Experts

By Robert Ambrogi

Would reform of U.S. patent law have an impact on the use of expert witnesses in patent proceedings?

That question resurfaced earlier this year, when the U.S. Senate overwhelmingly approved a landmark bill that would bring major changes to the law and to the agency that administers it. By a vote of 95-5, the Senate on March 8 passed the bill now known as the “America Invents Act.”

The vote represented a major step forward for patent reform. While various proposals for reform have simmered in Congress for more than six years, none until now ever made it out of committee. Even so, patent reform is nowhere near a done deed, with the House Judiciary Committee recently approving its own version of the bill.

That could signal the need for a conference committee between the two branches of Congress somewhere down the road. Even if the Senate and House eventually agree on legislation, it is anyone’s guess what it might look like.

### Courts Paved Way for Compromise

Many controversial issues that have dogged patent reform legislation in recent years have been resolved through the courts, abdicating Congress of the need to address them. Perhaps the most contentious – the appropriate test for issuing injunctions in patent litigation – was resolved by the U.S. Supreme Court in *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006).

In an unusual spate of patent-law opinions in recent years, the Supreme Court also addressed such contentious issues as the standard for obviousness, with its decision in *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398 (2007), and the legitimacy of business-method patents, with its ruling in *Bilski v. Kappos*, 130 S. Ct. 3218 (2010).

These and other decisions by the Supreme Court and the Federal Circuit Court of Appeals had the effect of simplifying the patent-reform agenda to some extent and therefore of paving the way for passage of the Senate bill.

From a policy standpoint, the most significant provision of the Senate bill (S. 23) is that it would transition the U.S. from a first-to-invent to a first-to-file system. That would bring the U.S. in line with the practice in much of the rest of the world. The bill would also substantially change the procedures for post-grant review of patents by the U.S. Patent and Trademark Office.

Gone from the bill, however, are several of the litigation-related provisions that proved most controversial in earlier versions of the legislation. Most notably, the bill was amended to remove sections that would have required judges to play more of a gatekeeper role in screening out unfounded theories of damages.

“Although the first-to-invent issue receives lots of attention, the most controversial aspects of the original patent reform measures were (1) limitations on injunctive relief and (2) limitations on

reasonably royalty damages,” said Dennis Crouch, associate professor at the University of Missouri School of Law and author of the blog, [Patently-O](#). “The courts have focused on both of those issues and consequently have eased certain sticking-points that were holding up the legislation.”

### **Impact on Experts**

With injunctions, damages and other litigation issues taken out of S. 23, the bill’s potential impact on expert witnesses is lessened. Had the judicial gatekeeping provision gone through, for example, it could have resulted in greater demand for damages experts and an increase in pretrial hearings pertaining to damages.

What many consider to be the bill’s most dramatic change – converting the U.S. from a first-to-invent to a first-to-file jurisdiction – would have virtually no impact on the use of expert witnesses.

That leaves the most significant aspect of the bill – at least as it pertains to expert witnesses – being its creation of a post-grant review procedure for challenging the validity of a patent before an administrative patent judge of a newly created Patent Trial and Appeal Board and its new procedures for inter partes review before the new PTAB.

Both of these changes could result in greater need for expert testimony. But the precise scope of that need remains unclear, because the bill gives the USPTO director broad discretion to write regulations defining how post-grant and inter partes reviews will be handled. Under the bill, the director’s discretion expressly covers various issues relating to the presentation of factual evidence and expert opinions, either for or against a petition.

“I think the provisions of both the new inter partes reexam provisions as well as post-grant review, permitting the patentee to submit one amendment cancelling, amending or suggesting substitute claims, might well tend to increase the use and importance of expert ‘testimony,’” said Kevin E. Noonan, partner with McDonnell Boehnen Hulbert & Berghoff in Chicago. “These provisions will provide incentives to ‘front-load’ the proceedings, wherein the patentee will use the petition initiating the event as a roadmap to addressing the grounds of unpatentability.”

“The good news (insofar as it is good news) for patentees is that the examining corps does not get another crack at the claims, and perhaps the PTAB will treat both types of challenge more like a purely adversarial proceeding between the parties than current reexam practice,” added Noonan, who has written extensively about patent reform at the blog [Patent Docs](#). “But of course, since the bill gives the director discretion, pretty much anything is possible.”

### **Other Provisions of the Bill**

In addition to establishing the U.S. as a first-to-file system and creating new post-grant review procedures, the bill that passed the Senate would make various other changes to U.S. patent law. Among some of its more notable provisions, the bill would:

- Give the USPTO the authority to set its own fees and would end the diversion of patent fees to other government programs. That would give the USPTO the funds it needs to hire more examiners and thereby cut its backlog and speed up patent prosecutions.

- Broaden the definition of prior art to include public use and on-sale activity outside the United States.
- Allow third parties more time and leeway to submit prior art and publications during the patent-examination process.
- Expedite review for applications for patents describing inventions considered important to national priorities, such as clean energy.
- Limit private false-marking lawsuits by requiring plaintiffs to plead and prove competitive injury.

The American Intellectual Property Law Association issued a statement praising the passage of S. 23, saying that the legislation represents “a significant milestone in the effort to secure the U.S. position as the worldwide leader in innovation and the jobs it produces.”

Still, it remains to be seen what will happen in the House. While the Senate sponsors of the bill expressed hope that House leaders would adopt their version, the House Judiciary Committee expects their bill to reach the House floor in May or June.

“The Senate bill makes several important changes to our patent system,” House Judiciary Committee Chairman Lamar Smith (R-Texas) said. “The House will introduce similar legislation this month that will help turn the ideas of American innovators into companies and jobs.”

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