

The Coalition for 21st Century Patent Reform

Legislative Priorities

U.S. Patent and Trademark Office Roundtable Discussion

February 20, 2014

Full and Effective Implementation of the AIA

21C supports pending legislative provisions that remain essential to completing the historic reforms enacted by the Leahy-Smith America Invents Act (AIA). Specifically, legislation is needed to ensure that patent claims adjudicated in the new USPTO post-issuance proceedings are construed in accordance with the ordinary and customary meaning of the claim language, as understood by one of ordinary skill in the art and the prosecution history of the patent. This claim construction rule should apply in all IPR, PGR and CBM proceedings, in keeping with the fundamental tenet of patent law that issued claims being adjudicated be construed consistently for purposes of infringement and validity. Thus, 21C supports those provisions of the Innovation Act (H.R. 3309) and the Patent Transparency and Improvements Act (S. 1720) that mandate the use of the “ordinary and customary” claim construction standard in IPR and PGR proceedings, and 21C opposes those provisions that would exempt CBM reviews from this consistent standard. In addition, to ensure that PGR proceedings achieve their intended purpose of serving as an initial check on the quality of patents after they are granted by the PTO, 21C supports the provisions which repeal the “or reasonably could have raised” estoppel for civil litigation, which inadvertently appeared in the text of the AIA through a scrivener’s error.

Targeted, Measured and Balanced Patent Assertion and Litigation Reforms That Do Not Undermine Legitimate Patent Enforcement

The pending legislation includes a number of provisions targeting patent demand letter and litigation practices. 21C’s priority is to ensure that these reforms are appropriately focused to target truly abusive behavior on the part of any patent owner or patent infringement defendant, while minimizing collateral consequences that would make legitimate patent enforcement more burdensome, protracted or unreliable, thereby undermining the value of patent rights and chilling innovation. In this regard, 21C supports: more frequent fee-shifting in patent litigation; a statutory right to stay patent infringement suits filed against retail resellers or end users of patented products or processes while the patent owner litigates in the first instance against the manufacturer or supplier of the accused product or process; and, with respect to the practice of sending widespread patent demand letters to consumers, objective, clear definitions of those demands that may constitute consumer fraud or unfair trade practices, as opposed to legitimate patent notice or licensing communications.

Other legislative proposals directed to patent litigation case management and discovery, while well-intended, are not sufficiently tailored to address litigation abuse and should be referred to the Federal Judicial Conference for further development. Particularly troubling is the proposal to impose mandatory discovery stays pending claim construction rulings, leaving little or no discretion to the courts as to what is right for each particular case. Such an approach would serve as an open

invitation to infringers to launch their infringing products, safe in the knowledge that patent actions brought against them will come to a virtual standstill while the parties wrangle over the meanings of patent claim terms.

No CBM Expansion or Extension

21C continues to oppose proposed changes to the AIA's Transitional Program for Covered Business Method Patents. We oppose special treatment under the patent laws for certain technologies or types of patents, and we worry that further expansion or extension of the CBM program may be detrimental to U.S. industry seeking to protect its innovations abroad, by setting a precedent to which our trading partners could point when amending their patent laws to add special interest exceptions inimical to U.S. inventors and business interests. The proposed expansion of the scope of the CBM program or elimination of its sunset represent an unwarranted distortion of what was intended to be a targeted, transitional program in a manner that would upset the AIA's carefully-balanced set of post-issuance challenges to patents, to the detriment of all patent owners.

Full Funding of the USPTO

21C applauds the Administration and the USPTO for the patent quality initiatives being announced today to make the patent system more effective for innovators and the public by providing technical training to USPTO examiners, sharing prior art with the Office and the public, and providing legal assistance to help low income inventors secure patent protection for their inventions. We remain concerned, however, that without full access to all of the user fees that inventors and inventive entities pay to the USPTO to have their patent applications examined and for other services, the Agency will struggle to meet its existing responsibilities and the new ones created by the AIA. The USPTO needs guaranteed full access to user fees so that it can meaningfully reduce the job-stifling patent application backlog that exists today and so that it can plan and build the type of 21st century patent office essential for our innovation economy.

The Coalition has approximately 50 members from 18 diverse industry sectors and includes many of the nation's leading manufacturers and researchers. The Coalition's Steering Committee includes 3M, Caterpillar, General Electric, Johnson & Johnson, Eli Lilly and Procter & Gamble.

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