

## **Column No.10**

### **U. S. Patent Law Reform Bill (2)**

#### **Matters for reformation Adoption of Post-Grant Review System, Other Matters to Be Reformed, and Opinion of Various Fields**

**【2005/08/01】**

---

The current reexamination system is divided into "extra parte" and "inter parties," processes, both of which are difficult to use as procedures for third parties to demand the invalidity of a patent. In the first place, in the "ex parte reexamination," a third party cannot participate in the procedure, except for filing literature because a procedure is basically carried out between a patentee and the Patent and Trademark Offices,. In the second place, when a third party files prior art, the form of filing the prior art is limited to publication, and there is a limitation on literature once filed in a reexamination procedure not been permitted to be refiled.

Apart from such a reexamination system, against which it is hard to demand an invalidation trial, a new "post-grant review system" is going to be adopted. This system has a structure for a patentee and third parties to be opposed to each other. Furthermore, if the point at issue is different, the same literature can be refiled so as to make it easier for third parties. With the adoption of this system, it is expected that a dispute can be settled out of court to reduce the number of unnecessary suits. While the term for filing an opposition is within nine months after a patent is granted, there is a proposal to allow filing of an opposition within six months after receipt of a notification of a patent infringement.

### **Injunction and Adjustment of Compensation of Damages**

As for injunction, one shall be permitted when the patentee can prove that damage that cannot be remedied only through monetary compensation is caused. However, in the current practice, once the court recognizes a patent infringement, an occurrence of "irrecoverable damage" is presumed. In the initial proposal for reform bill, in order to control execution of an injunction, the court was not permitted to presume an occurrence of irrecoverable damages, although it would issue an injunction after taking into account factors such as whether or not the patentee is working their patented invention. It had been noted that there were many counter opinions that render this process too distant from current practices, and so, the reform bill has become a little more relaxed in contents.

As for the compensation of damages, upon receipt of the decision for the Knorr case (□1), a definition was introduced that no presumption that disadvantages an alleged infringer should be made even without a lawyer's legal advice. Furthermore, a provision for deliberately

recognizing any willful infringement has been introduced. By this, the application for triple compensation, which is a punitive provision, has become difficult, and the possibility has arisen that approval for large amounts of damages would be more restrained.

## **Recognition of Fraud and Other Revised Matters**

In the U.S., an applicant is requested to show a sincere attitude to cooperate in an examination by submitting to the examiner prior art documents known to him/her (an obligation to disclose information). If it is later found that the applicant intentionally concealed prior art having an influence on the patentability, it will be recognized as fraud and his/her execution of right will become unenforceable. As for the recognition as fraud, currently the court recognizes whether or not the submitted material influences the patentability. However, as the USPTO is more qualified to recognize than the court, a proposal that the USPTO shall recognize a fraud itself is incorporated in the present reform bill.

Also incorporated within the bill is the acceptance of applications by enterprises, abolition of the best mode (□2), broadening of the prior use right, and so on.

## **Opinions of Various Fields on First-to-File Principle**

Regarding the reform bill, testimonies of government and bureaucracy, universities, major companies, small companies, and AIPLA (American Intellectual Property Law Association) have been asked for in the hearings held in the U.S. Senate and Lower House.

There are many favorable opinions for the transition to the first-to-file principle. However, some of the small companies and independent inventors argued that, as it takes time to practice the first-to-file principle and to test, it is disadvantageous for themselves. However, on the condition that a one-year grace period is accepted, it may be indicative of a softening of their attitude. As for the post-grant review system, there are a few counter opinions against its adoption, but there are a certain prudent opinions against the time limit of 6 months for requesting after receipt of a notice of patent infringement.

Concerning the adjustment of injunctions and damages, BSA (Business Software Alliance) is insisting on it as a countermeasure for the 'Patent Mafia', but there is an argument from the pharmaceutical industry which demands a sufficient degree of patent protection. BSA comments that, unless this reform bill is accepted, it will not agree to the present reform bill itself. So, it is expected in future that the adjustment will meet difficulties.

This reform bill will undergo repeated corrections while opinions of various fields are adjusted, and there are many unpredictable factors to consider, such as: what contents it will inevitably contain; whether or not the reform bill will pass the Congress; if it will pass, when it will be, and so on. We are looking forward to seeing these changes and will be keeping an eye on them

in the future.

1 Knnor case

A case where the grand bench of CAFC (Court of Appeals for the Federal Circuit) determined, "For the reason that an alleged infringer has not taken a lawyer's legal advice or does not disclose the legal advice, no presumption can be made that the legal advice had a content disadvantageous to himself, or would have been of a disadvantageous content."

2 Best mode

The U. S. Patent Law defines to describe in a specification the mode to carry out the invention which the inventor considers the best. This was provided for the purpose of restraining the inventor from filing a patent application, concealing an excellent mode to carry out his invention.

