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June 6, 2013

On Monday, June 4, 2013, the Obama Administration announced five executive actions and seven legislative recommendations that the Administration said are "designed to protect innovators from frivolous litigation and ensure the highest-quality patents in our system."[1] The announcement comes less than two years after the 2011 passage of the American Invents Act, or "AIA", signaling that momentum continues to build for Congress to pass additional patent reform legislation.

Monday's announcement repeated President Obama's statement that the AIA "only went about halfway to where we need to go. What we need to do is pull together additional stakeholders and see if we can build some additional consensus on smarter patent laws." The White House went on to describe patent issues as "crucial to our economy, American jobs, and innovation." In the spirit of working with Congress to solve these issues, the Administration recommended that Congress pursue several legislative measures, which the Administration said "would have immediate effect on some major problems innovators face." These measures would:

1. Require patentees and applicants to disclose the "Real Party-in-Interest" in Patent and Trademark Office ("PTO") proceedings and in patent lawsuits.
2. Give courts more discretion to award fees to the winning parties in patent cases.
3. Expand the PTO's program that allows the review and (possible invalidation) of "business method" patents.
4. Protect "off-the-shelf" use of technology by end-user consumers and businesses by providing them with better legal protection against liability. This measure includes halting judicial proceedings against such end-users when an infringement suit has also been brought against a vendor, retailer, or manufacturer of the technology being used.
5. Change the International Trade Commission's (ITC) standard for awarding injunctions so that the ITC has more discretion in awarding injunctions to patentees. This would reflect recent changes in the law used by District Courts.
6. Incentivize public filing of demand/threat letters to make them accessible and searchable to the public in order to help curb "abusive suits."
7. Ensure the ITC has adequate flexibility in hiring Judges.

The Administration also announced five executive actions to "help bring about greater transparency to the patent system and level the playing field for innovators." These actions would:

1. Identify the real party interest in PTO proceedings. The PTO will begin a rulemaking process to require patent applicants and owners to regularly update ownership information when they are involved in proceedings before the PTO. The rules would require designating the "ultimate parent entity" in control of the patent or application.
2. Provide additional training to patent examiners in the PTO to scrutinize "functional claiming," which the Administration believes will help clarify the scope of patents.
3. Require the PTO to provide education and outreach materials to end-users of technology about how to deal with demands from "patent trolls."
4. Institute new, high-profile events by the PTO, DOJ, and FTC to "develop new ideas and consensus around updates to patent policies and laws."
5. Review and improve existing procedures that the Customs and Border Protection and the ITC use to evaluate the scope of ITC "exclusion orders" that prevent infringing goods from being brought into the U.S. One example of an issue addressed by this action is what to do when "a smartphone has been successfully redesigned to not fall within the scope of the exclusion order."

In addition to these actions, Congress is already considering other legislation on patent reform. This legislation includes the bipartisan reintroduction of the "SHIELD Act" (Saving High-Tech Innovators from Egregious Legal Disputes Act of 2013), that would force non-practicing entities to pay for instituting patent lawsuits that are unsuccessful. The "Patent Abuse Reduction Act" is another recently introduced patent reform bill with similar provisions. As of the date of publication of this Alert, neither the SHIELD Act nor the Patent Abuse Reduction Act has been passed out of committee for consideration by the full House of Representatives or Senate.

Notes

1 The full White House announcement was released here.

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