



SOME KEY IPO POSITIONS ON PATENT REFORM LEGISLATION

The association supports legislative reforms to the U.S. patent system to:

- Improve the quality of patents granted by the USPTO, and
- Reduce the risks and expense associated with patent litigation.

The 50-member IPO Board of Directors has taken positions on a majority of the provisions that were in patent reform bills considered in the last Congress. The Board is continuing to review newer proposals made by interested parties this year.

First-Inventor-to-File – IPO supports changing the U.S. “first to invent” system to a “first-inventor-to-file” system. The U.S. is the only country that has a first to invent system. The change would reduce costs and uncertainty in the U.S. patent system and represent a step toward international harmonization.

Post-Grant Review in USPTO -- IPO supports establishing a post-grant opposition (aka “revocation”) proceeding providing a 9-month window after grant in which parties can challenge a patent. IPO’s position would impose a “clear and convincing” standard of proof on challengers and require the identity of the real party in interest to be made public. Review of recent proposals with different features is underway.

Inequitable Conduct --Consistent with the 2004 National Academy of Science report, IPO supports modifying or removing the subjective elements of patent litigation, including limiting or eliminating the unenforceability defense for inequitable conduct in procuring a patent from the USPTO. Passage of such legislation would reduce litigation risks arising from assisting the USPTO with information about the prior art.

Damages: Codification Apportionment Law – IPO supports codifying the law for calculating reasonable royalty damages. On March 28 the Board endorsed specific language that would: (1) make the infringer show it is necessary to exclude certain features or improvements of the infringing product from a damages calculation to ensure that an award does not exceed the economic value attributable to the invention; (2) make the patent owner show that the entire market value rule is appropriate; and (3) make courts identify and juries consider all factors relevant to a determination.

Damages: Willful Infringement -- IPO supports making an infringer subject to triple damages based on a finding of “willful” infringement only if certain conditions are met, including notice by the patent owner to the infringer that identifies the patent claims infringed, the infringing product, and the relationship of the product to the claims.

Additional IPO positions are listed in a table updated March 28, 2007 and posted on the IPO website at www.ipo.org/positions.

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