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New Bill Aims To Strengthen Patents Owned By Inventors

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Law360 (December 18, 2019, 9:15 PM EST) -- A bill introduced Wednesday in the [U.S. House of Representatives](#) would give substantial new rights to inventors who own their own patents, including allowing them to opt out of Patent Trial and Appeal Board challenges and to recover all the profits made by infringers.

Reps. Danny Davis, D-Ill., and Paul Gosar, R-Ariz., the sponsors of the Inventor Rights Act, said in a statement that "the current system is not working for inventors," so Congress must take action to protect them.

To that end, the measure would establish several new rights that would be available only for "inventor-owned patents." The bill defines that to mean a patent where the inventor of the claimed invention, or an entity controlled by the inventor, is the patentee and holds all the substantial rights.

The owners of such patents would be able to shield them from PTAB review, would be entitled to a disgorgement of the profits of companies found to infringe their patent, could more easily obtain injunctions when their patents are infringed and would have a freer hand to decide where to file infringement suits.

"It is imperative that my colleagues and I exercise our constitutional authority to promote progress in the useful arts of intellectual property by securing inventors the exclusive rights to their creations," Davis said in a statement.

The statement emphasized that the new rights found in the bill would not be available for all patents, only to inventors who own their own patents, so it "does not apply to large corporations, drug companies or typical nonpracticing entities."

The text of the legislation identifies several concerns the bill's sponsors have about the America Invents Act and recent [U.S. Supreme Court](#) decisions. It then explains how the measure would address those issues to aid individual inventors.

For instance, the bill says that patents now "fail to secure to inventors their exclusive rights"

because the PTAB invalidates a substantial number of the patents it reviews and many patentees can't afford the hundreds of thousands of dollars it can cost to defend against such challenges. The bill would therefore exempt inventor-owned patents from PTAB review.

"The [U.S. Patent and Trademark Office](#) shall not undertake a proceeding to reexamine, review, or otherwise make a determination about the validity of an inventor-owned patent without the consent of the patentee," the bill states.

The lawmakers said in a statement that "if the PTAB is reformed such that it is a faster and cheaper alternative to district court, then inventors will voluntarily participate." They noted that while the measure would bar PTAB review of inventor-owned patents, they could still be challenged in court, "which is how the U.S. patent system worked for our first 190 years."

The lawmakers also said in the statement that they are concerned the damages available in patent cases, which usually amount to a reasonable royalty, are insufficient because infringers can keep most of the profits they make from their infringement.

The bill would therefore allow those who hold inventor-owned patents to elect to recover "the profits from the use made of the invention by the infringer." The lawmakers noted that the disgorgement of profits is available for other types of intellectual property like copyrights and trademarks.

The bill adds that if the infringement is found to be willful, the judge could triple the disgorgement award. The patentee would also be able to recover "any amount of their attorney fees that exceeds 10 percent of the amount of the profits and damages," the bill states.

The bill also states that the Supreme Court's 2017 [TC Heartland. v Kraft Food](#) decision, which limited where patent infringement suits can be filed, meant that "inventors were stripped of the right to file suit in their own judicial district."

In response, the bill would allow those who hold inventor-owned patents to file suit in a district where they conducted research and development on the patented invention or where there is a physical facility that makes products that embody the invention.

Lastly, the bill says that the Supreme Court's 2006 [eBay v. MercExchange](#) decision, which put limits on when injunctions can be issued in patent cases, means that "inventors are denied the fundamental right to exclude others."

The measure aims to rectify that creating a presumption that when an inventor-owned patent is found to be infringed, courts shall presume that further infringement would cause the patentee irreparable harm warranting an injunction. That presumption could be overcome only if the infringer presented clear and convincing evidence that the patentee would not be harmed by further infringement.

"Reliable and enforceable patent rights for inventors are essential to solving problems, growing our economy and being the leader of the world in innovation," the lawmakers said.

--Editing by Aaron Pelc.