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A Guide to the Legislative History of the America Invents Act: Part II of II

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Introduction

This is the second Article in a two-part series about the legislative history of the recently enacted Leahy-Smith America Invents Act ("AIA").[1] The first Article addressed those sections of the AIA that apply to an application before a patent has issued—principally, the bill's amendments to §§ 102, 103, 115, 122, and 135 of title 35, and several of the AIA's uncodified provisions.[2] This second Article addresses those changes made by the AIA that apply only after a patent has been granted. It examines the legislative history of the AIA's provisions concerning post-grant review of patents; inter partes proceedings; supplemental examination; the section 18 business-method-patent-review program; the new defense of prior commercial use; the partial repeal of the best-mode requirement; and other changes regarding virtual and false marking, advice of counsel, court jurisdiction, USPTO funding, and the deadline for seeking a patent term extension. This second Article consists of two parts: Part I addresses sections of the U.S. Code that were amended by the AIA, and Part II addresses sections of the AIA that are uncodified.

I. Sections of the U.S. Code That Are Amended by the AIA

A. 28 U.S.C. §§ 1295(a)(1), 1338(a), and 1454: The Holmes Group v. Vornado Fix

Section 19 of the AIA, at subsections (a) through (c), enacts the so-called *Holmes Group*[3] fix.[4] These provisions: (1) amend title 28 to clarify that state

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[1] Pub. L. No. 112-29, 125 Stat. 284 (2011). The first Article appeared in volume 21, page 435, of the Federal Circuit Bar Journal. Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part I of II*, 21 FED. CIR B.J. 435 (2012).

[2] Matal, *supra* note 1, at 436.

[3] Holmes Grp., Inc. v. Vornado Air Circulation Sys., Inc., 535 U.S. 826 (2002).

[4] H.R. REP. No. 112-98, at 81 (2011).

courts lack jurisdiction over legal claims arising under patent, copyright, and plant-variety-protection statutes, and deem the various overseas territories to be States for this purpose; (2) extend the Federal Circuit's appellate jurisdiction to compulsory patent and plant-variety-protection counterclaims, thereby abrogating *Holmes Group, Inc. v. Vornado Air Circulation Systems, Inc.*;[5] and (3) allow removal of civil actions in which "any party" asserts legal claims under patent, copyright, or plant-variety-protection statutes.[6]

A provision appearing in earlier versions of the AIA as § 19(d), which would have required the Federal Circuit to transfer cases that had been appealed as patent or plant-variety-protection cases but in which no such legal claim "is the subject of the appeal by any party," was eliminated from the AIA during House floor consideration.[7]

The 2011 Committee Report briefly described these provisions, noted that similar legislation was reported by the House Judiciary Committee in 2006, and "reaffirm[ed]" the Committee Report for that earlier bill.[8]

The Committee Report for the 2006 *Holmes Group* bill stated that:

> The [House Judiciary] Committee believes *Holmes Group* contravened the will of Congress when it created the Federal Circuit. That is, the decision will induce litigants to engage in forum-shopping among the regional circuits and State courts. Extending the argument, the Committee is concerned that the decision will lead to an erosion in the uniformity or coherence in patent law that has been steadily building since the Circuit's creation in 1982.[9]

The *Holmes Group* provisions were added to the AIA during the Senate Judiciary Committee's markup of the bill on February 3, 2011.[10] During the Senate debates in March 2011, Senator Kyl noted that the AIA modified the 2006 bill by limiting its expansion of Federal Circuit jurisdiction to "only *compulsory* counterclaims."[11] Senator Kyl stated: "Compulsory counterclaims are defined at Rule 13(a) and basically consist of counterclaims that arise out of the same transaction or occurrence and that do not require the joinder of parties over whom the court would lack jurisdiction."[12] He explained that "[w]ithout this modification, it is possible that a defendant could raise unrelated and unnecessary patent counterclaims simply in order to manipulate appellate jurisdiction."[13] Senator Kyl also noted that § 1454, the new removal

[5] *Holmes*, 535 U.S. 826.
[6] Leahy-Smith America Invents Act, sec. 19, 125 Stat. at 332.
[7] 157 CONG. REC. H4446 (daily ed. June 22, 2011).
[8] H.R. REP. NO. 112-98, at 81; *see also id.* pt. 1, at 54.
[9] H.R. REP. NO. 109-407, at 5 (2006).
[10] S. 23, 112th Cong., sec. § 17 (2011).
[11] 157 CONG. REC. S1378 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).
[12] *Id.* at S1378–79.
[13] *Id.* at S1379.

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