Inventor Rights Act Proposes to Grant Certain Rights to "Inventor-Owned" Patents

By:Stanley F. Chalvire
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The Inventor Rights Act (H.R. 5478) was introduced in the U.S. House of Representatives in late December 2019, and proposes significant new rights for United States patents that are "inventor-owned." In particular, the Bill would create a new class of "inventor-owned patents," in which the inventor of the claimed invention (or an entity controlled by the inventor) is the patentee and holds all substantial rights to the patent. *See Inventor Rights Act*, H.R. 5478, 116th Cong. § 3 (2019). As briefly summarized below, these inventor-owned patents would be afforded certain protections that are not granted to other utility patents.

Immunity from Review by the Patent Trial and Appeal Board

The Inventor Rights Act proposes to make inventor-owned patents immune from involuntary post-issuance proceedings by the U.S. Patent and Trademark Office (USPTO). Specifically, the USPTO would be barred from undertaking "a proceeding to reexamine, review, or otherwise make a determination about the validity of an inventor-owned patent without the consent of the patentee," allowing inventor-owners to effectively opt-out of *inter partes* and post grant review proceedings, as well as reexaminations. Patent validity would remain subject to challenge in U.S. Federal courts.

Increased Likelihood of Injunctions and New Damages Option

Further, the Inventor Rights Act proposes to create a presumption that, after a finding of infringement, the inventor-owner would suffer "irreparable harm" unless the Court grants an injunction, and also permits the rebutting of this presumption only upon a showing by clear and convincing evidence that the patentee would not be irreparably harmed. This change would effectively serve to counteract the impact of the U.S. Supreme Court's ruling in *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006) as it applies to inventor-owned patents, thereby improving the likelihood that injunctions requested by inventor-owners would be granted by the Courts against infringers of inventor-owned patents.

The Inventor Rights Act also provides that inventor-owners would be allowed to recover disgorged profits from infringers of inventor-owned patents. Proposed Section 330(d) of the Inventor Rights Act provides that an inventor-owner can elect, "at any time before final judgement is entered by the court, [to obtain] recovery under this subsection in lieu of damages under [35 U.S.C.] section 284," which would include: (1) "the profits from the use of the invention by the infringer;" (2) interests and costs under 28 U.S.C. § 1920; (3) treble damages for willful infringement; and (4) any attorney's fees "that exceeds 10% of the amount of the profits and damages of paragraphs (1) to (3)."

Broadened Venue

Finally, the Inventor Rights Act proposes to limit the application of the *TC Heartland LLC v. Kraft Foods Group Brands LLC*, 137 S. Ct. 1514 (2017) decision as to inventor-owners. That decision

provided that federal patent infringement lawsuits can only be filed in states where the defendant either (1) is incorporated or (2) "committed acts of infringement and has a regular and established place of business." While not recapturing the entire breadth of venue that was "lost" after the *TC Heartland* decision, the Inventor Rights Act would significantly broaden existing venue, for example, by allowing claims to be brought in a judicial district where an inventor named on the patent in-suit conducted research or development that led to an application for the patent in suit.

While the current number of patents that would qualify as inventor-owned is relatively small, if passed, the Inventor Rights Act could promote the retained ownership of patents by inventor-owners and result in a corresponding increase in licensing activity in an effort to gain the favorable benefits afforded to inventor-owners by the Act. The Bill was referred to the Subcommittee on Courts, Intellectual Property, and the Internet on January 28, 2020 and is currently in committee.

For questions about the Inventor Rights Act or other intellectual property related matters, please contact Stan Chalvire.

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