

AMERICA INVENTS ACT

Dr. Kirsten Grüneberg

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LEGISLATION TIMELINE

2006



S. 3318



2005



H.R. 2795



2001 - 2004



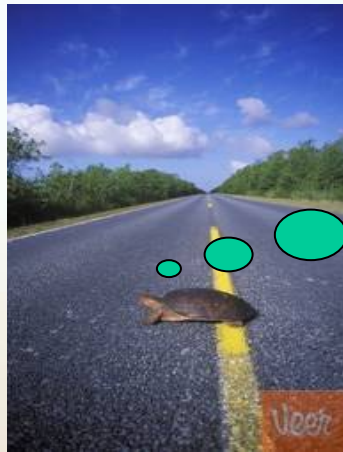
Senate Hearings / FTC / NAS

SPIVAK

2007



H.R. 1908



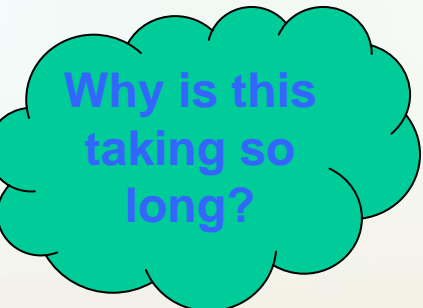
September 16, 2011



2007



S. 1145



Sept. 8, 2011



March, 17 2009



S. 610

June 23, 2011



H.R. 1249

March 3, 2009



S. 515

April 2, 2009



S. 515 MA #1



H.R. 1260

March 5, 2010



S. 515 MA #2

March 2, 2011



S.23 MA

AMERICA INVENTS ACT



President Barack Obama signs the America Invents Act, Friday September 16, 2011, at Thomas Jefferson High School for Science and Technology in Alexandria, VA

September 16, 2011

OUTLINE

PROSECUTION:

- First Inventor To File (§ 3)
- Best Mode (§ 15)
- Priority Examination (§ 25)
- Assignee Filing (§ 4)
- Third Party Submissions (§ 8)

USPTO Changes

- Fee Setting (§ 11)
- Funding (§ 22)
- Satellite Offices (§ 23)

POST GRANT PROCEEDINGS:

- Post-Grant Review (§ 6)
- Inter Partes Review (§ 6)
- Supplemental Examination (§ 12)

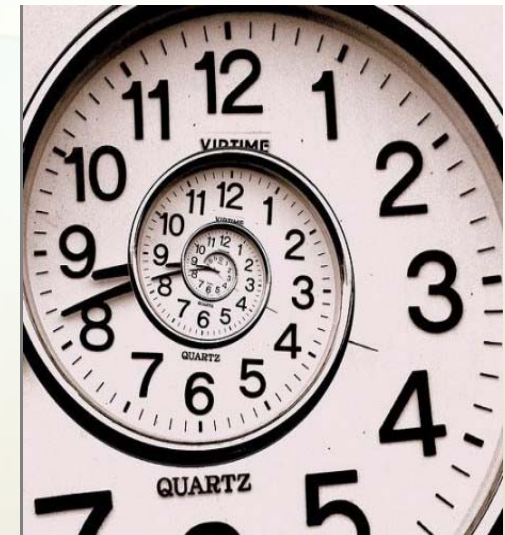
LITIGATION:

- Prior User Rights (§ 5)
- Marking (§ 16)
- Advice of Counsel (§ 17)

***The AIA includes 37 sections**

All questions raised by the America Invents Act (AIA) will not be answered this year

❖ USPTO will introduce new rules in 2012 relating to the new provisions



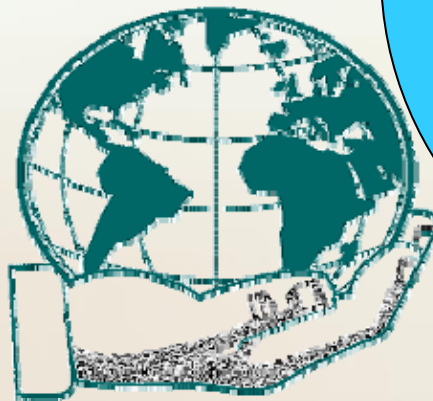
PROSECUTION

First Inventor to File

Towards Global Harmony?

First-to-Invent
(US)

First-to-File
(Rest of the World)



Global Harmony

First Inventor to File

Not Real Global Harmony

**First-to-Invent
(US)**
(Patents with
effective filing date
prior to March 2013)

**First-Inventor
to-File
(US)**
(Patents with
effective filing date
after to March 2013)

**First-to-File
(Rest of the World)**

**The Leahy Smith
America Invents Act
presents a unique
“first to file” system**

First Inventor To File (“FITF”)

The concept of FITF comes from the definition of prior art in new Section 102 of certain things/events that occur before the effective filing date of the claimed invention:

§ 102. Conditions for patentability; novelty

(a) **NOVELTY; PRIOR ART.**—A person shall be entitled to a patent unless—

- (1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public **before the effective filing date of the claimed invention; or**
- (2) **(2)** the claimed invention was described in a patent.., or in an application for patent.., in which the patent or application ... names another inventor and was effectively filed **before the effective filing date of the claimed invention.**

First Inventor To File (“FITF”)

According to the AIA the term ‘effective filing date’ for a claimed invention means the filing date of the earliest priority application

This is good, and if things stopped there the U.S. would have a First to File system. But it doesn’t stop there.....

First Inventor To File (“FITF”)

...the AIA goes on to define certain “exceptions” to prior art: certain pre-filing inventor disclosures do not qualify as prior art .

Thus, the new U.S. system is not a strict First to File (FTF) system, it is a First Inventor to File (FITF) system

Lets look at the new definition of Prior Art.....

First Inventor To File

§ 102. Conditions for patentability; novelty

(a) **NOVELTY; PRIOR ART.**—A person shall be entitled to a patent unless—

(1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention; or

First Inventor To File

§ 102. Conditions for patentability: novelty

(a) **NOVELTY; PRIOR ART**
to a patent unless—

(1) the claimed invention was not
a printed publication, or in public use, on sale, or
otherwise available to the public before the
effective filing date of the claimed invention; or

Practice Notes:

Includes foreign priority date and
provisional application filing date.
May require English translation of
priority document.

131 Declarations to show an earlier
date of invention will no longer be
available

First Inventor To File

§ 102. Conditions for patentability; novelty

(a) **NOVELTY**
to a patent

Practice Note:
The publication does not need to be actually “printed”. The publication can be published on any medium, such as electronic

shall be entitled

(1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention; or

Practice Notes:
1) Anywhere in the World!
2) By anyone (not limited to “others”)

§ 102. Condi

(a) NOVELTY; to a patent

Open questions:

- 1) Does “public use” include a secret commercial use of the claimed invention by the inventor – i.e., is *Metallizing Engineering Co. v. Kenyon Bearing & Auto Parts Co.*, 153 F.2d 516 (2d Cir. 1946) and the jurisprudence relying on that case overruled)?
- 2) Does “on sale” include non-public offers for sales (private, confidential) by applicant?
- 3) **Practice note:** It may be safer to assume that the answer is “yes” until CAFC address these issues

(1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention; or

First Inventor To File

§ 102. Conditions for patentability; novelty

(a) **NOVELTY; PRIOR ART.**—A person shall be entitled to a patent unless—

(**1**) the claimed invention was patented, described in a printed publication, or in public use, on sale, or **otherwise available to the public** before the effective filing date of the claimed invention; or

Practice Note:

Probably includes **oral presentations** at conferences by anyone

First Inventor To File

§ 102. Conditions for patentability; novelty

- (a) **NOVELTY; PRIOR ART.**—A person shall be entitled to a patent unless—
- (2) the claimed invention was described in a patent issued under section 151, or in an application for patent published or deemed published under section 122(b), in which the patent or application, as the case may be, names another inventor and was effectively filed before the effective filing date of the claimed invention.

Practice Note:

This provision only applies to **U.S.** patents **U.S.** published applications, and published PCT applications that designate the U.S.

First Inventor To File

§ 102. Conditions for patentability; novelty

(a) **NOVELTY; PRIOR ART.**—A person shall be entitled to a patent unless—

(2) the claimed invention was described in a patent issued under section 151, or in an application for patent published or **deemed published under section 122(b)**, in which the patent or application, as the case may be, names another inventor and was effectively filed before the effective filing date of the claimed invention.

Practice Notes:

This provision applies to published PCT applications that designate the U.S. (see 35 USC 374).

No more language requirement: can file PCT in language other than English and create prior art under 102(a)(2)

First Inventor To File

§ 102. Conditions for patentability; novelty

(a) **NOVELTY; PRIOR ART.**—A person shall be entitled to a patent unless—

(2) the claimed invention was described in a patent issued under section 151, or in an application for patent published or deemed published under section 122(b), in which the patent or application, as the case may be, names another inventor and was effectively filed before the effective filing date of the claimed invention.

Practice Note:

U.S. patents, **U.S.** published applications, and published PCT applications designating the U.S. become prior art as of their earliest filing dates, including foreign priority (The *Hilmer* Doctrine is repealed). See new 102(d).

No need to file provisional applications for foreign applicants

First Inventor To File

§ 102. Conditions for patentability; novelty

(a) **NOVELTY; PRIOR ART.**—A person shall be entitled to a patent unless—

(2) the claimed invention was described in a patent issued under section 151, or in an application for patent published or deemed published under section 122(b), in which the patent or application, as the case may be, names another inventor and was effectively filed before the effective filing date of the claimed invention.

Practice Note:

U.S. patents, U.S. published applications, and published PCT applications designating the U.S. become prior art as of their earliest filing dates for both novelty and non-obviousness

First Inventor To File-Exceptions

§ 102. Conditions for patentability; novelty (cont'd)

(b) EXCEPTIONS.—

(1) **DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION.**—A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if—

- (A) the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or
- (B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

First Inventor To File-Exceptions

§ 102. Conditions for patentability; novelty (cont'd)

(b) EXCEPTIONS.—

(1) **DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION.**—A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if—

(A) the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

(B) the subject matter disclosed by the inventor or joint inventor, or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor, has been publicly disclosed by the inventor or joint inventor, or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor, before the effective filing date of the claimed invention.

Practice Note:

International grace period: one year prior to foreign priority

disclosure, been publicly disclosed by the inventor or joint inventor, or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor, before the effective filing date of the claimed invention.

First Inventor To File-Exceptions

§ 102. Conditions

Practice Note:
“personal grace period”

(cont'd)

(b) EXCEPTIONS.—

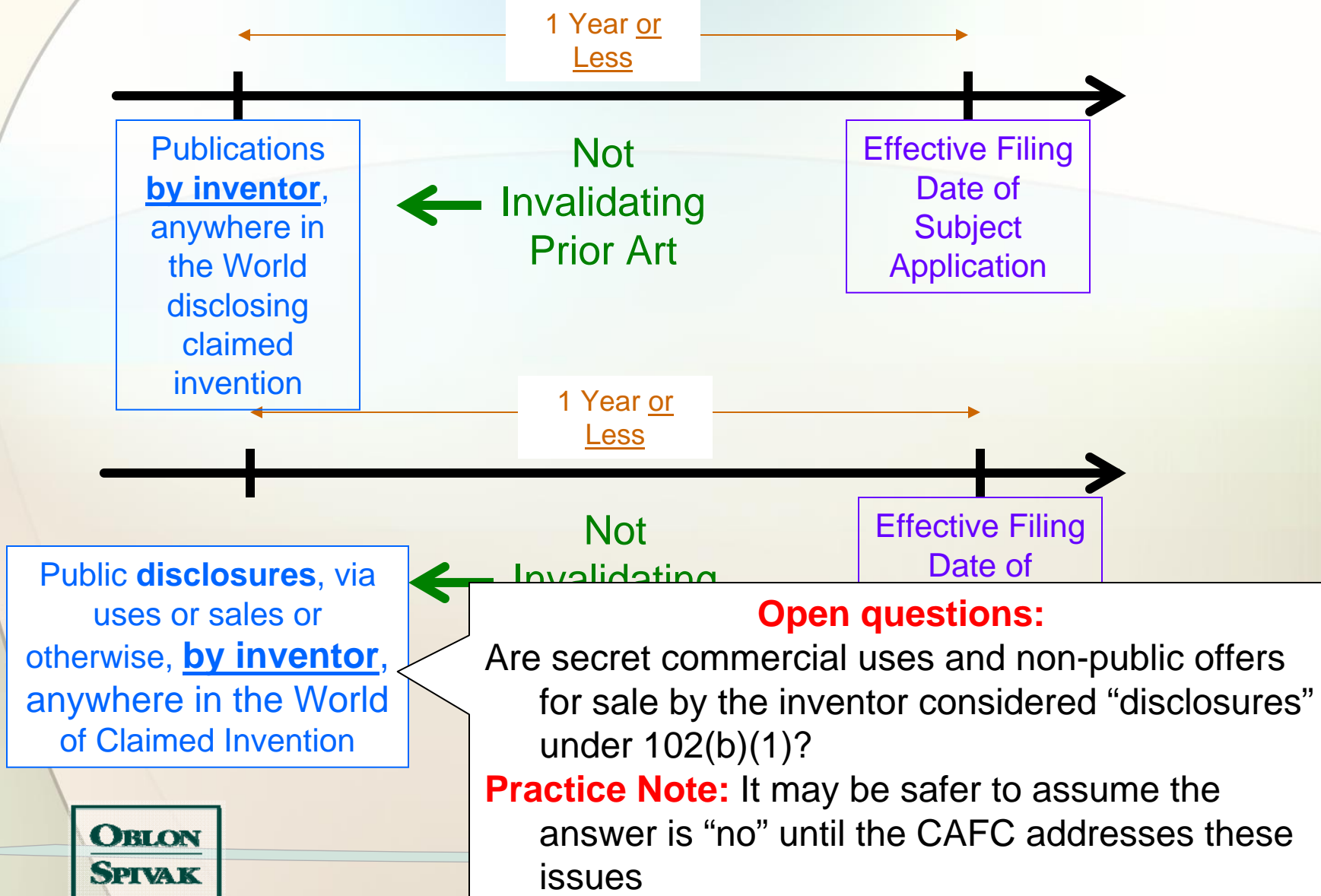
(1) **DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION.**—A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a) if—

(A) the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

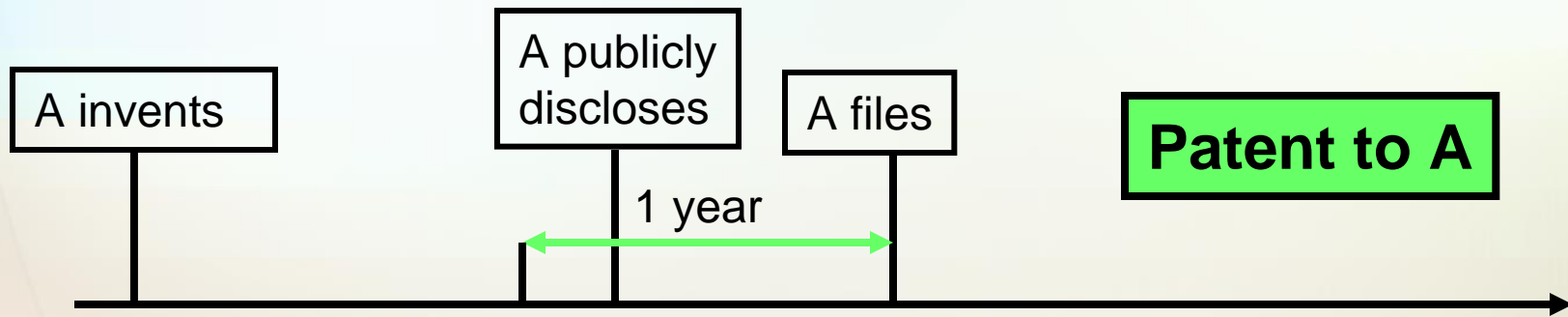
(B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

First Inventor To File

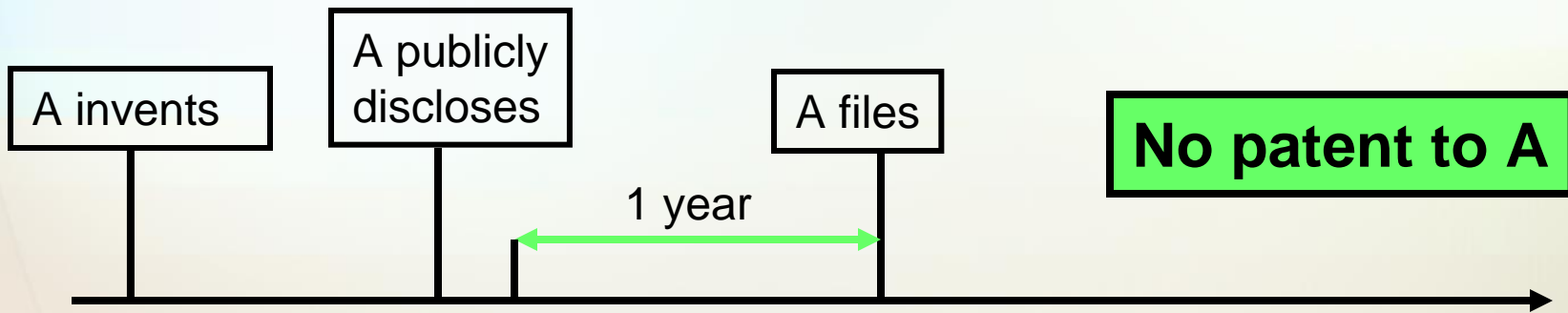
102(b)(1)(A): Personal grace period



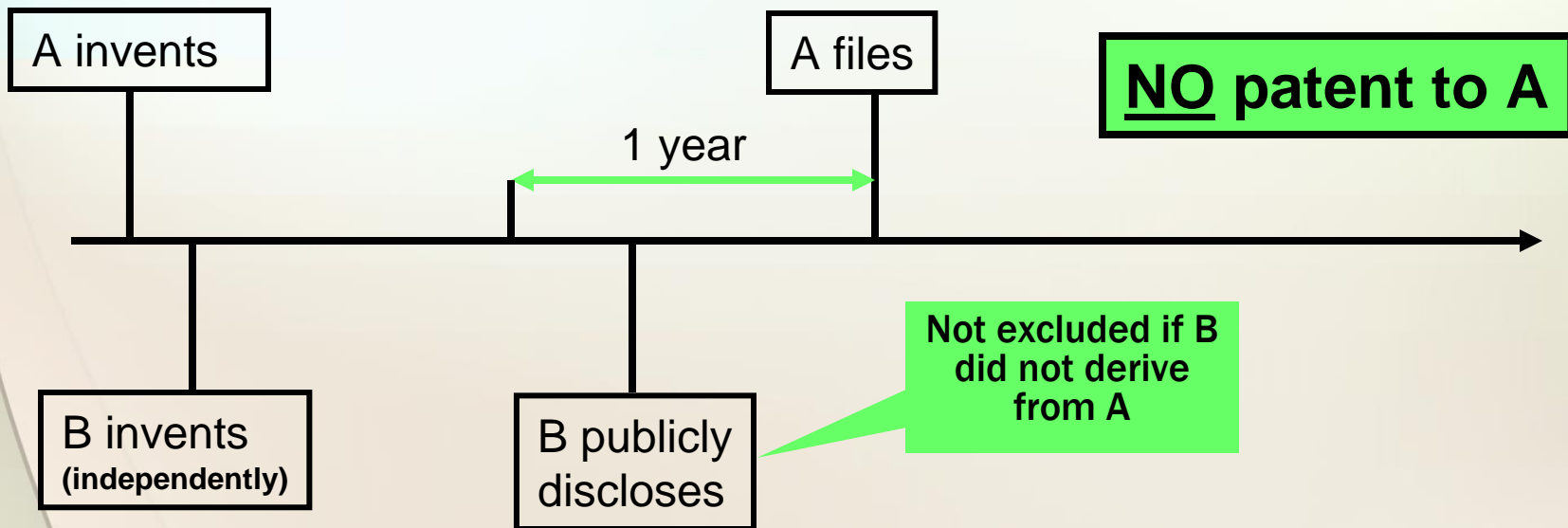
Example 102(b)(1)(A)



Example 102(b)(1)(A)



Example 102(b)(1)(A)



First Inventor To File-Exceptions

§ 102. Conditions for patentability; novelty (cont'd)

(b) EXCEPTIONS.—

(1) **DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION.**—A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if—

(A) the disclosure was made by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

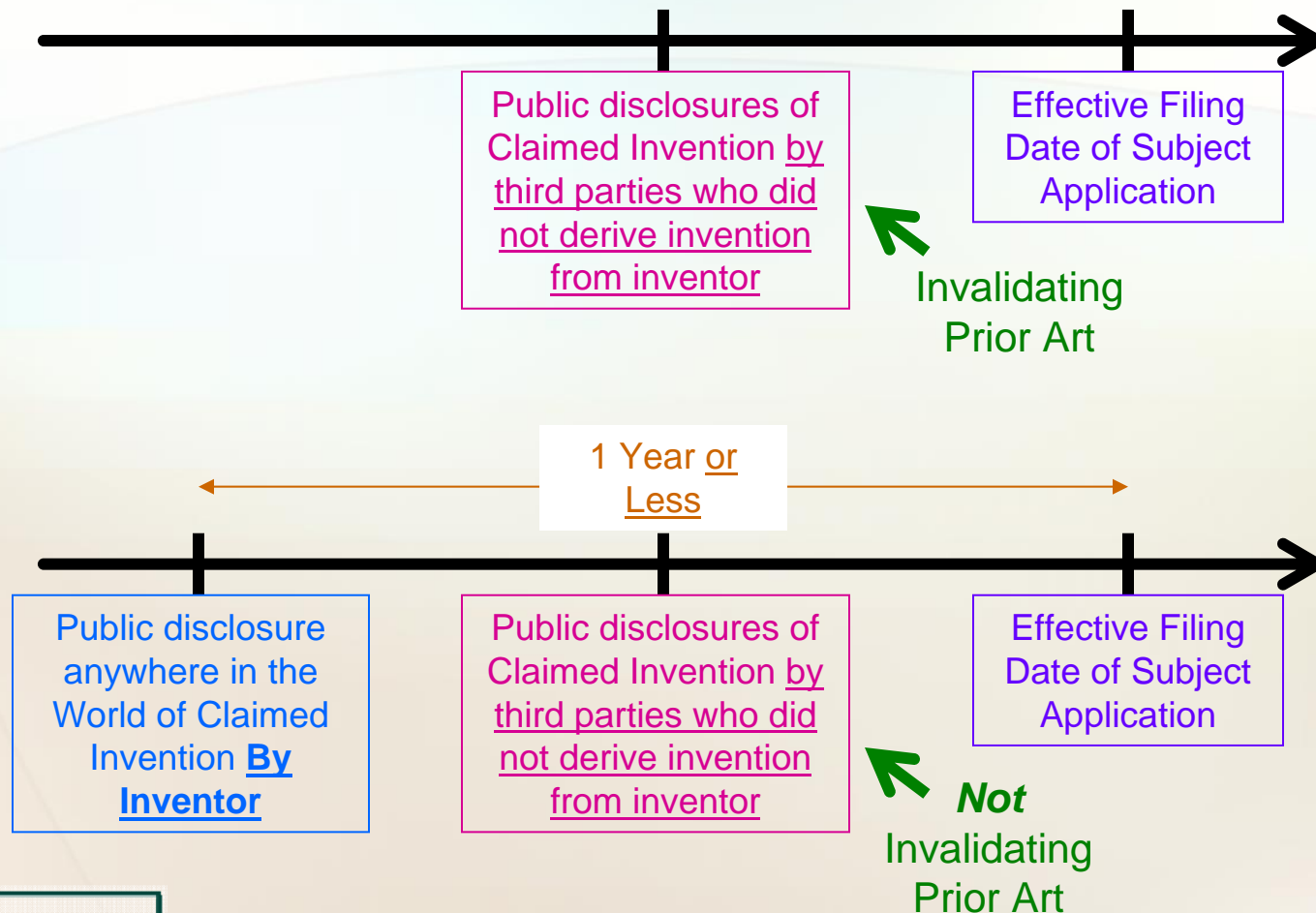
(B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

Practice Note:

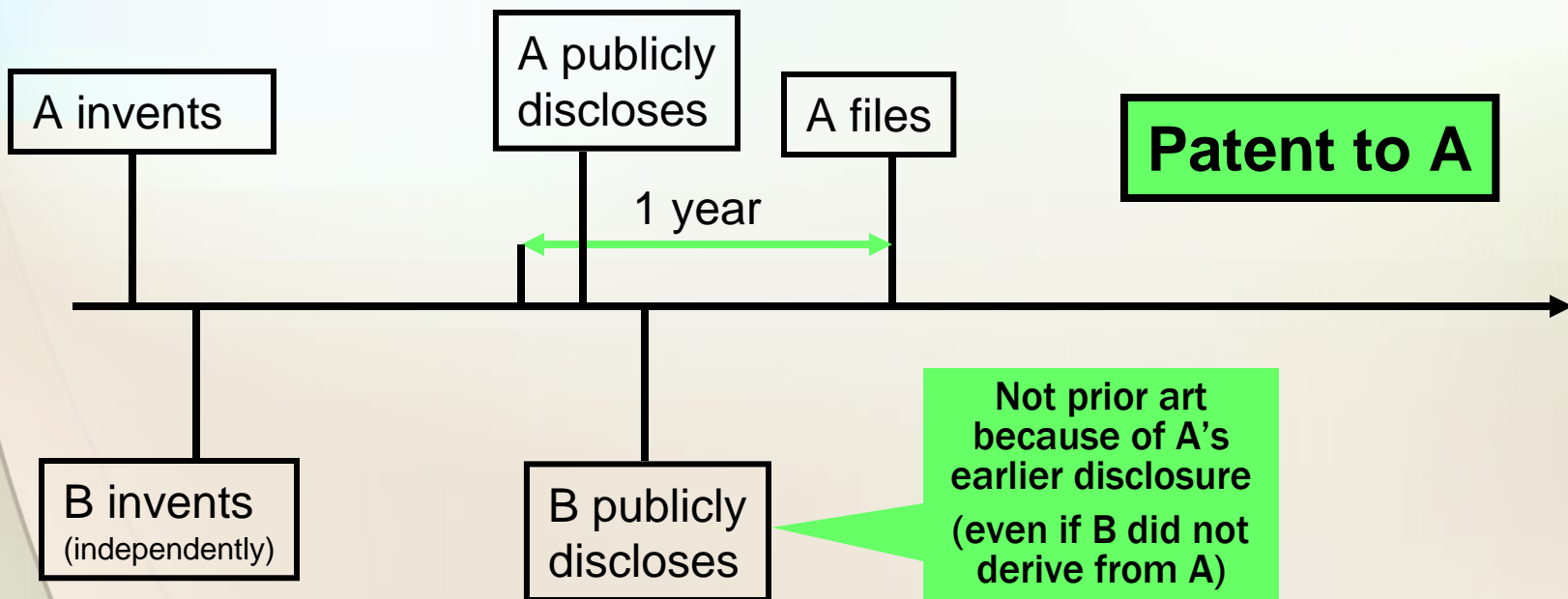
“First to disclose” system

First Inventor To File

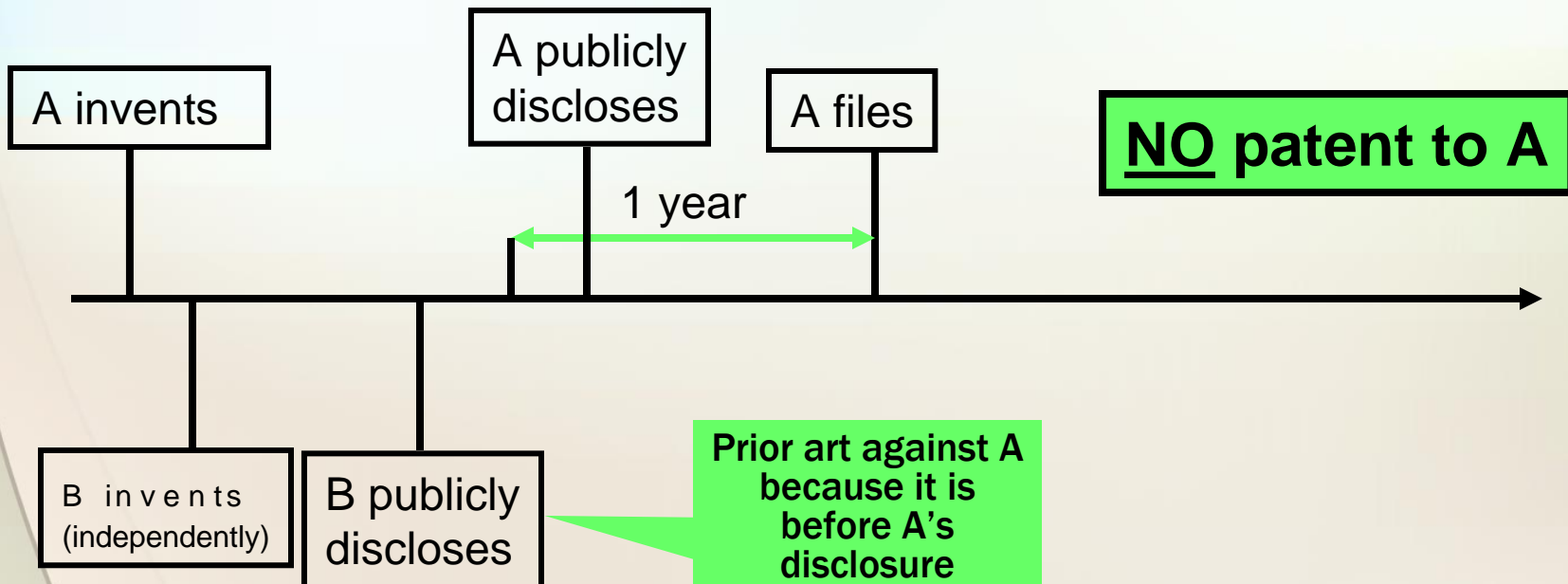
102(b)(1)(B): First-to-Publish system



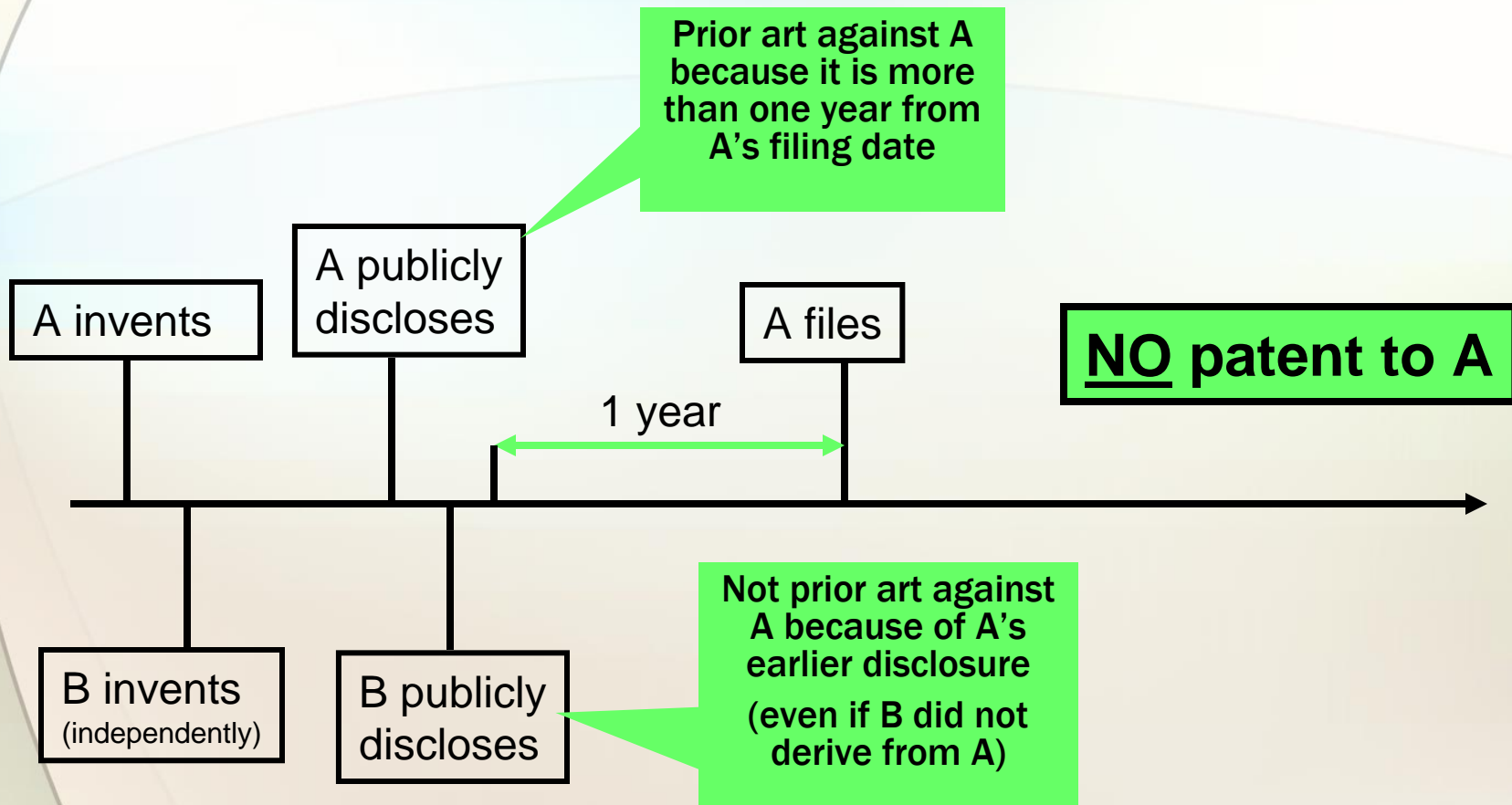
Example 102(b)(1)(B)



Example 102(b)(1)(B)



Example 102(b)(1)(B)



First Inventor To File-Exceptions

§ 102. Conditions for patentability; novelty (con

Practice Note:
No one year requirement

(b) EXCEPTIONS (cont'd).—

(2) DISCLOSURES APPEARING IN APPLICATIONS AND PATENTS.—A disclosure shall not be prior art to a claimed invention under subsection (a)(2) if—

(A) the subject matter disclosed was obtained directly or indirectly from the inventor or a joint inventor;

(B) the subject matter disclosed had, before such subject matter was effectively filed under subsection (a)(2), been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

(C) the subject matter disclosed and the claimed invention, not later than the effective filing date of the claimed invention, were owned by the same person or subject to an obligation of assignment to the same person.

First Invent

U.S. patents, U.S. published applications, and published PCT applications by others designating the U.S. become prior art as of their earliest filing dates

§ 102. Conditions for patentability; novelty (con

(b) EXCEPTIONS (cont'd).—

(2) DISCLOSURES APPEARING IN APPLICATIONS AND PATENTS.—A disclosure **shall not be prior art** to a claimed invention under **subsection (a)(2)** if—

(A) the subject matter disclosed was **obtained** directly or indirectly **from the inventor** or a joint inventor;

(B) the subject matter disclosed had, **before such subject matter was effectively filed** under subsection (a)(2), been **publicly disclosed by the inventor** or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

(C) the subject matter disclosed and the claimed invention, not later than the effective filing date of the claimed invention, were **owned by the same person** or subject to an obligation of assignment to the same person.

First Inventor To File-Exceptions

§ 102. Conditions for patentability; novelty (cont'd)

(b) EXCEPTIONS (cont'd).—

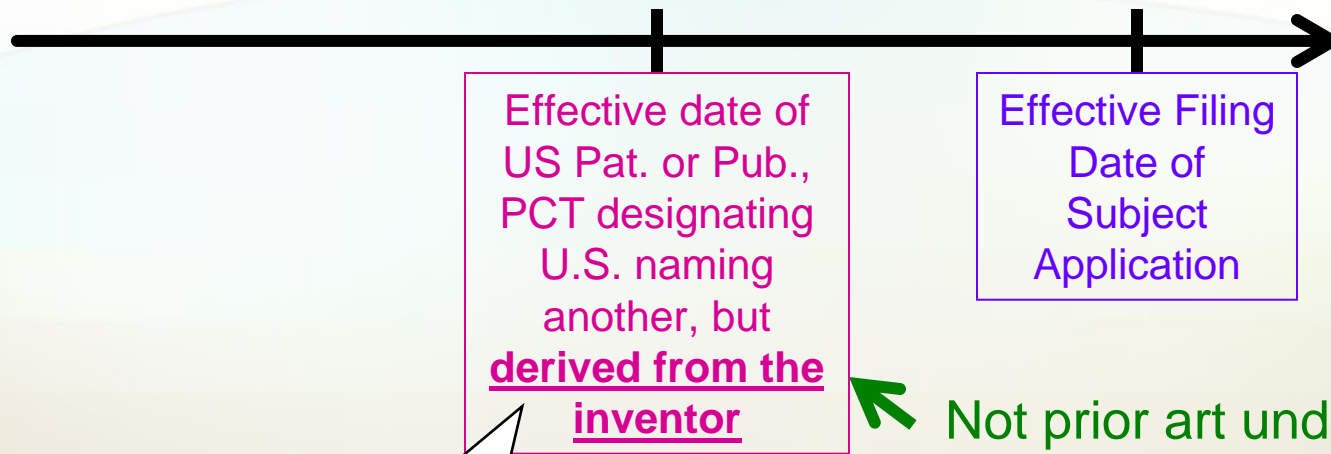
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(A) the subject matter disclosed was obtained directly or indirectly from the inventor or a joint inventor;

(B) the subject matter disclosed had, before such subject matter was effectively filed under subsection (a)(2), been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

(C) the subject matter disclosed and the claimed invention, not later than the effective filing date of the claimed invention, were owned by the same person or subject to an obligation of assignment to the same person.

First Inventor To File 102(b)(2)(A)



Not prior art under 102(a)(2) as of effective filing date –

But, prior art as of publication date under 102(a)(1), if published more than a year before filing

Practice Note:
May have to file a declaration to establish derivation

Example 102(b)(2)(A)

X and Y are obvious over each other

Not prior art against A&B because A is joint inventor of A&B

Patent to A

A invents X

A files

A app. published

A & B invent Y

A & B file

Patent to A&B

Example 102(b)(2)(A)

X and Y are obvious over each other

Not prior art against A&B because A is joint inventor of A&B

Not prior art against A&B if within one year of A&B filing date (102(b)(1)(A))

A invents X

A files

A app. published

Patent to A

A & B invent Y

A & B file

Patent to A&B

First Inventor To File-Exceptions

§ 102. Conditions for patentability; novelty (cont'd)

(b) EXCEPTIONS (cont'd).—

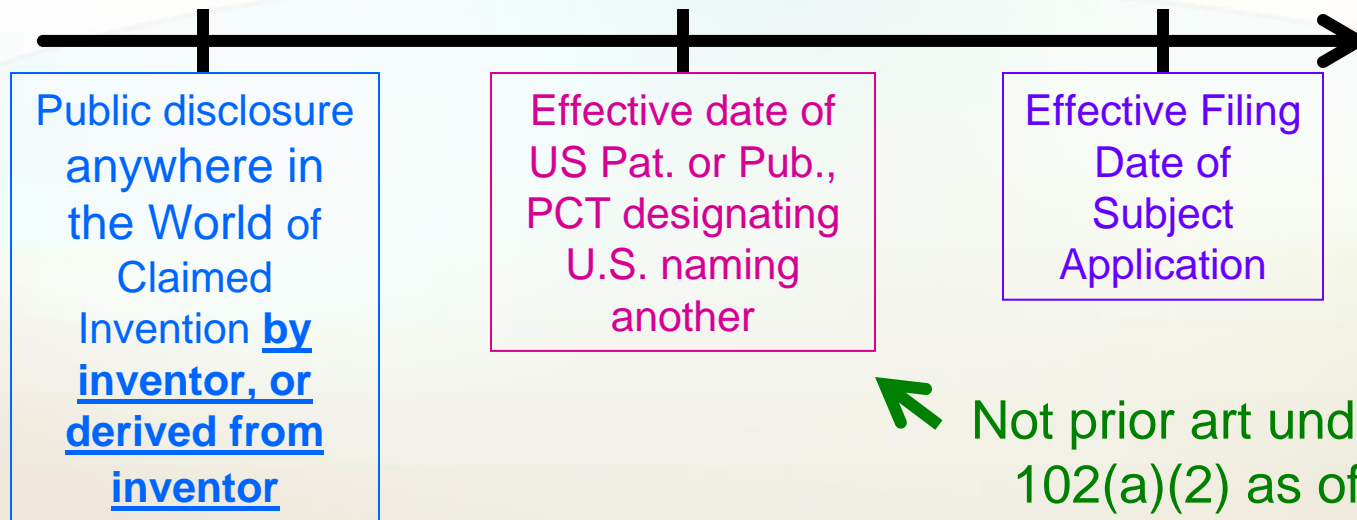
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(A) the subject matter disclosed was obtained directly or indirectly from the inventor or a joint inventor;

(B) the subject matter disclosed had, before such subject matter was effectively filed under subsection (a)(2), been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

(C) the subject matter disclosed and the claimed invention, not later than the effective filing date of the claimed invention, were owned by the same person or subject to an obligation of assignment to the same person.

First Inventor To File 102(b)(2)(B)



↖ Not prior art under 102(a)(2) as of effective filing date –
But, prior art as of publication date under 102(a)(1), if published more than a year before filing

Example 102(b)(2)(B)

X and Y are obvious over each other

Not prior art against B&C if within one year of B&C filing date (102(b)(1)(A))

Not prior art against B&C because of B&C's earlier disclosure

No patent to A

A invents X

A files

A app. published

B & C invent Y

B&C publicly disclose

B&C file

Patent to B&C

Prior art against A



First Inventor To File-Exceptions

§ 102. Conditions for patentability; novelty (cont'd)

(b) EXCEPTIONS (cont'd).—

(2) DISCLOSURES APPEARING IN APPLICATIONS AND PATENTS.—A disclosure shall not be prior art to a claimed invention under subsection (a)(2) if—

(A) the subject matter disclosed was obtained directly or indirectly from the inventor or a joint inventor;

(B) the subject matter disclosed had, before such subject matter was effectively filed under subsection (a)(2), been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

(C) the subject matter disclosed and the claimed invention, not later than the effective filing date of the claimed invention, were owned by the same person or subject to an obligation of assignment to the same person.

First Inventor To File 102(b)(2)(C)



Effective date of US Pat. or Pub., PCT designating U.S. naming another, owned by same person or under obligation to assign to same person, or subject to a joint research agreement with inventor's company

Effective Filing Date of Subject Application

Not prior art under 102(a)(2) as of effective filing date –

But, prior art as of publication date under 102(a)(1)

Example 102(b)(2)(C)

X and Y are obvious over each other

Not prior art against B&C if X and Y were owned by same person

Patent to A

A invents X

A files

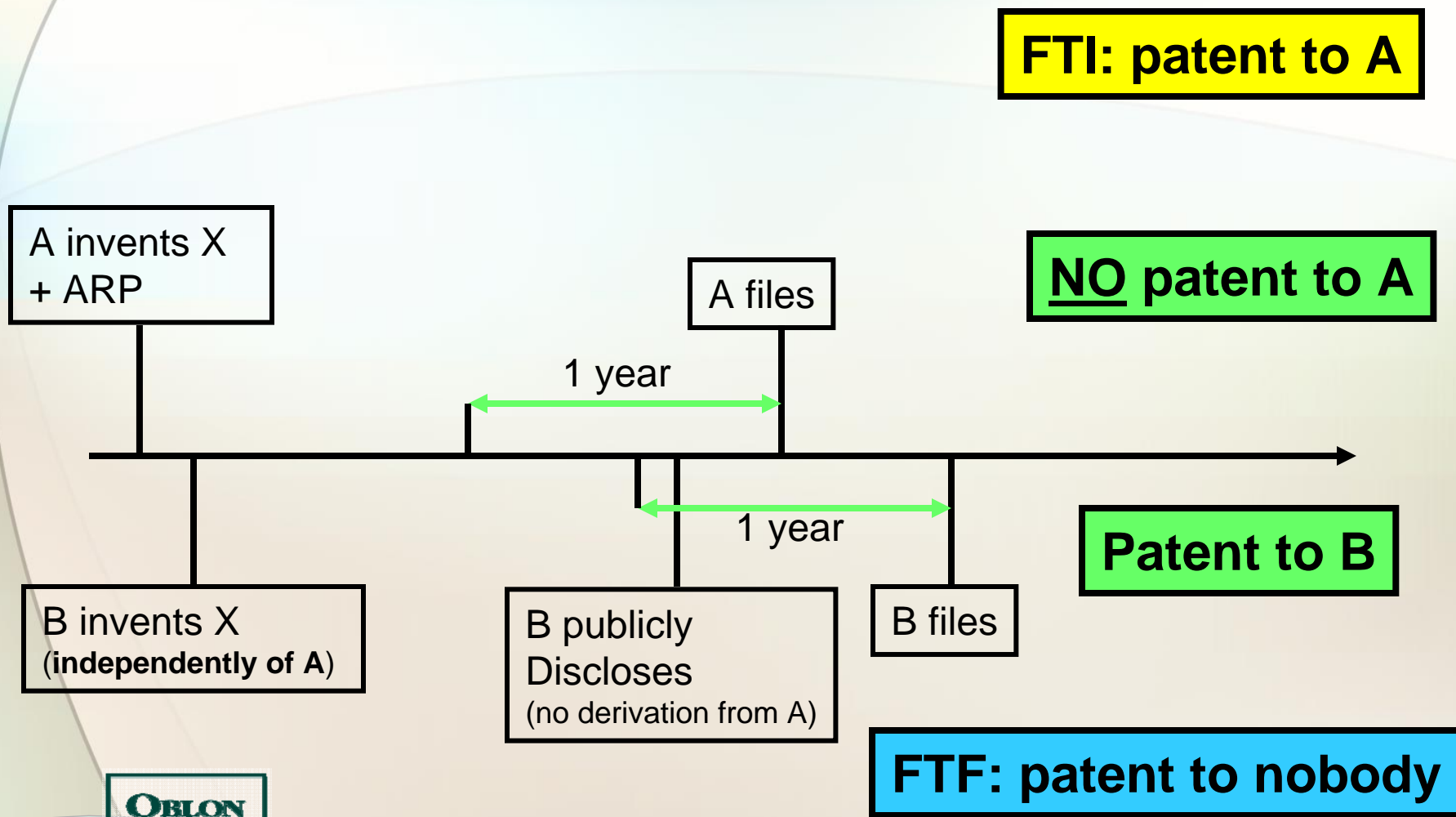
A app. published

B & C invent Y

B&C file

Patent to B&C

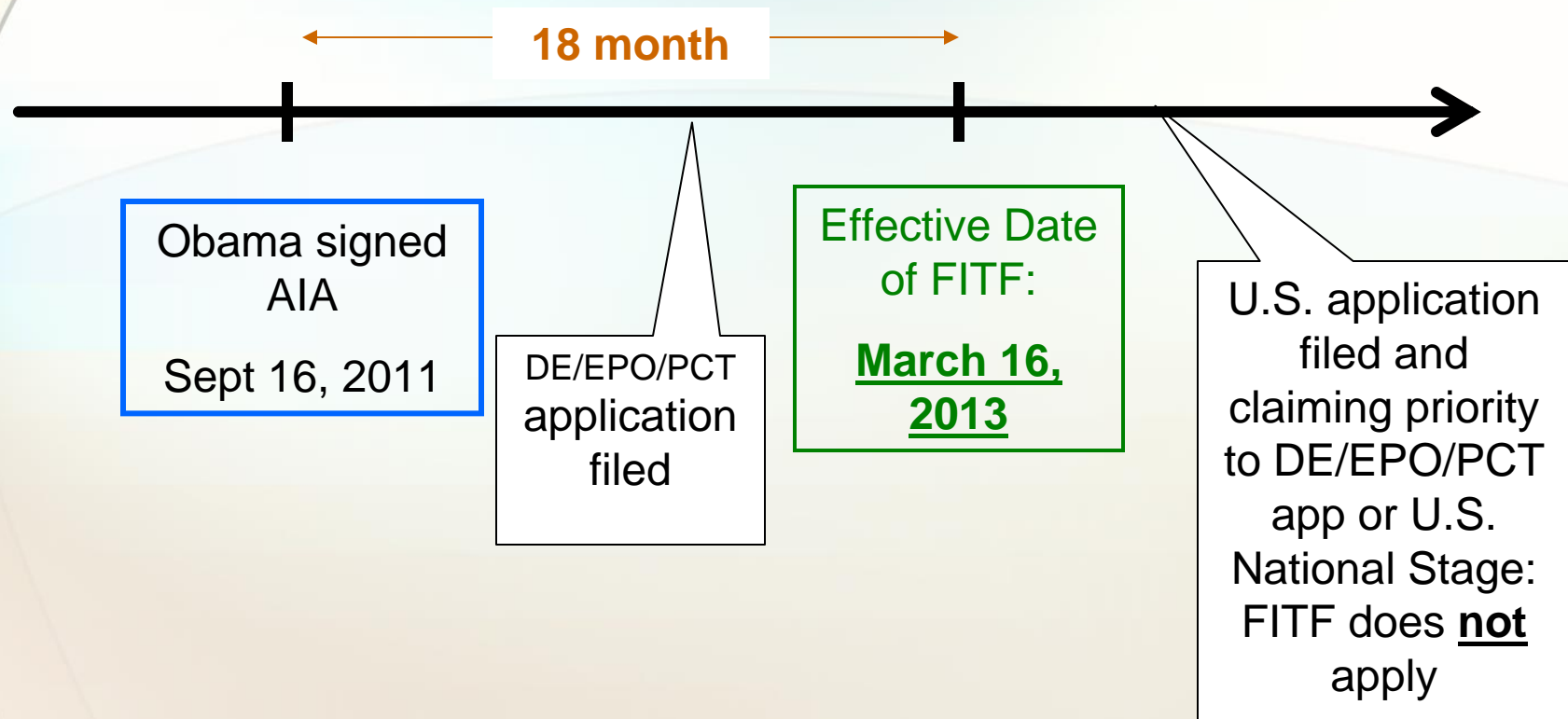
Final Exam



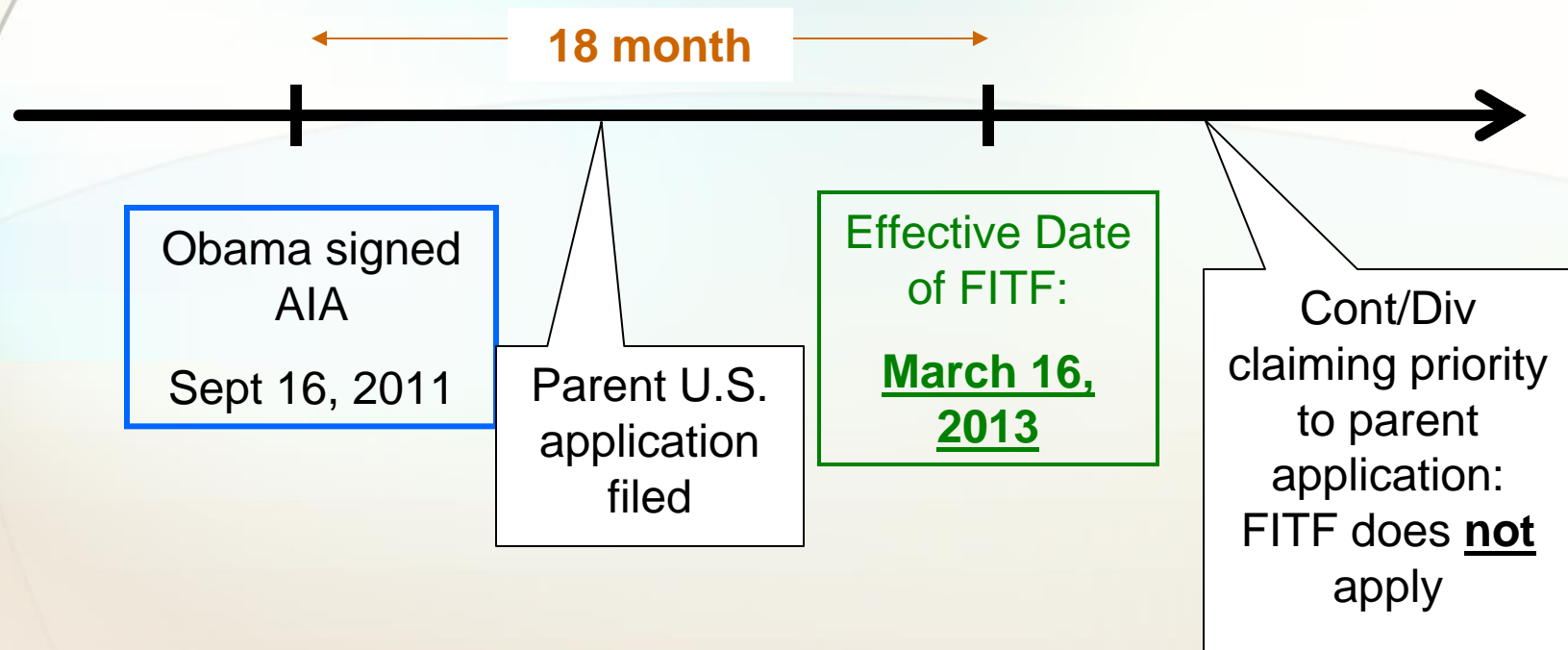
First Inventor To File: Effective Date

◆ **March 16, 2013**

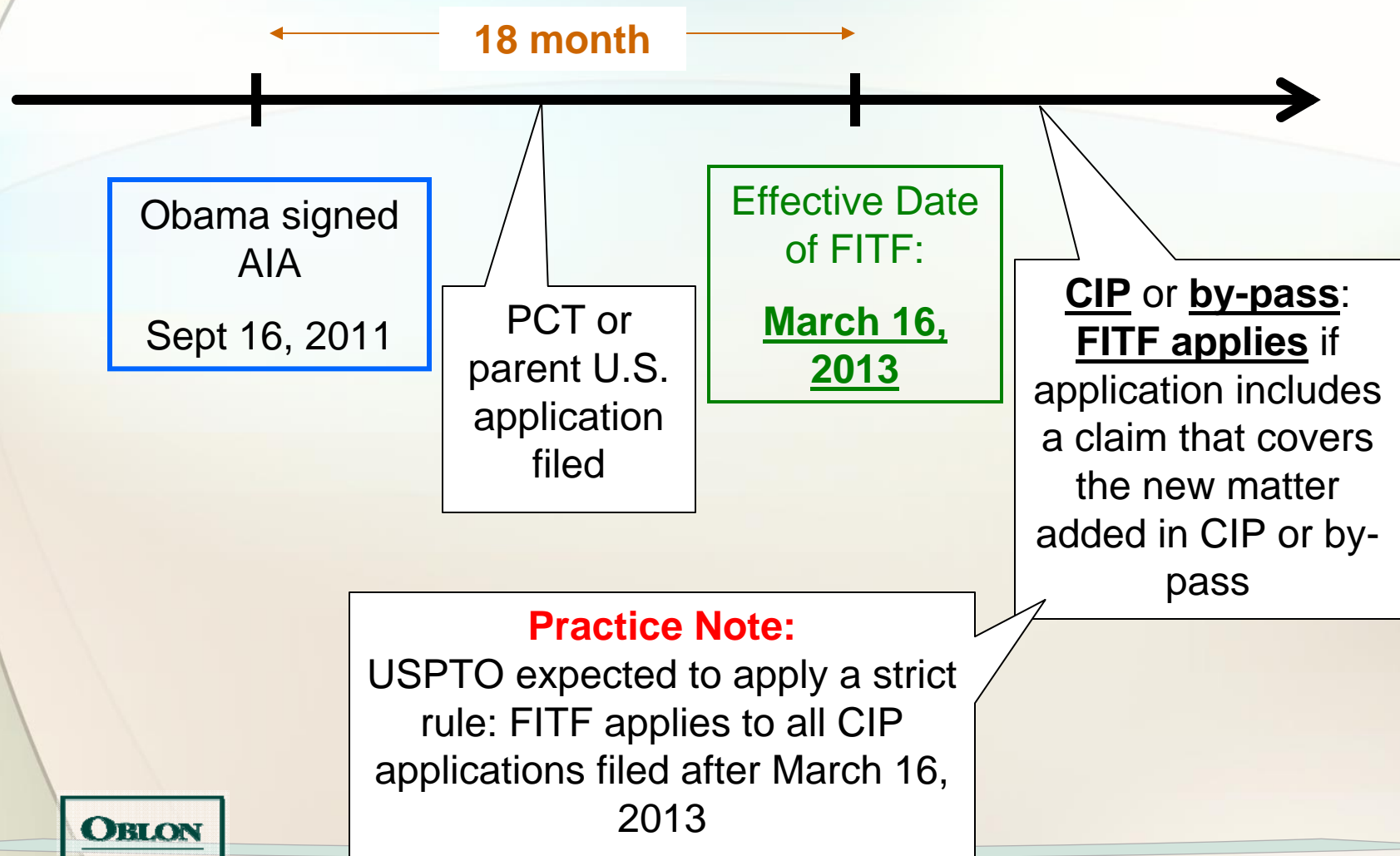
First Inventor To File: Effective Date



First Inventor To File: Effective Date



First Inventor To File: Effective Date



Review of Practical Recommendations

- ◆ If any public disclosure of the invention is made before filing, file within one year
 - ◆ Even if mere oral presentation
- ◆ No more *Hilmer*
 - ◆ No need for foreign applicants file provisional applications
 - ◆ No need to file PCT applications in English
- ◆ Personal grace period via early disclosure
 - ◆ Can protect the applicant from disclosures by others in the US; and
 - ◆ Can hurt the applicant with respect to the novelty requirement of other countries
- ◆ Until the open questions regarding “public use” and “on sale” are answered by the CAFC
 - ◆ Don't commercially use, nor offer for sale, the invention before filing a patent application
 - ◆ Even if commercial use and sale are confidential/secret
 - ◆ Even if commercial use and sale are outside U.S.

Notebook Procedures

- ◆ No more Interferences
- ◆ Notebook records will be useful for the new AIA derivation proceeding. However, situations that could give rise to a charge of derivation are somewhat rare and are easily identifiable— joint development work, etc.
- ◆ Notebook records can be used as a defense against theft of trade secrets and misappropriation or misuse of data conveyed via a CDA.

BEST MODE



OLD LAW:

- ◆ The specification shall ... set forth the best mode contemplated by the inventor of carrying out his invention
- ◆ Basis for invalidity and unenforceability

NEW LAW:

- ◆ The specification shall ... set forth the best mode contemplated by the inventor of carrying out his invention
- ◆ The failure to disclose the best mode shall not be a basis on which any claim of a patent may be canceled or held invalid or otherwise be unenforceable
- ◆ **EFFECTIVE DATE:**
 - ◆ September 16, 2011 and proceedings commenced thereafter

BEST MODE

EFFECTS:

- ◆ **Litigation**: Failure to disclose best mode will no longer be available as a defense to infringement
- ◆ **Foreign priority can be challenged during litigation if the priority document does not disclose best mode**
 - ◆ Intervening prior art may invalidate patent

PRACTICE TIP:

- ◆ **Best mode still needs to be described**
 - ◆ Particularly for non-US clients filing US cases claiming foreign priority

ASSIGNEE FILING

CURRENT LAW:

- ◆ An oath and/or declaration must be filed by an inventor
- ◆ An inventor must make an application for a patent unless the inventor refuses, is deceased or cannot be located
 - ◆ Requires additional evidence proving that the inventor refuses, is deceased or cannot be located

NEW LAW:

- ◆ Application: A person with an ownership interest in the patent can file an application for patent on behalf of and as agent for the inventor
 - ◆ An oath/declaration must still be filed for a notice of allowance to be issued
- ◆ Combined Submission: The declaration can be included in the assignment
- ◆ Effective Date:
 - ◆ September 16, 2012 (not retroactive)



PRIORITY EXAMINATION



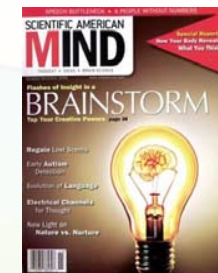
FAST TRACK EXAMINATION

- ◆ Fee: \$4800 for prioritized examination of nonprovisional app for an utility or plant patent
- ◆ Claims: Not more than 4 independent or 30 total claims
- ◆ Limit: No more than 10,000 applications until regulations are established
- ◆ No Accelerated Examination Search Document required
- ◆ Disposition: Goal is within 1 year
- ◆ Effective Date: September 26, 2011

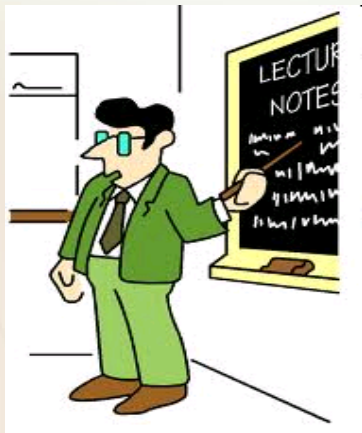
THIRD PARTY SUBMISSIONS

CURRENT RULES:

- ◆ Provide for the submission of prior art by third parties
- ◆ **PRIOR ART:** Patents or publications
- ◆ **TIMING:** Within two months from the date of publication of the application or prior to the mailing of a notice of allowance, whichever is earlier
- ◆ **SUBMISSION:** Third party is **precluded from explaining** why the prior art was submitted or what its relevancy to the application might be
 - ◆ A “protest” can be filed with explanations but is limited to submissions made before the date of publication, which makes this rule of little value, except in special cases, such as a reissue application
- ◆ **USAGE:** Rarely used because of the above restrictions



THIRD PARTY SUBMISSIONS

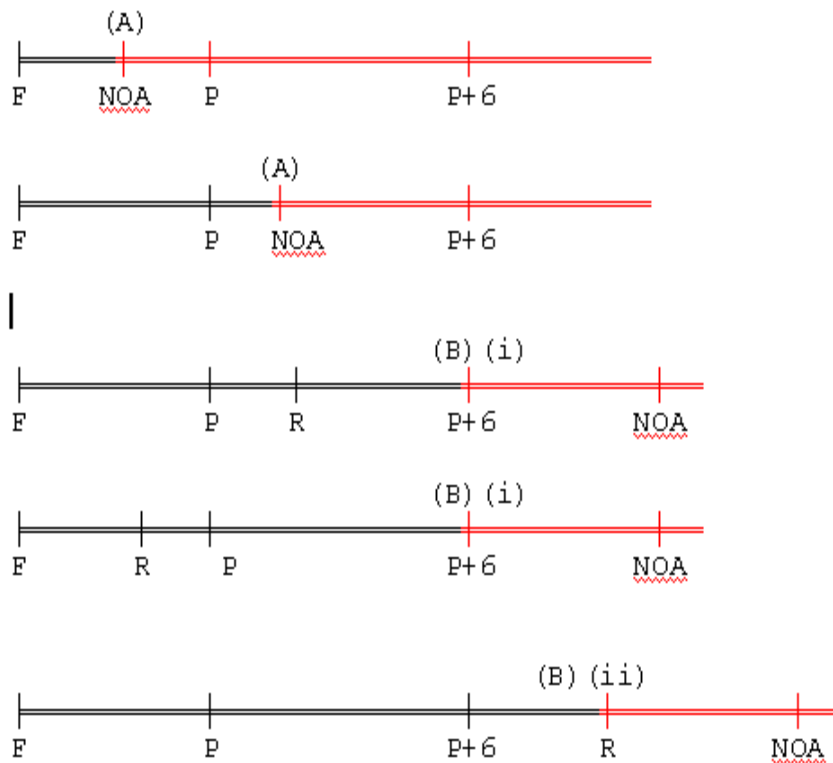


REFORMED LAW:

- ◆ **PRIOR ART**: Patents, published patent applications, or other printed publications of potential relevance to the examination of the application
- ◆ **TIMING**: Before the earlier of
 - (A) the date a notice of allowance; or
 - (B) the later of
 - (i) 6 months after the date on which the application for patent is first published under section 122, or
 - (ii) the date of the first rejection under section 132 of any claim by the examiner during examination
- ◆ **SUBMISSION**: Shall set forth a concise description of the asserted relevance of each submitted document;
- ◆ **EFFECTIVE DATE**: One year from enactment
 - ◆ Retroactively applied

THIRD PARTY SUBMISSIONS

◆ Timing examples for timely submissions:



Black = timely
Red = Too late
F = Filing
P = Publication
NOA = Notice of Allowance
R = Rejection
P + 6 = Publication + 6 months

THIRD PARTY SUBMISSIONS

PROS: Reformed third party submissions are slightly more attractive:

- ◆ Statements concerning the relevance of the references can be brought to the USPTO's attention
- ◆ Longer window of opportunity to disclose (6 months post publication vs. 2 months)

CONS: The procedure still benefits the Applicant:

- ◆ Applicant is free to address the submitted references or wait and see if the Examiner will rely on them
- ◆ If the Examiner relies on them, the Applicant can respond in writing or via a personal interview
- ◆ Applicant can freely amend claims and can add *broader* claims
- ◆ The third party has no further opportunity to intervene and participate in the discussion between the examiner and the applicant during examination
- ◆ While the procedure does not create a formal estoppel against the third party who will be able to rely on the same references during a litigation, the procedure can result in a patent with a very strong presumption of validity relative to these references

THIRD PARTY SUBMISSIONS

EFFECTS:

- ◆ Most third parties will probably continue to rarely use third party submissions and will instead rely on the new post grant procedures:
 - ◆ Post grant review
 - ◆ Inter partes review

- ◆ Exceptions:
 - ◆ Multiple prior art references available
 - ◆ Use broader/dominant one for third party submission
 - ◆ Use specific one for post grant procedures
 - ◆ Small companies with very limited budgets and that cannot afford any post grant proceeding may use a third party submission as their only option



USPTO FEE SETTING

FEE SETTING PROVISIONS

NEW RULES:

- ◆ Give the USPTO the authority to adjust patent statutory fees
- ◆ **Defines Micro Entities and entitles them to 75% fee reductions**
- ◆ Effective Date: 9/26/11
 - ◆ The fee reduction will be implemented via USPTO rulemaking slated for 11/16/11

SATELLITE OFFICES:

- ◆ **Provides for the establishment of at least three or more satellite offices**
- ◆ Effective Date:
 - ◆ Within three years of enactment subject to available funds



Electronic Filing Incentive (Effective November 15, 2011)

- ◆ Establishes **\$400 additional fee**, reduced by **50%** for small entities, **for each original application filed by non-electronic means**
- ◆ Exception for design, plant, and provisional applications

USPTO FUNDING

OLD LAW:

- ◆ Allows for Fee Diversion

NEW LAW:

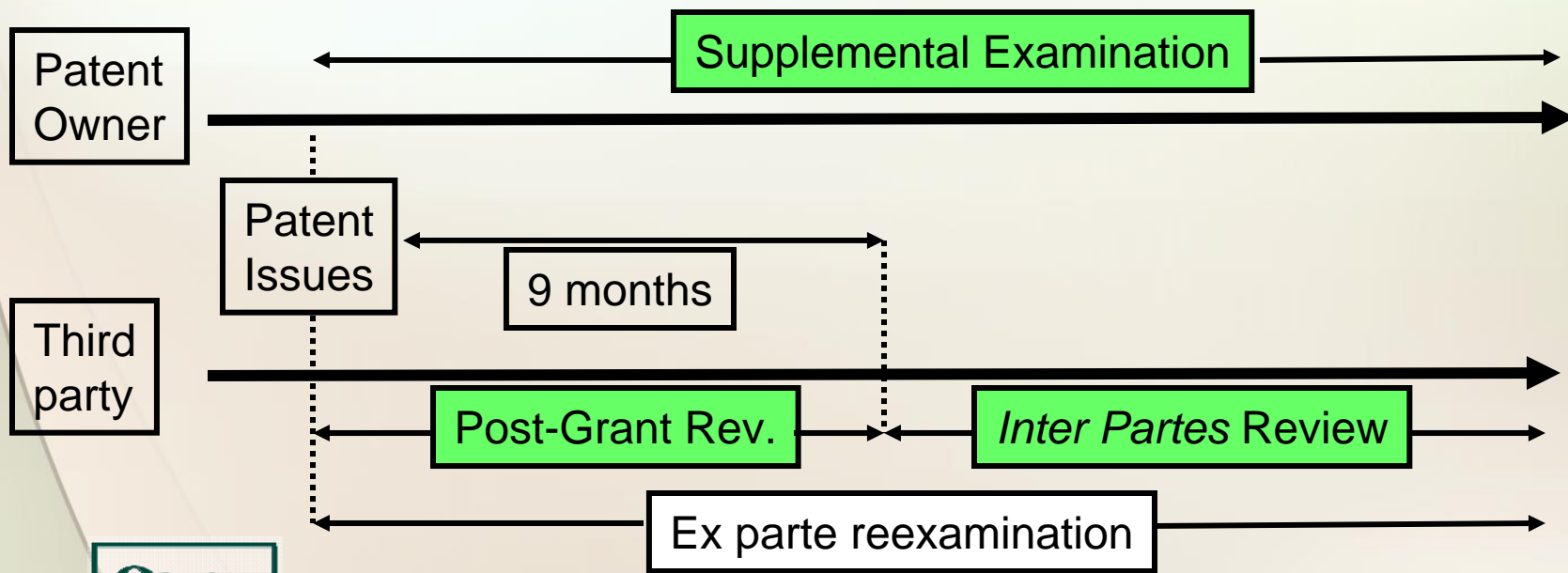
- ◆ Establishes a Reserve Fund for fees collected in a fiscal year that exceed the amount appropriated to the USPTO
- ◆ Annual appropriations still required to approve USPTO spending
- ◆ Effective Date: October 1, 2011



POST GRANT PROCEEDINGS

Post-Grant Review Proceedings

- ◆ Reissue
- ◆ Supplemental Examination
- ◆ Post-Grant Review
- ◆ *Inter Partes* Review to replace *Inter Partes* Reexamination
- ◆ Ex parte Reexamination



Supplemental Examination

Cure Inequitable Conduct!

Provides the ability to proactively eliminate potential inequitable conduct allegations

- SNQ standard, different than reissue filing. If SNQ found, a form of “re-examination” is ordered.
 - Not limited to patents and printed pubs.
 - Request not held against you (or is it?).
- Effective Date: One year after enactment (retroactive)

Supplemental Examination

Cure Inequitable Conduct!

- **Exceptions:**
- Ineffective against prior pled allegations made in a civil action, or set forth in a notice received under 505(j)(2)(B)(iv)(II) of the Federal Food, Drug and Cosmetic act
- Ineffective in defenses to actions at ITC or District Court unless supplemental examination is completed before date action was brought.
- **Fraud:** If the Director becomes aware of fraud, the Director can take any authorized action, cancelling claims, OED, or Attorney General report.

SUPPLEMENTAL EXAMINATION

PRACTICE TIPS:

- ◆ If material information is received after payment of the issue fee, supplemental examination could provide a quicker avenue to obtaining a patent as opposed to withdrawing from issue and filing an RCE
- ◆ Supplemental Examination should be concluded prior to litigating the patent to avoid unenforceability of the patent

SUPPLEMENTAL EXAMINATION

◆ QUESTIONS:

- ◆ If no SNQ found to exist, is potential inequitable conduct cured?
- ◆ What are the time lines for Supplemental Examination and reexamination to be concluded?
 - ◆ Does this suggest that the Complainant in ITC should not file until after reexamination is completed?

PATENT TRIAL & APPEAL BOARD



CURRENT LAW:

- ◆ Central Reexamination Unit (CRU) for Inter Partes
- ◆ Board of Patent Appeals and Interferences (BPAI)

REFORMED LAW:

- ◆ Replaces the BPAI with a Patent Trial and Appeal Board (PTAB)
- ◆ Reviews:
 - ◆ Appeals of applicant
 - ◆ Appeals of reexaminations
- ◆ Conducts:
 - ◆ Derivation proceedings
 - ◆ Inter Partes Review and Post-Grant Review
- ◆ Panel: At least a three member panel of Administrative Patent Judges

POST GRANT REVIEW

NEW LAW:

- ◆ **Proceeding**: A new post grant review proceeding (PGR) for reviewing the validity of a patent is established
 - ◆ Conducted by the PTAB
 - ◆ Can only be initiated by a non-patent owner
 - ◆ ***All grounds of invalidity can be considered except for best mode***
 - ◆ Estoppel exists for claims that were raised or could have been raised during PGR
 - ◆ Patent owner can file a preliminary response challenging the validity of the proceeding
 - ◆ Final PTAB determination will be issued within 1 year although extendable up to 6 months for good cause

POST GRANT REVIEW

◆ Threshold:

1. **More likely than not that at least one of the claims challenged is unpatentable; OR**
2. **A novel or unsettled legal question that is important to other patents or patent applications is raised**

◆ Timing:

1. **Must be filed within nine months from grant of patent or broadening reissue**
2. **Must be filed before the petitioner files a court action alleging invalidity**
3. **For patents filed on or after March 16, 2013 (which will not issue for a while)**

POST GRANT REVIEW

EFFECTS:

PROS:

- ◆ Harmonizes the U.S. with other countries offering a similar system
- ◆ Provides a less costly alternative to litigation with quicker results

CONS:

- ◆ Estoppel:
 - ◆ Takes effect after the PTAB decision
 - ◆ Applies to *all grounds of invalidity* that were raised or reasonable could have been raised

I. Ex Parte & Inter Partes Reexam Statistics

	Ex Parte*	Inter Partes*
Percentage of requests for reexam granted	92%	96%
Percentage of reexams with all claims confirmed as valid	23%	8%
Percentage of reexams completed with all claims canceled	12%	49%
Percentage of reexams completed with claims amended	65%	41%
Average pendency from filing to certificate being issued	25 mos.	36 mos.
Recent average delay between filing and first office action	6-8 mos.	(N/A)

* through June 2010

Procedural Differences: Ex parte/Inter partes Reexam

- ◆ Who can initiate:
 - ◆ Ex parte: Patentee, Director or 3rd party (can be anonymous)
 - ◆ Inter partes: 3rd party only identifying real party in interest
- ◆ What Patents?
 - ◆ Ex parte: Those filed on or after 07/01/81
 - ◆ Inter Partes: Those filed on or after 11/29/1999
- ◆ Prior art: patents and printed publications only (Ex parte and Inter partes); SNQ and non-cumulative prior art (Ex parte and Inter partes)
- ◆ Time to First Office Action
 - ◆ Ex parte: 6-8 months; Inter partes: 5-6 months
- ◆ Interviews: Permitted (Ex parte)- Not permitted (Inter partes)
- ◆ Estoppel? No (Ex parte) Yes (Inter partes)
- ◆ Appeal: Patent owner only (ex parte); both parties (inter partes)
- ◆ **NO APPEAL TO DISTRICT COURT FOR EX PARTE (9/16/2011)**

Differences in Estoppel Effect

- ◆ **No statutory estoppel in ex parte reexamination**
- ◆ **Inter Partes Civil Action Estoppel**
- ◆ **A third party requester in a prior inter partes reexamination is estopped from later asserting in a civil action the invalidity of any claim finally determined to be valid and patentable on any ground that the third party requester raised or could have raised in the inter partes reexamination.**
- ◆ **Estoppel attaches only after board decision (or maybe later)**
 - ◆ **About 3 to 5 years after filing**
 - ◆ **Doesn't affect offers for sale, prior public uses, prior invention, derivation, inequitable conduct, 112 arguments,**

INTER PARTES REVIEW

REFORMED LAW:

- ◆ Proceeding: Inter Partes Review
 - ◆ Heard by the PTAB
 - ◆ Patent owner can file a preliminary response challenging the validity of the proceeding
 - ◆ Final PTAB determination will be issued within **1** year but is extendable up to 6 months for good cause
 - ◆ Not limited to patents based on applications filed on or after **11/29/99**
- ◆ Threshold: **Reasonable likelihood** that the petitioner would prevail with respect to at least one of the claims
- ◆ Appeal: Directly to the Federal Circuit

INTER PARTES REVIEW

- ◆ Timing:

- ◆ Cannot be instituted until later of nine months after the grant of a patent or the termination of a post-grant review
- ◆ Must be filed within one year after service of an infringement complaint or before the petitioner filed a court action alleging invalidity

- ◆ Effective Date: SEPT. 16, 2012

- ◆ Threshold: The reasonable likelihood standard replaces the SNQ standard on the day of enactment and applies to requests for inter partes reexamination filed on or after enactment but before the inter partes review is established

INTER PARTES REVIEW

EFFECTS:

- ◆ Patentee has the ability to stop the proceeding before it begins by filing Preliminary Response showing defect in request
- ◆ The reasonable likelihood of prevailing standard will not consider rebuttal arguments at least not for the next 12 months in inter partes reexamination
- ◆ The number of third party *ex parte* reexaminations should decrease as IPR applies to all patents regardless of the filing date
- ◆ For those prospective defendants seeking to utilize a DJ action to secure venue after the enactment of the America Invents Act, doing so will foreclose a later filed inter partes challenge at the USPTO (i.e., Inter Partes Review or Post Grant Review)

INTER PARTES REVIEW

PRACTICE TIPS:

- ◆ To avoid the Preliminary Response period, file prior to the 1 year anniversary of enactment
- ◆ Consider Inter Partes Review or Post Grant Review prior to filing complaint
- ◆ 12 months after enactment to file (9/16/2012)
- ◆ 281 limit until 2016

PGR v. IPR

	REQUESTER	GROUND	THRESHOLD	TIMING
PGR	Non-Patent Owner	Any ground except for best mode	More likely than not that at least one claim is unpatentable OR An important novel or unsettled legal question is raised	Within nine months from grant of patent or broadening reissue AND Before the petitioner filed a court action alleging invalidity
IPR	Non-Patent Owner	Patents & printed publications	Reasonable likelihood that the petitioner would prevail with respect to at least one of the claims	Later of nine months after the grant of a patent or the termination of a post-grant review AND Within one year after service of an infringement complaint or before the petitioner filed a court action alleging invalidity

Inter Partes Review Estoppel Variations

	Estoppel Attaches	Valid (PTO)	Invalid PTO or Court	Valid District Court	Parallel - Valid District Court
IPX	Final Decision (All Appeals Exhausted)	Estopped (raised or could have raised in IPX). 315(c) District Court Only	Game Over	Later IPX Estopped 317 (b) (later ex parte filing ok)	IPX Vacated (317(b)) Estopped "Race to Conclusion"
IPR	(PTAB) Written Decision	Estopped (raised or reasonably could have raised) ITC & District Court (315(e)(2))	Game Over	Outside of 12 month window Practical Estoppel (but ex parte ok)	No Estoppel (IPR Continues)

TRANSITIONAL PROGRAM FOR COVERED BUSINESS METHOD PATENTS

CURRENT LAW: N/A

NEW LAW:

- ◆ Proceeding: Establishes a transitional post-grant review (TPGR) proceeding for reviewing the validity of patents **IF**:
 - ◆ The patent is a “covered business method patent”
 - ◆ A method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service
 - ◆ Does not include patents for “technological inventions”
 - ◆ Suit is filed or threatened against the requester of the TPGR
- ◆ Estoppel: TPGR estoppel only applies to issues raised during the proceeding
- ◆ Litigation: Strong suggestion in the statute to stay an action pending the TPGR
- ◆ Effective Date: One year from enactment but applies retroactively
- ◆ Timing:
 - ◆ Non-FITF patents: TPGR is available once granted
 - ◆ FITF patents: TPGR can only be filed after the 9 month PGR window

LITIGATION

Prior User Rights – Old Law

◆ 35 U.S.C. § 273

◆ Defense to infringement based on:

- ◆ Good faith reduction to practice of patented **method** at least one year before filing date of asserted patent

- ◆ Method was commercially used in U.S. before the filing date of asserted patent

- ◆ Defense restricted to patents directed to a “**method of doing or conducting business**”

Prior User Rights – New Law

- ◆ **35 U.S.C. § 273**
 - ◆ Defense to infringement based on:
 - ◆ Good faith **(1) reduction to practice of the subject matter of a patent and (2) commercial use in the US** of the subject matter **(3) at least one year before** the earlier of:
 - ◆ The effective filing date of the asserted patent; **or**
 - ◆ Public disclosure of claimed invention that qualifies for exception from prior art under § 102(b)
 - ◆ **Exceptions**
 - ◆ Defense not available against certain patents
 - ◆ Patents developed using federal funds
 - ◆ **Patents assigned to non-profit institution of higher education** unless invention partially funded by private business

Prior User Rights – New Law

- ◆ **Exhaustion of rights**
 - ◆ Sale of product by person entitled to defense exhausts patent owner's rights to the extent such rights would have been exhausted if sale was made by patentee
- ◆ **Burden of proof**
 - ◆ Clear and convincing evidence
- ◆ **Patent validity**
 - ◆ Defense does not invalidate patent under 35 U.S.C. §§ 102, 103
- ◆ **Exceptional case**
 - ◆ Improper assertion of defense can result in attorneys' fees being assessed against defendant
- ◆ **Effective date**
 - ◆ Date of enactment



Prior User Rights – New Law

- ◆ **Personal defense**

- ◆ Defense may only be raised by person that performed acts that gave rise to defense
 - ◆ Right to assert defense cannot be licensed or assigned except for good faith transfer of entire enterprise or line of business

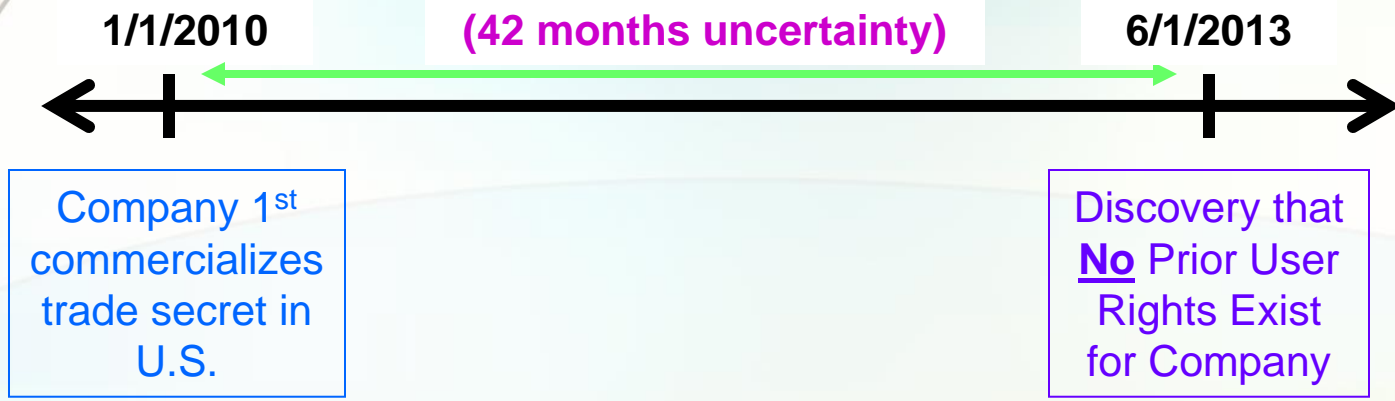
- ◆ **Restriction on sites**

- ◆ If right to defense is acquired through transfer of enterprise, can only rely on uses of invention at sites where use was prior to the later of:
 - ◆ Filing date of patent; or
 - ◆ Date of transfer of enterprise

Prior User Rights – New Law

- ◆ **Derivation**
 - ◆ Defense may not be raised if based on derivation from patentee or those in privity
- ◆ **Not a general license**
 - ◆ Defense is not a general license to all claims
 - ◆ Restricted to specific subject matter of qualifying commercial use, but
 - ◆ Extends to variations in quantity or volume of use and non-infringing improvements
 - ◆ Permits an increase in production which likely includes expanded facilities at the same site
- ◆ **Abandonment of use**
 - ◆ May not rely on activities performed prior to abandoning qualifying commercial use to defend against actions taken after abandonment

Prior User Rights: Period of Uncertainty



Prior User Rights – Summary

- ◆ **Impact of new law**
 - ◆ Provides broad defense to patent infringement
 - ◆ Provides some incentive to keep inventions secret, but limits and exceptions
 - ◆ Applies to methods, not products
 - ◆ Cannot be sure of prior user rights until 3+ years after commercialization in U.S.
 - ◆ Exception for Universities
 - ◆ Site restrictions
 - ◆ Cannot abandon
 - ◆ Limited to actual commercialized application, may not apply to all claims
- ◆ **Practice tip**
 - ◆ Non-infringement defense/opinion
 - ◆ Inquire as to early commercial use

Marking – Old Law

- ◆ **35 U.S.C. § 292**

- ◆ **Liability**

- ◆ Based on marking or using in advertising “patent” on unpatented article for purpose of deceiving public

- ◆ **Fine**

- ◆ Not more than \$500 per offense

- ◆ **Qui tam provision**

- ◆ **Any person** may sue for the penalty

- ◆ $\frac{1}{2}$ to plaintiff, $\frac{1}{2}$ to United States



Marking – New Law

- ◆ **35 U.S.C. § 292**
 - ◆ Who may sue?
 - ◆ United States
 - ◆ A person who has suffered “**competitive injury**”
 - ◆ **Virtual marking**
 - ◆ **Mark patented goods with a URL, website, or domain name**
 - ◆ Must be accessible without charge
 - ◆ Associates articles with patents
 - ◆ Liability exemption
 - ◆ No liability for marking during the 3-year period following patent expiration
 - ◆ At any time if “expired” is added to marking
 - ◆ Effective date
 - ◆ **Date of enactment**
 - ◆ **Applies to all pending lawsuits**

Marking – New Law

- ◆ Impact of new law
 - ◆ Kills “marking troll” suits
 - ◆ No more qui tam
- ◆ Practice tips
 - ◆ Set up web site for virtual marking
 - ◆ e.g., www.acmepatents.com or www.acme.com/patents
 - ◆ Associate articles with patents
 - ◆ Implement procedures to remove patent markings or add “expired” to markings



Advice of Counsel – New Law

◆ 35 U.S.C. § 298

- ◆ Failure of infringer to obtain an opinion of counsel may **not** be used as proof of willful infringement
- ◆ Effective date
 - ◆ One year after enactment



Advice of Counsel – New Law

- ◆ **Impact of new law**

- ◆ Lack of opinion may not be a defense for a finder of fact when applying the “totality of the circumstances” test to determine willfulness



- ◆ **Practice tip**

- ◆ Obtaining an opinion still be useful to defend against a charge of willful infringement and for general business guidance

Patent Reform

Other Litigation Topics

- ◆ **Venue**
 - ◆ USPTO must be sued in Eastern District of Virginia
 - ◆ Actions under § 293 against foreign patentees must be brought in Eastern District of Virginia
- ◆ **Procedural**
 - ◆ No multi-party suits where defendants are not connected
 - ◆ Defendants jointly and severally liable; or
 - ◆ Infringement arising out of same transaction; and
 - ◆ Questions of fact common to all defendants
 - ◆ Exception – ANDA suits
- ◆ **Jurisdictional**
 - ◆ State courts do not have jurisdiction over any patent claim except for permissive counterclaims
 - ◆ Federal Circuit has jurisdiction over appeals of decisions relating to patents
 - ◆ Overrules *Holmes Group, Inc. v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826 (2001) with respect to patent counterclaims

THANK YOU

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◆ ADDITIONAL MATERIALS FOR REVIEW

EFFECTIVE DATES

EFFECTIVE DATE	LEGISLATIVE INITIATIVE
18 Months	§ 3 - First Inventor to File
18 Months	Derivation Proceeding Establishment
12 Months	§ 4 - Inventor's Oath or Declaration
Date of Enactment	§ 5 - Defense to Infringement based on Prior Commercial Use
12 Months	§ 6 - Post-Grant Review Proceedings (Date of Enactment for new Inter Partes Review "reasonable likelihood" standard)
12 Months	§ 7 - Patent Trial and Appeal Board
12 Months	§ 8 - Preissuance Submissions by Third Parties
Date of Enactment	§ 9 - Venue
Date of Enactment	§ 10 - Fee Setting Authority
60 Days	E-Filing Incentive (\$400 fee for failure to do so)
Date of Enactment	§ 11 - Fees for Patent Services
9/26/11	Track I Priority Examination, 15% fee increase
12 months	§ 12 - Supplemental Examination
Date of Enactment	§ 13 - Funding Agreements
Date of Enactment	§ 14 - Tax Strategies Deemed Within the Prior Art
Date of Enactment	§ 15 - Best Mode Requirement
Date of Enactment	§ 16 - Marking
12 Months	§ 17 - Advice of Counsel



EFFECTIVE DATES

EFFECTIVE DATE	LEGISLATIVE INITIATIVE
12 Months	§ 18 - Transitional Program for Covered Business Method Patents
Date of Enactment	§ 19 - Jurisdiction and Procedural Matters
12 Months	§ 20 - Technical Amendments
12 Months	§ 21 - Travel Expenses and Payment of Administrative Judges
10/1/2011	§ 22 - Patent and Trademark Office Funding
36 Months	§ 23 - Satellite Offices
12 Months	§ 24 - Designation of Detroit Satellite Office
12 Months	§ 25 - Priority Examination for Important Technologies
48 months	§ 26 - Study on Implementation
9 Months	§ 27 - Study on Genetic Testing
12 Months	§ 28 - Patent Ombudsman Program for Small Business Concerns
6 Months	§ 29 - Establishment of Methods for Studying the Diversity of Applicants
Date of Enactment	§ 30 - Sense of Congress
3 Months	§ 31 - USPTO Study on International Patent Protections for Small Businesses
Date of Enactment	§ 32 - Pro Bono Program
Date of Enactment	§ 33 - Limitation on Issuance of Patents (applications pending at enactment) to exclude human organisms
12 Months	§ 34 - Study of Patent Litigation
12 Months	§ 37 - Calculation of 60-day Period for Application of Patent Term Adjustment

Grand Cheat Sheet

- ◆ **1. *Ex Parte* Patent Reexamination (existing proceeding) — No appeals by Patentees to the District Court in *ex parte* patent reexaminations.**
- ◆ **Effective Date: Enactment**
- ◆ **Side Notes: The SNQ standard, which is *no longer used in *inter partes* patent reexamination* is still used in *ex parte* patent reexamination. *Ex parte* patent reexamination practice remains largely unchanged.**
- ◆ **2. *Inter Partes* Patent Reexamination (existing proceeding, to be replaced) — SNQ standard replaced with a new standard: *a reasonable likelihood that the requester would prevail with respect to at least 1 of the claims challenged in the request.***
- ◆ **Effective Date: Enactment**
- ◆ **Side Notes: *Inter Partes* patent reexamination is to be replaced by *Inter Partes* Review by 9/16/2012. Current defendants that have been sued on a patent stemming from a post November 29, 1999 application *need to be mindful of the anniversary.* Defendants that are sued on older patents (pre 11/29/1999) may be better served waiting for the anniversary so that these patents are eligible for an *inter partes* proceeding for the first time. (see above link for further explanation)**

Grand Cheat Sheet

- ◆ **3. *Inter Partes* Review (new proceeding)** – *Inter Partes* Review is an evolution of *inter partes* patent reexamination from an examiner based proceeding to a proceeding of the new Patent Trial and Appeal Board (PTAB). The proceeding will allow for limited discovery, settlement, oral hearings, protective orders and many litigation style mechanics.
- ◆ **Effective Date**–September 16, 2012
- ◆ **Side Notes:** There will be a limit of 281 proceedings (based on FY, 2010 *inter partes* reexamination filings), per year, until 2016 (See *Graduated Implementation*). This proceeding will be available for ANY patent issued, before, on, or after the anniversary date. Filing ability may be limited by operation of estoppel, litigation status, or if within 9 months of issuance (so as not to conflict with the Post Grant Review window).
- ◆ **4. Post Grant Review (new proceeding)**– Similar in some procedural respects to *Inter Partes* Review, but having an expanded scope (i.e., not limited to patents and printed publications) and a limited, 9 month filing window. This will also be a new proceeding of the PTAB.
- ◆ **Effective Date**–September 16, 2012
- ◆ **Side Notes:** As the grounds for potential challenges are broader, the potential estoppel is also significant. As patents eligible for this proceeding must have been filed on or after March 16, 2013, use of this proceeding will slowly ramp up over time.

Grand Cheat Sheet

- ◆ **5. Transitional Program for Business Method Patents (new proceeding)**– This proceeding is Post Grant Review without the 9 month filing window, or limitation with respect to patent filing dates. Any covered business method patent defined by the statute (i.e., not a technological invention) issued before, on or after the effective date is subject to review if the petitioner is sued for infringement or charged with infringement.
- ◆ **Effective Date**–September 16, 2012
- ◆ **Side Notes:** The estoppel provision for this proceeding is narrower than Post Grant Review as it is limited to issues actually raised. To avoid opening a can of worms, it is expected that the USPTO will have a very narrow view of covered patents under this proceeding, which sunsets in 8 years time.
- ◆ **6. Supplemental Examination (New Proceeding)** – To cure inequitable conduct before the USPTO. Upon submission of SNQs that explain potential issues for supplemental examination, the Office may initiate a type of “re-examination” that follows the procedures for *ex parte* patent reexamination with some modification. In essence this proceeding was based on a “but for” theory later adopted in *Therasense*. Applies to all patents once effective.
- ◆ **Effective Date**–September 16, 2012.
- ◆ **Side Notes:** Would appear to be of limited value after Therasense. May have some applicability for egregious cases.

Grand Cheat Sheet

- ◆ **7. Patent Reissue (existing proceeding)**—deleted the language of 35 U.S.C § 251 requiring that an error correctable by patent reissue be made “without deceptive intent.”
- ◆ **Effective Date**– September 16, 2012.
- ◆ **Side Notes:** This change was also trying to aid practitioners with respect to inequitable conduct charges prior to *Therasense*.
- ◆ **8. Patent Interferences (existing proceeding, ending)** – The AIA has switched to a first inventor to file system. Patent Interferences will eventually cease to exist going forward, but can still be commenced up to the one year anniversary of enactment.
- ◆ **9. Derivation (new proceeding)** — This proceeding is established to combat the unscrupulous filing of a first patent application, that is derived from the work of another applicant (later filed), without authorization. It would seem this proceeding will be exceedingly rare. H.R. 1249 at page 6.
- ◆ **Effective Date**–March 16, 2013.

INTER PARTES REVIEW

- ◆ **Practice Tip:**
- ◆ **Complaint on/before 9/16/2011 on patent filed on/after 11/29/99....NO IPR**
- ◆ **Complaint on/before 9/16/2011 on patent filed before 11/29/99.....NO IPX**
- ◆ **Complaint after 9/16/2011 on patent filed before 11/29/99.....IPR on or after 9/16/2012**

ADDITIONAL PROVISIONS

PROSECUTION:

- Derivation Proceedings (§ 3)
- Tax Strategy Patents (§ 14)
- Pro Bono Program (§ 32)
- Patenting Humans (§ 33)
- PTE – 60 Day Calculation (§ 37)

USPTO:

- Funding Agreements (§ 13)
- Travel Expenses & APJ Pay (§ 21)
- Patent Ombudsman Program (§28)

STUDIES:

- Study on Implementation (§ 26)
- Study on Genetic Testing (§ 27)
- Diversity of Applicants (§ 29)
- International Protection for Small Businesses (§ 31)
- Patent Litigation Study (§ 34)

DERIVATION PROCEEDINGS

CURRENT LAW:

- ◆ Prior to enactment of the patent reform bill (hereinafter the “America Invents Act”), the primary purpose of an interference was to resolve priority (i.e., to determine the first party to invent the subject matter in dispute). However, interferences were also used to resolve (i) derivation cases (i.e., to determine whether a party impermissibly filed a patent application or obtained a patent based on the conception of another party) and (ii) inventorship disputes (i.e., to resolve a disagreement concerning the naming of inventors).

REFORMED LAW:

- ◆ Replaces suggestion process currently employed by the USPTO with a petition process providing that:
 - ◆ The petition shall set forth with particularity the basis for finding that an inventor named in an earlier application derived the claimed invention from an inventor named in the petitioner’s application and, without authorization, the earlier application claiming such invention was filed
 - ◆ Any such petition may only be filed only within the 1 year period beginning on the date of the first publication of a claim to an invention that is the same or substantially the same as the earlier application’s claim to the invention
- ◆ Patent Trial & Appeal Board:
 - ◆ Inventorship Disputes: The AIA merely states “In appropriate circumstances, the PTAB may correct the naming of the inventor in any application or patent at issue”
 - ◆ Determination: Both derivation proceedings and inventorship disputes will be conducted by the PTAB.
- ◆ EFFECTIVE DATE:
 - ◆ 18 Months from enactment



DERIVATION PROCEEDINGS

◆ EFFECTS:

- ◆ The provision implementing a petition process in place of the current suggestion process may prove to be a marked improvement depending on how the petition process is implemented. Although the America Invents Act does not expressly provide so, hopefully, the decision to remove examiners from the requesting process and to give that responsibility to the Director or his designee reflects that the petitioner will not have to establish the patentability of the claimed subject matter as a prerequisite to initiating a derivation proceeding. In derivation proceedings, where there is often an allegation of “bad” acts, that would seem appropriate.
- ◆ This may cause some concern because the PTAB will also be responsible for conducting post grant review and inter partes review. However, the impact of derivation proceedings and inventorship disputes should be minimal. Currently, the BPAI is handling between 40 and 50 interferences. Derivation cases and inventorship disputes makeup only about 10 to 20 % of those cases. Thus, the judicial bandwidth needed to handle these types of cases should not impact staffing requirements.
- ◆ New Priority Disputes will not be declared after effective date:
 - ◆ The America Invents Act changes the U.S. patent system from a first to invent system to a first inventor to file system. Accordingly, new interferences (priority disputes) will not be declared after the 18 month enactment period. After the 18 month enactment period, the PTO will have the discretion to convert any ongoing interference (priority dispute) into a post grant review case or to continue the interference pursuant to the prior laws.

◆ PRACTICE TIPS:

- ◆ The start of the one year “statute of limitations” is triggered by publication of the “bad guy’s” claim. Thus, if the published claim[s] is not materially changed during prosecution, then the petitioner must be careful to present a “copied” claim within the one year period (from publication of the application). If the published claim is materially changed during prosecution, then the petitioner must be careful to present a “copied” claim within the one year period (from issuance of the patent)
- ◆ Monitor regulations set for the deadline to file for a derivation proceeding
 - ◆ “Beginning on the date” has been strangely construed by the USPTO with respect to PTE 60 day calculations (See below)



TAX STRATEGY PATENTS

CURRENT LAW: N/A

REFORMED LAW (uncodified):

◆“For purposes of evaluating an invention under section 102 or 103 of title 35, United States Code, any strategy for reducing, avoiding, or deferring tax liability, whether known or unknown at the time of the invention or application for patent, shall be deemed insufficient to differentiate a claimed invention from the prior art.”

◆“tax liability” refers to “any liability for a tax under any Federal, State, or local law, or the law of any foreign jurisdiction...”

◆EXCLUSIONS:

◆Any method, apparatus, or system used solely for preparing a tax return, e.g., TurboTax

◆Any method, apparatus, or system used solely for financial management, to the extent that it is severable from any tax strategy or does not limit the use of any tax strategy

◆EFFECTIVE DATE:

◆Applies to any patent application pending on, filed on or after the date of enactment, and to any patent that issues on or after that date.



TAX STRATEGY PATENTS

EFFECTS:

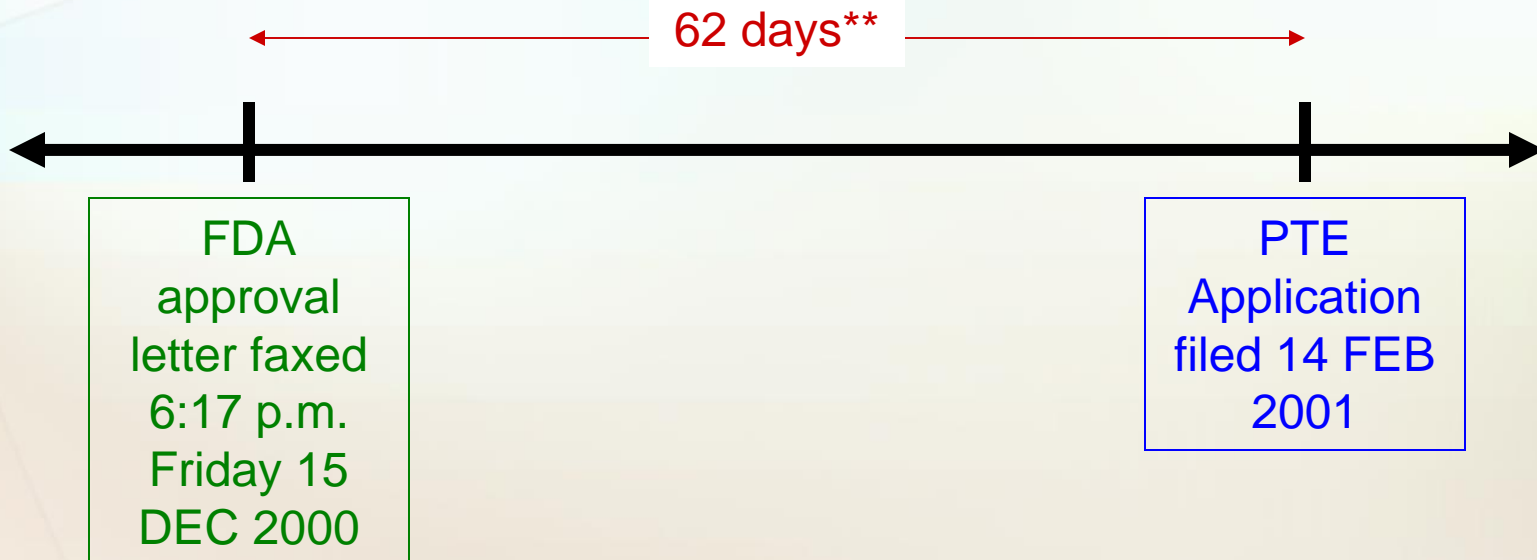
- ◆ Tax strategy claims will not be rejected under §101.
 - ◆ Examiners will not give patentable weight to claim limitations directed to reducing, avoiding, or deferring tax liability
 - ◆ A patent application can have claims (or claim elements) subject to Section 14 and claims that are not subject to Section 14

PRACTICE TIPS:

- ◆ For patentability under §102 and §103, include limitations in claim that are not directed to reducing, avoiding, or deferring tax liability

60 DAY PERIOD FOR PTE (Background)

- ◆ ***Medicines Co. v. Kappos*, 94 USPQ2d 1748 (E.D.Va. 2010).**



** By USPTO calculation (approval date is counted as first day; 61 days if approval date is not counted). AIA does not address propriety of USPTO method of counting days.

60 DAY PERIOD FOR PTE (Background)

- ◆ *Medicines Co. v. Kappos* (cont'd).
- ◆ Medicines argues that, for FDA approval received after business hours, approval date for calculating timeliness of PTE application should be next business day (making approval date 18 DEC 2001 and PTE application timely).
- ◆ USPTO argues that approval date is date of approval letter - statute does not provide authority to consider shifting of approval date.
- ◆ District court states that USPTO should reconsider its position (but does not rule that USPTO position is incorrect).

60 DAY PERIOD FOR PTE (Background)

- ◆ AIA adopts Medicines' proposal of manner of determining date of FDA approval for purpose of calculating timeliness of PTE application.
- ◆ If FDA approval letter is received after 4:00 p.m., it will be treated as if received the next business day.
- ◆ Potentially provides one or more additional days to submit PTE application.
- ◆ Best course of action remains to file PTE application well before 60-day anniversary of receipt of FDA approval.

60 DAY PERIOD FOR PTE

CURRENT LAW: (35 USC § 156(d)(1))

◆“To obtain an extension of the term of a patent under this section, the owner of record of the patent or its agent shall submit an application ... such an application may only be submitted within the sixty-day period beginning on the date the product received permission under the provision of law under which the applicable regulatory review period occurred for commercial marketing or use.”

REFORMED LAW: (Added to 35 USC § 156(d)(1))

◆For purposes of determining the date on which a product receives permission... if such permission is transmitted after 4:30 P.M., Eastern Time, on a business day, or is transmitted on a day that is not a business day, the product shall be deemed to receive such permission on the next business day... the term ‘business day’ means any Monday, Tuesday, Wednesday, Thursday, or Friday, excluding any legal holiday...

◆EFFECTIVE DATE:

◆Date of enactment (Not retroactive)

◆The amendment... shall apply to any application for extension of a patent term... that is pending on, that is filed after, or as to which a decision regarding the application is subject to judicial review on, the date of the enactment of this Act.”

PRO BONO PROGRAM

CURRENT LAW: N/A

NEW LAW:

- ◆ Requires the Director of the USPTO to help intellectual property law associations establish pro bono programs to assist “financially under-resourced” independent inventors and small businesses.
- ◆ There is no requirement for law firms to participate.
- ◆ Effective Date:
 - ◆ Date of enactment



PATENTING HUMANS

Current Provision: (MPEP § 2105)

- ◆ If the broadest reasonable interpretation of the claimed invention as a whole encompasses a human being, then a rejection under 35 U.S.C. 101 must be made indicating that the claimed invention is directed to nonstatutory subject matter.

NEW LAW:

- ◆ Notwithstanding any other provision of law, no patent may issue on a claim directed to or encompassing a human organism

- ◆ EFFECTIVE DATE:

- ◆ Date of enactment (not retroactive)

PATENTING HUMANS

EFFECTS:

- ◆ We find guidance from the USPTO
- ◆ A claim to a human—NO
- ◆ A claim to a human being at any stage of development as a product (e.g., an embryo)-NO
- ◆ A claim to cell lines and/or methods of culturing cells-YES
- ◆ A claim to laboratory processes or methods for making human cells and culturing human cells-YES
- ◆ A claim to surgical procedures on human patients-YES

PRACTICE TIPS:



COURT JURISDICTION MATTERS

REFORMED LAW:

- ◆ **Prohibition on State Court Jurisdiction: (Amends 35 USC §1338)**
 - ◆ Provides that state and/or U.S. territory courts shall not have jurisdiction over any claim for relief arising under an act of Congress relating to patents, plant variety protection, or copyrights.
- ◆ **Removal Jurisdiction: (Adds 35 USC §1454)**
 - ◆ States that any cause of action filed in state court having a claim for relief based on a federal statute relating to patents, plant variety protection or copyrights may be removed to federal district court
 - ◆ Federal district court must remand any unrelated claims over which it does not have jurisdiction to the state court
- ◆ **Effective Date:**
 - ◆ Date of Enactment



FEDERAL CIRCUIT JURISDICTION

CURRENT LAW:

- ◆ In 2002, Supreme Court held in *Holmes Group, Inc. v. Vornado Air Circulation Systems, Inc.*, 535 U.S. 826 (2002) that patent counterclaims can not form basis for federal jurisdiction.

REFORMED LAW: (Amends 35 USC §§1338 and 1295(a)(1))

- ◆ Partially overrules Supreme Court's 2002 Holmes Group decision
 - ◆ Appeals of district court decisions relating to patents or plant variety protection will go to the Federal Circuit, even if the only claim relating to patents or plant variety protection is a compulsory counterclaim
 - ◆ NOTE: Permissive counterclaims regarding patent or plant variety protection are not addressed by the change in law and presumably will still be handled by a regional circuit court of appeal per the Supreme Court's 2002 decision
- ◆ Effective Date:
 - ◆ Date of Enactment



COURT PROCEDURAL MATTERS

REFORMED LAW:

◆ JOINDER OF ACCUSED INFRINGERS: (Adds 35 USC §299)

- ◆ Provides that accused infringers may be joined as defendants in a single action, or consolidated for trial in a single action only if two conditions are met:
 1. Right to relief is asserted against (1) defendants jointly and severally; or (2) arises from the same transaction or occurrence relating to the making, using, offering for sale, selling in the United States, or importing into the United States of the same accused product or process; and
 2. There are questions of fact that are common to all defendants or counterclaim defendants.
- ◆ EXCEPTIONS:
 - ◆ Accused infringers may not be joined solely on allegations that each has infringed the patent and/or patents-in-suit
 - ◆ Amendment relating to joinder does not apply to actions brought pursuant to 35 U.S.C. 271(e)(2) relating to Hatch-Waxman proceedings based upon filing of an Abbreviated New Drug Application
- ◆ Effective Date:
 - ◆ Date of Enactment



JURISDICTION & PROCEDURE

EFFECTS:

- ◆ **Jurisdiction:**
 - ◆ Allowing permissive counterclaims to control Federal Circuit jurisdiction would allow defendants to control appellate jurisdiction
 - ◆ Could lead to inconsistent decisions between Federal Circuit and regional circuit courts of appeal, but unlikely as regional circuit courts of appeal would likely look to Federal Circuit precedent for direction
- ◆ **Procedure:**
 - ◆ NPEs forced to file separate suits against unrelated defendants
 - ◆ Raises filing costs and prevents a single suit with one judge
 - ◆ Curbs litigation practices by NPEs

PRACTICE TIPS/SUPPLEMENTAL MATERIAL/INTERNAL COMMENTS:

- ◆ [Practice Tips to Address Patent Reform.doc](#)

PATENT LITIGATION STUDY

CURRENT LAW: N/A

NEW LAW:

- ◆ Requires that a study be conducted of the consequences of litigation by non-practicing entities, or by patent assertion entities
- ◆ Study Includes:
 - ◆ Review of litigation over past 20 years from date of enactment
 - ◆ Cases without merit after judicial review
 - ◆ Impacts of litigation on time required to resolve patent claims
 - ◆ Estimate costs
 - ◆ Benefits to commerce supplied by NPEs or PAEs
- ◆ EFFECTIVE DATE:
 - ◆ Report must be provided to Congress within one year after date of enactment

PATENT LITIGATION STUDY

EFFECTS:

- ◆ Report to Congress will include recommendations for any changes to laws and regulations that will minimize any negative impact of patent litigation

PRACTICE TIPS: (N/A)

VENUE

CURRENT LAW:

- ◆ **Venue for certain suits in which the USPTO is a party is the District of the District of Columbia**

NEW LAW: (Added to 35 USC §29)

- ◆ **Changes venue to the Eastern District of Virginia for:**
 - ◆ **(1) Several sections of 35 USC**
 - ◆ **Sec. 32: Suspension or exclusion from practicing before the USPTO**
 - ◆ **Sec. 145: Filing lawsuit by Inventor who is dissatisfied with Board decision to obtain a patent**
 - ◆ **Sec: 146: Filing lawsuit by party to interference dissatisfied with Board decision**
 - ◆ **154(b)(4)(A): Filing appeal of Patent Term Adjustment**
 - ◆ **293: Gives Jurisdiction of the Court over patentee residing abroad**
 - ◆ **(2) One Trademark Act Section**
 - ◆ **Sec 46(b)(4): Gives jurisdiction of the Court over multi-jurisdictional or foreign parties in Trademark case where applicant is dissatisfied with decision of Trademark Board**
- ◆ **EFFECTIVE DATE:**
 - ◆ **Date of enactment and applies to proceedings commenced thereafter**

BUSINESS METHOD PATENTS

CURRENT LAW: N/A

NEW LAW:

- ◆ **Proceeding:** *Establishes a transitional post-grant review* (same as regular post grant review except sections (321(c), 325(b),(e)(2) and (f) do not apply) proceeding for reviewing the validity of “covered business method patents (CBMP)”
 - ◆ **CBMP:**
 - ◆ Patents that claim a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service
 - ◆ Does not include patents for “technological inventions”
 - ◆ Regulations will be issued for determining whether a patent is for a technological invention
 - ◆ Nothing in this section shall be construed as amending or interpreting categories of patent-eligible subject matter set forth under section 101 of title 35, United States Code
- ◆ **Estoppel:**
 - ◆ The petitioner can not assert, either in a civil action arising in whole or in part under section 1338 of title 28, United States Code, or in a proceeding before the ITC under 19 U.S.C. 1337, that a claim in a patent is invalid on any ground that the petitioner raised during a transitional proceeding that resulted in a final written decision

BUSINESS METHOD PATENTS

- ◆ **NEW LAW (Cont'd):**

- ◆ **Grounds:**

- ◆ A person may not file a petition for a transitional proceeding unless the person has been sued for infringement of the patent or has been charged with infringement under that patent
 - ◆ Person may challenge the validity of a BMP via the transitional proceeding only on basis of:
 - ◆ prior art described by old 102(a); or
 - ◆ prior art that
 - ◆ discloses the invention more than 1 year before the U.S. filing date of the application; and
 - ◆ would be described by old 102(a) of such title if the disclosure had been made by another before the invention thereof by the applicant for patent

- ◆ **Interlocutory Appeal:**

- ◆ A party may take an immediate interlocutory appeal from a district court's decision on whether to stay the litigation
 - ◆ The United States Court of Appeals for the Federal Circuit shall review the district court's decision to ensure consistent application of established precedent, and such review may be de novo

- ◆ **Effective Date:**

- ◆ One year from enactment (Retroactive as to patents issued prior to one year from the date of enactment as well as to patents issued after the date of enactment)
 - ◆ Repealed upon the expiration of the 8-year period beginning on the date that PTO regulations are issued

- ◆ Continues to apply, after the date of the repeal, to any petition that is filed before the date of such repeal



BUSINESS METHOD PATENTS

EFFECTS:

- ◆ The vague definition of CBMPs will leave many “technology” companies at risk when asserting a patent against an alleged infringer in the financial services or products field
- ◆ It will be easier for banks and financial institutions to invalidate BMPs at the USPTO because the evidentiary standard for invalidating patents is lower than in court
- ◆ **Litigation:** Request for stay will be determined based on:
 - ◆ (A) whether a stay, or the denial thereof, will simplify the issues in question and streamline the trial;
 - ◆ (B) whether discovery is complete and whether a trial date has been set;
 - ◆ (C) whether a stay, or the denial thereof, would unduly prejudice the nonmoving party or present a clear tactical advantage for the moving party; and
 - ◆ (D) whether a stay, or the denial thereof, will reduce the burden of litigation on the parties and on the court

PRACTICE TIPS:

- ◆ Determine whether the patent claims have been asserted against accused infringers’ financial services or products, not whether the patent specifically discloses or claims a financial service or product
- ◆ The Class 705 definition should suffice, but focus on showing how the patent has been asserted against the petitioner’s accused infringing activities in the field of financial services or products defined by Class 705
 - ◆ This approach will encompass patents for Section 18 treatment not classified in Class 705, but which are being asserted against those entities practicing financial services methods or employing machines or manufactures practicing financial services
- ◆ Note the sunset provision of 8 years and monitor new regulations concerning “technological inventions”