

Leahy-Smith AMERICA INVENTS ACT



October, 2011

LEGISLATION TIMELINE

2006



S. 3318



2005



H.R. 2795



2001 - 2004



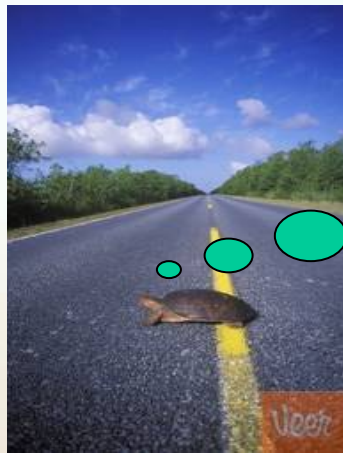
Senate Hearings / FTC / NAS

SPIVAK

2007



H.R. 1908



September 16, 2011



2007



S. 1145



H.R. 1249

March, 17 2009



S. 610

June 23, 2011

March 3, 2009



S. 515

March 2, 2011



S.23 MA

April 2, 2009



S. 515 MA #1

March 5, 2010



S. 515 MA #2

LEGISLATIVE INITIATIVES

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)
- Transitional Program for Business Method Patents (§ 18)

LITIGATION:

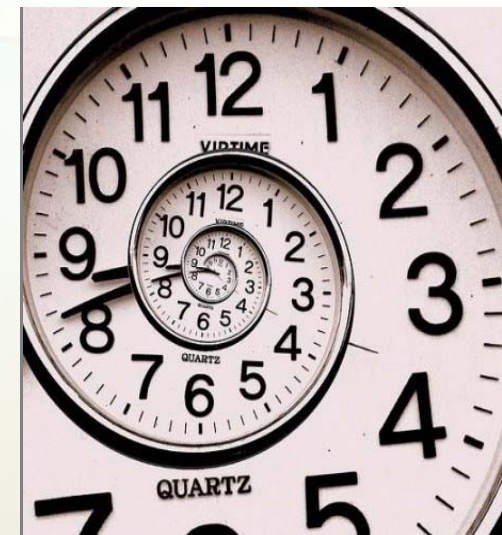
- Prior User Rights (§ 5)
- Marking (§ 16)
- Advice of Counsel (§ 17)

OUTLINE

- 1) Prosecution**
- 2) Post Grant**
- 3) Litigation**

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

- ◆ Current law was written in 1952
 - ◆ *Hazeltine Research, Inc. v. Brenner* (Sup. Ct. 1965) (Applying 102(e) prior art to obviousness analysis)
 - ◆ *In re Hilmer* (CCPA 1966) (denying prior art effect under 102(e) to a foreign priority date)
 - ◆ *Pfaff v. Wells Electronics*. (Sup. Ct. 1998), (a reduction to practice is not required for a 102(b) "on sale" bar)



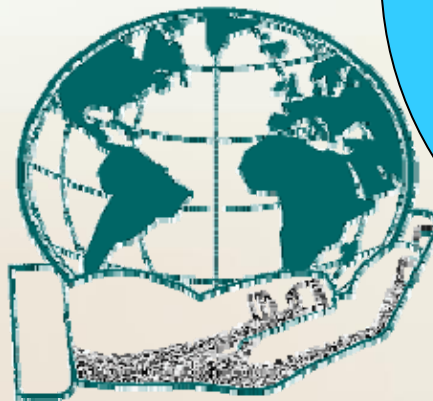
PROSECUTION

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

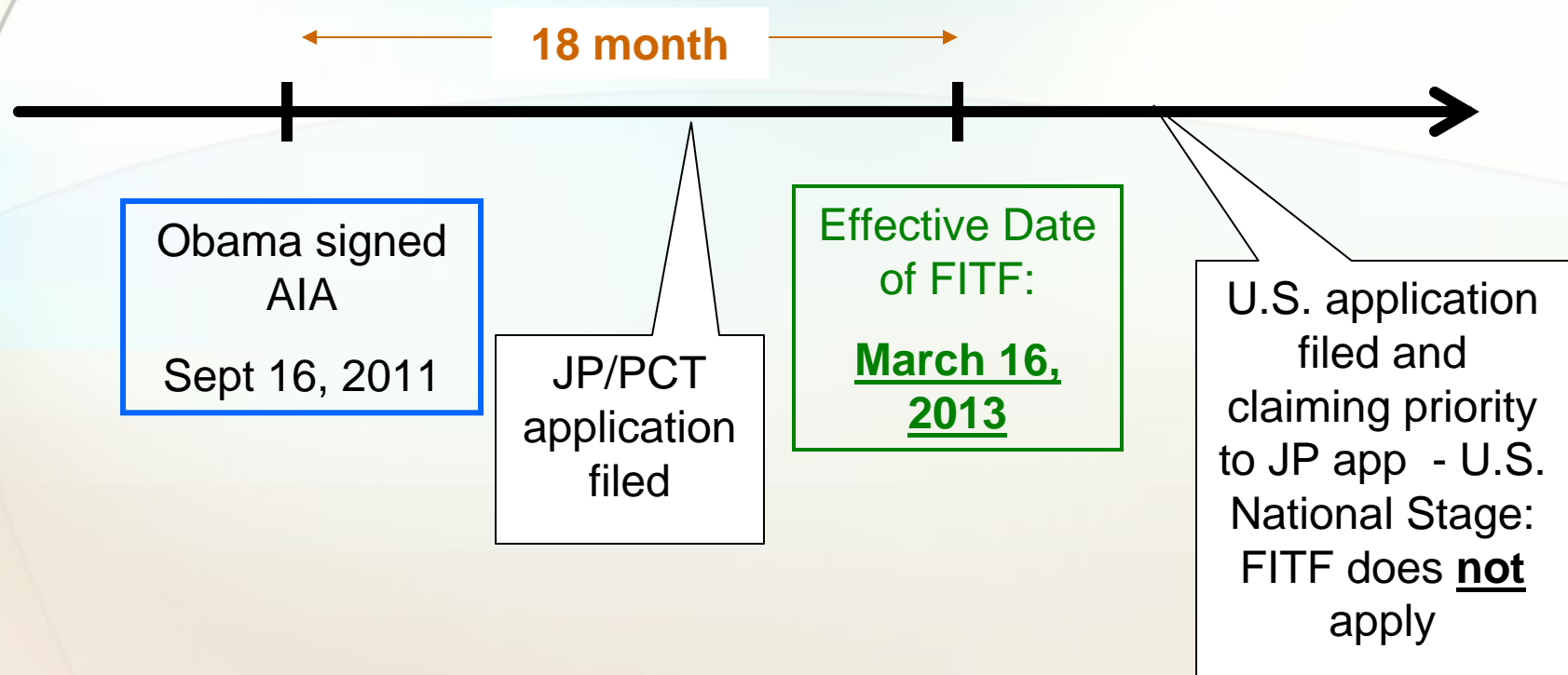
**First-to-Invent
(US)**
(Patents with
effective filing date
prior to March 2013)

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

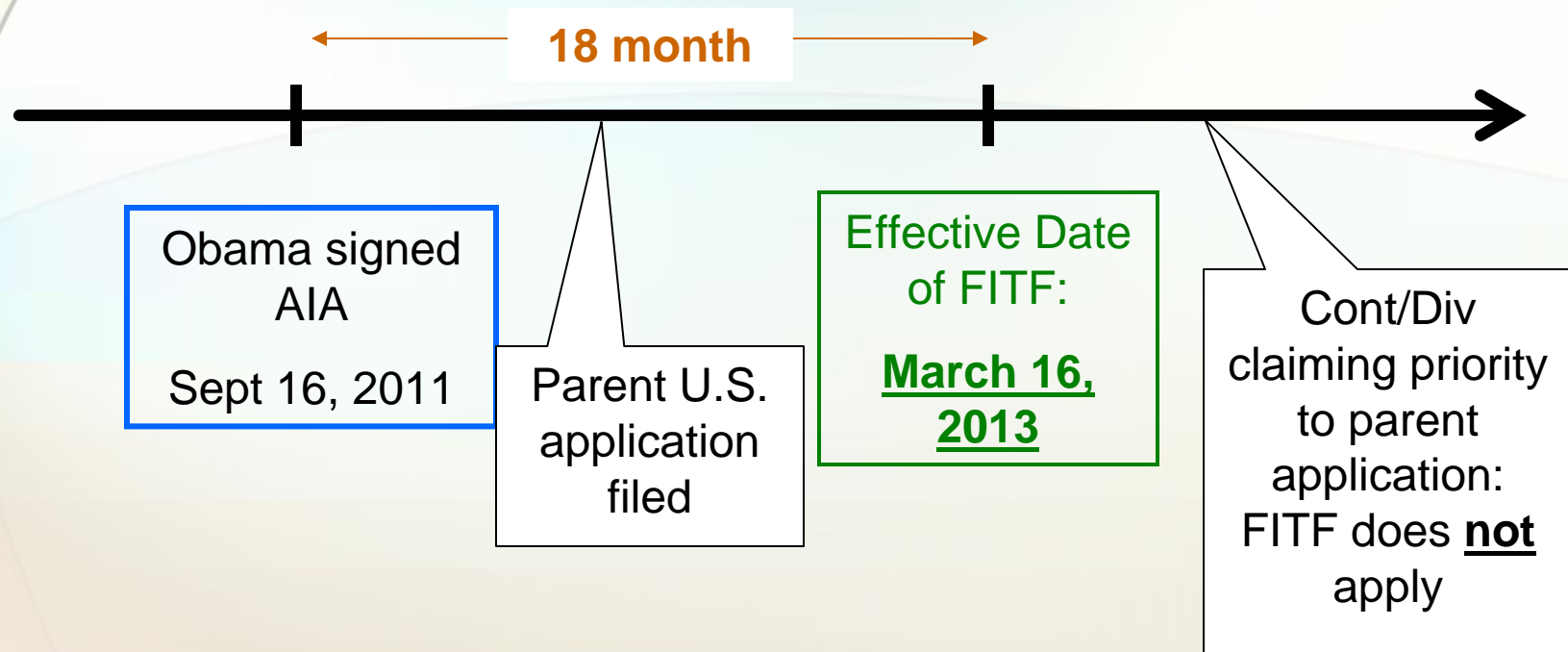
**First-to-File
(Rest of the World)**

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

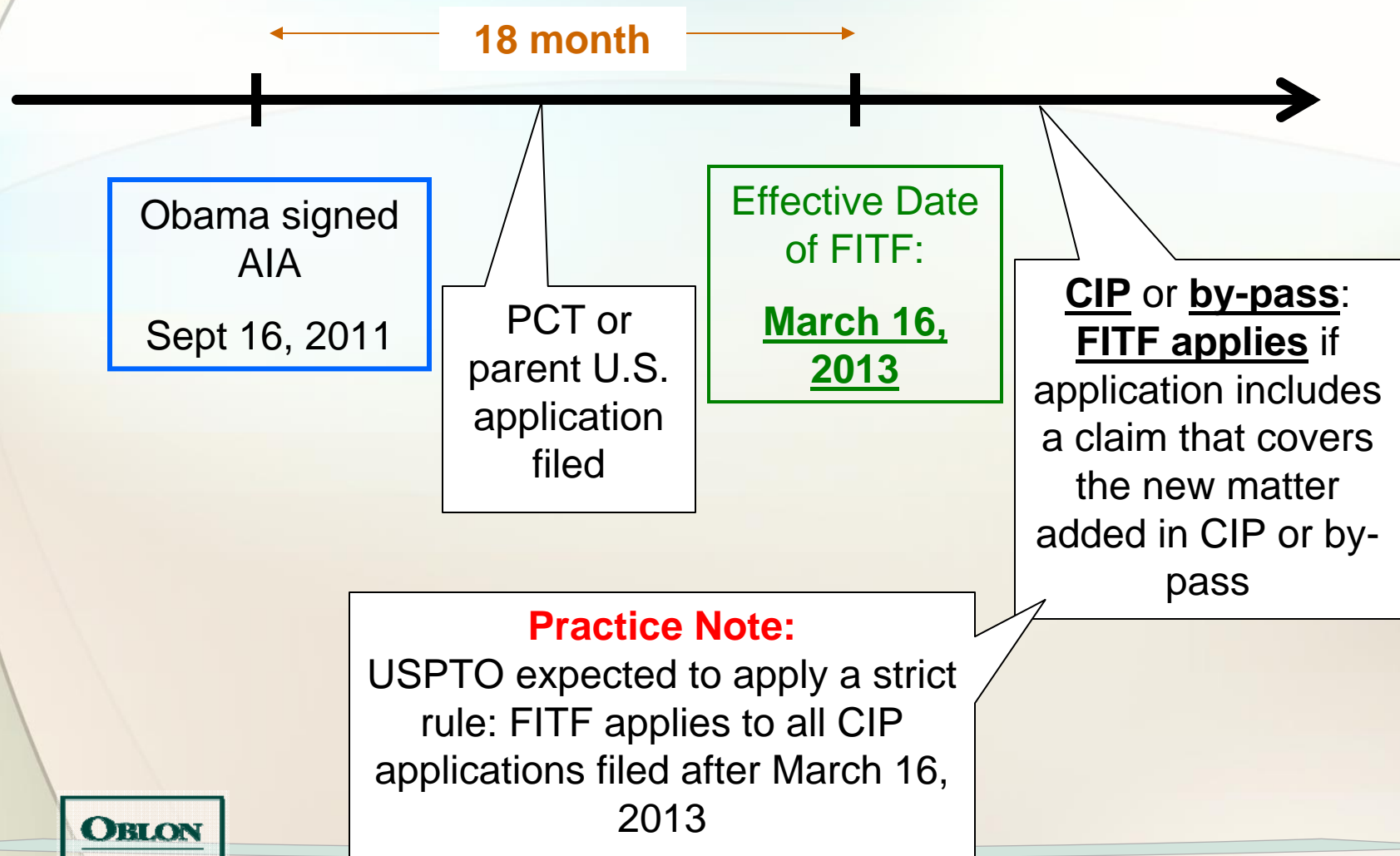
First Inventor To File: Effective Date



First Inventor To File: Effective Date



First Inventor To File: Effective Date



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

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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

§ 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

§ 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 was disclosed by the inventor or joint inventor, or another who obtained the subject matter disclosed from the inventor or a joint inventor, but only if the disclosure was not publicly disclosed by the inventor or joint inventor, or another who obtained the subject matter disclosed 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 another who obtained the subject matter disclosed from the inventor or a joint inventor, before the effective filing date of the claimed invention.

First Inventor To File

§ 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)(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

§ 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

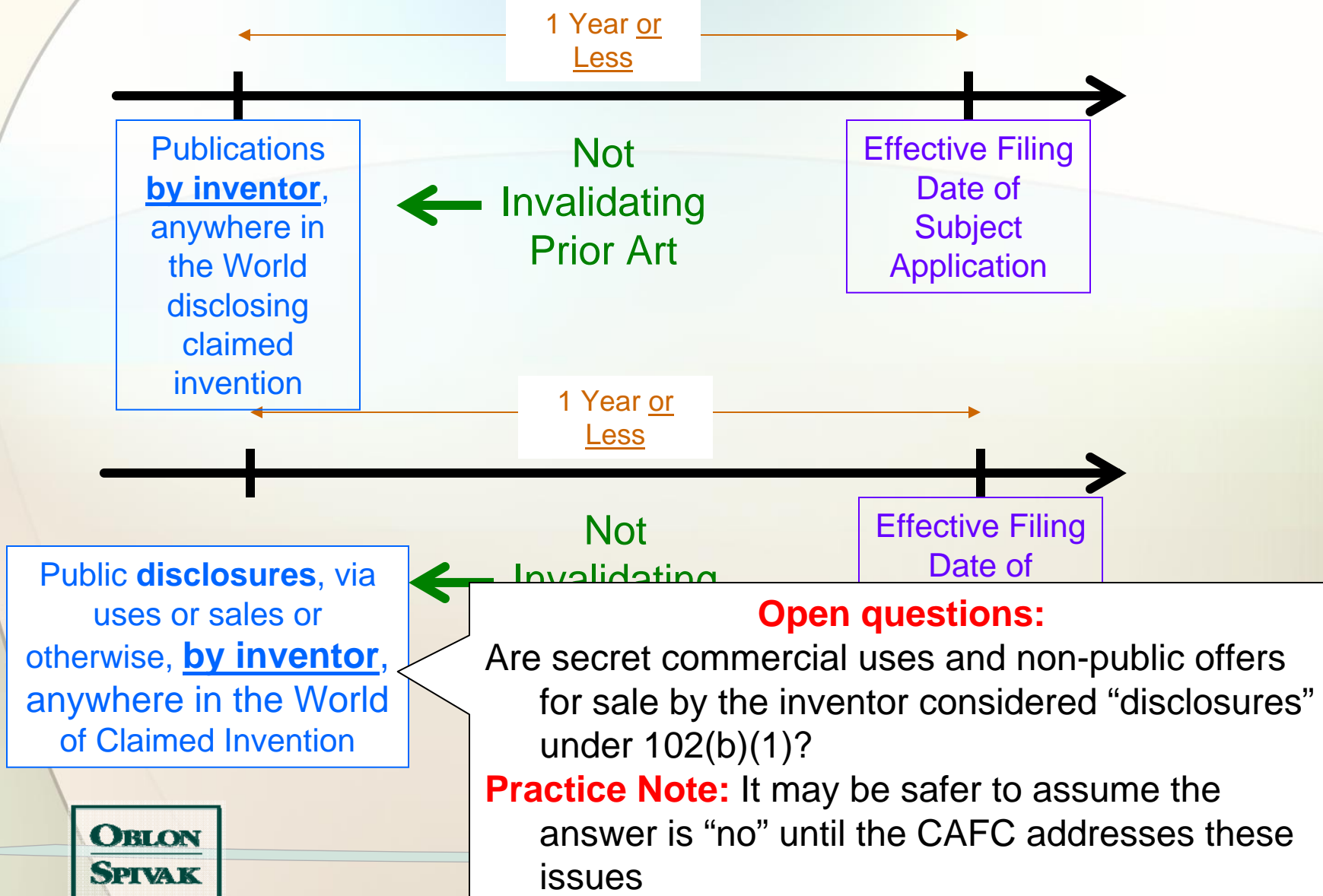
(B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

Practice Note:

“First to disclose” system

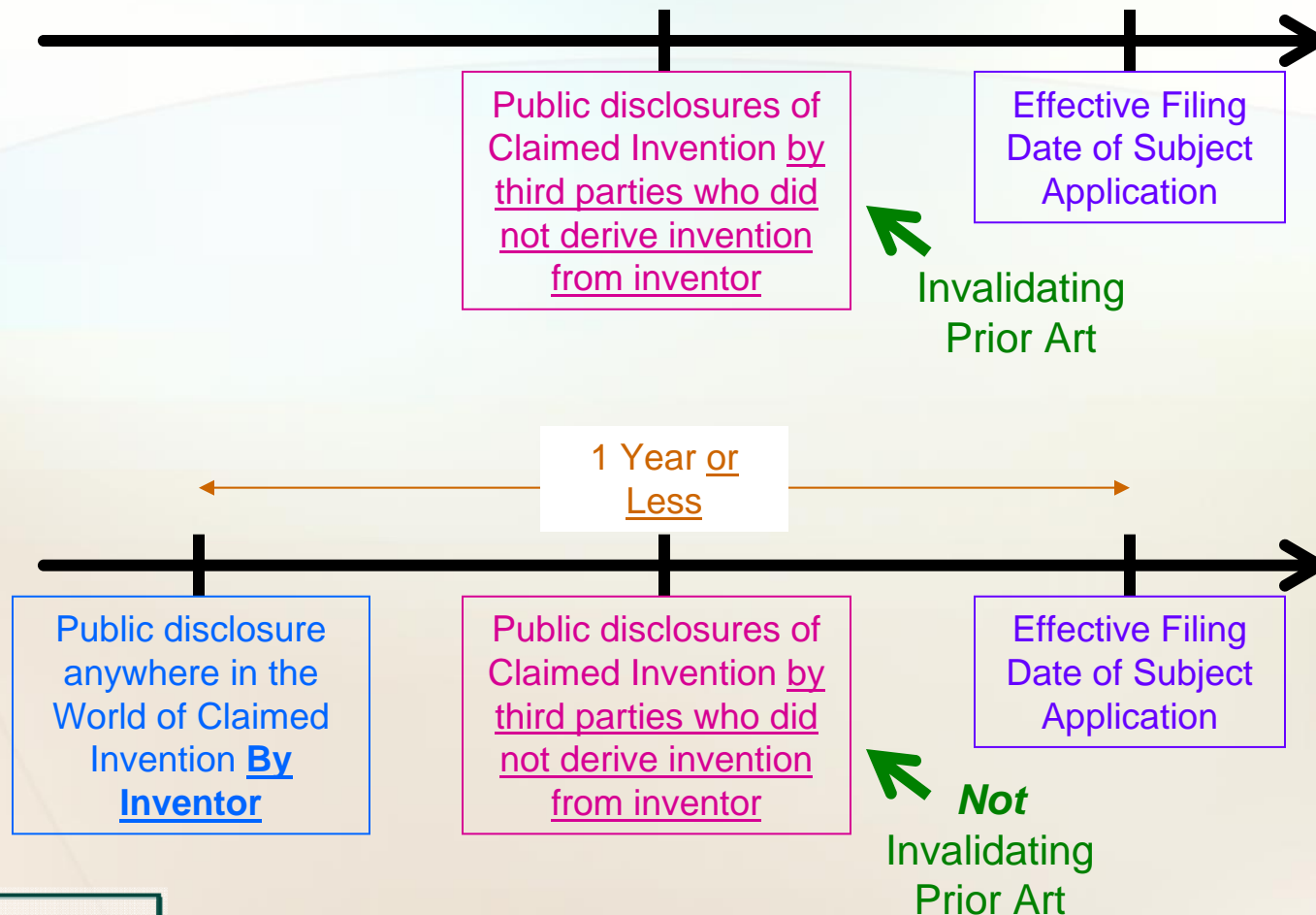
First Inventor To File

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



First Inventor To File

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



First Inventor To File

§ 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).—

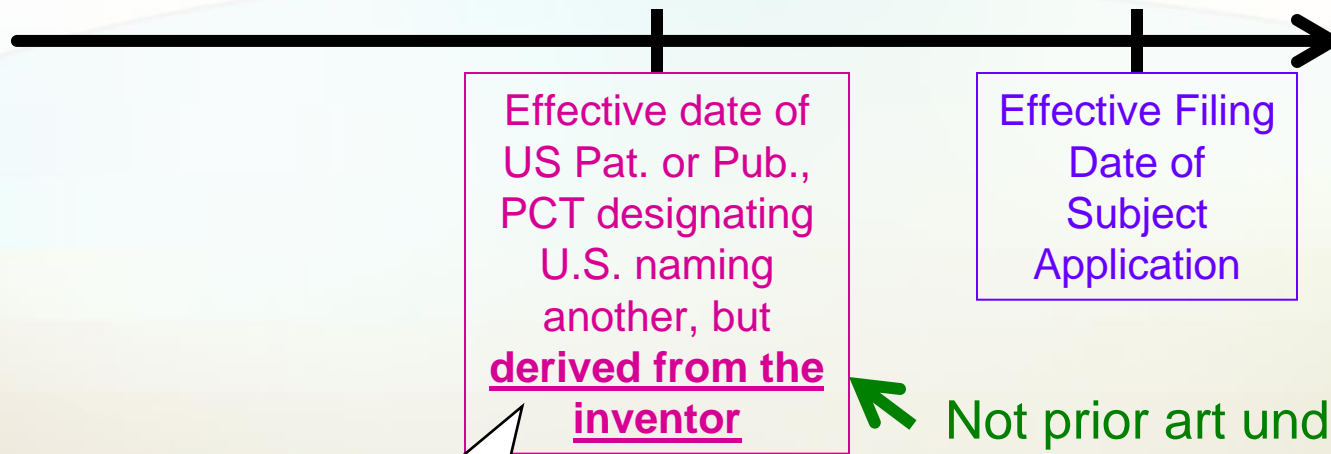
(2) DISCLOSURES APPEARING IN APPLICATIONS AND PATENTS.—A disclosure **shall not be prior art** to a claimed invention under **subsection (a)(2)** if—

(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 102(b)(2)(A)

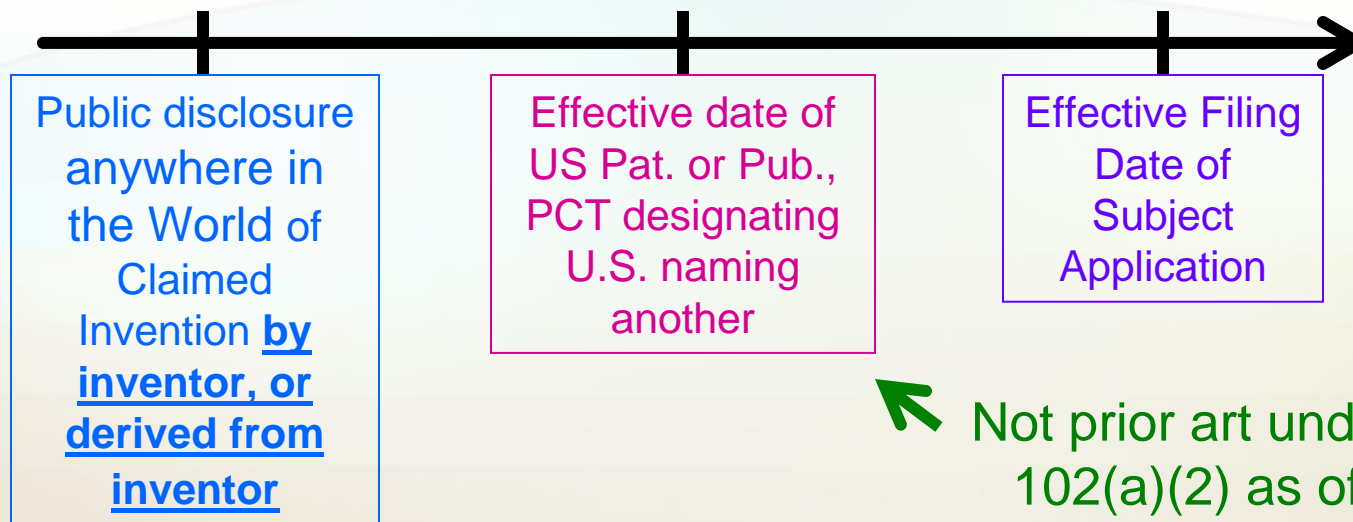


Not prior art under 102(a)(2) as of effective filing date –

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

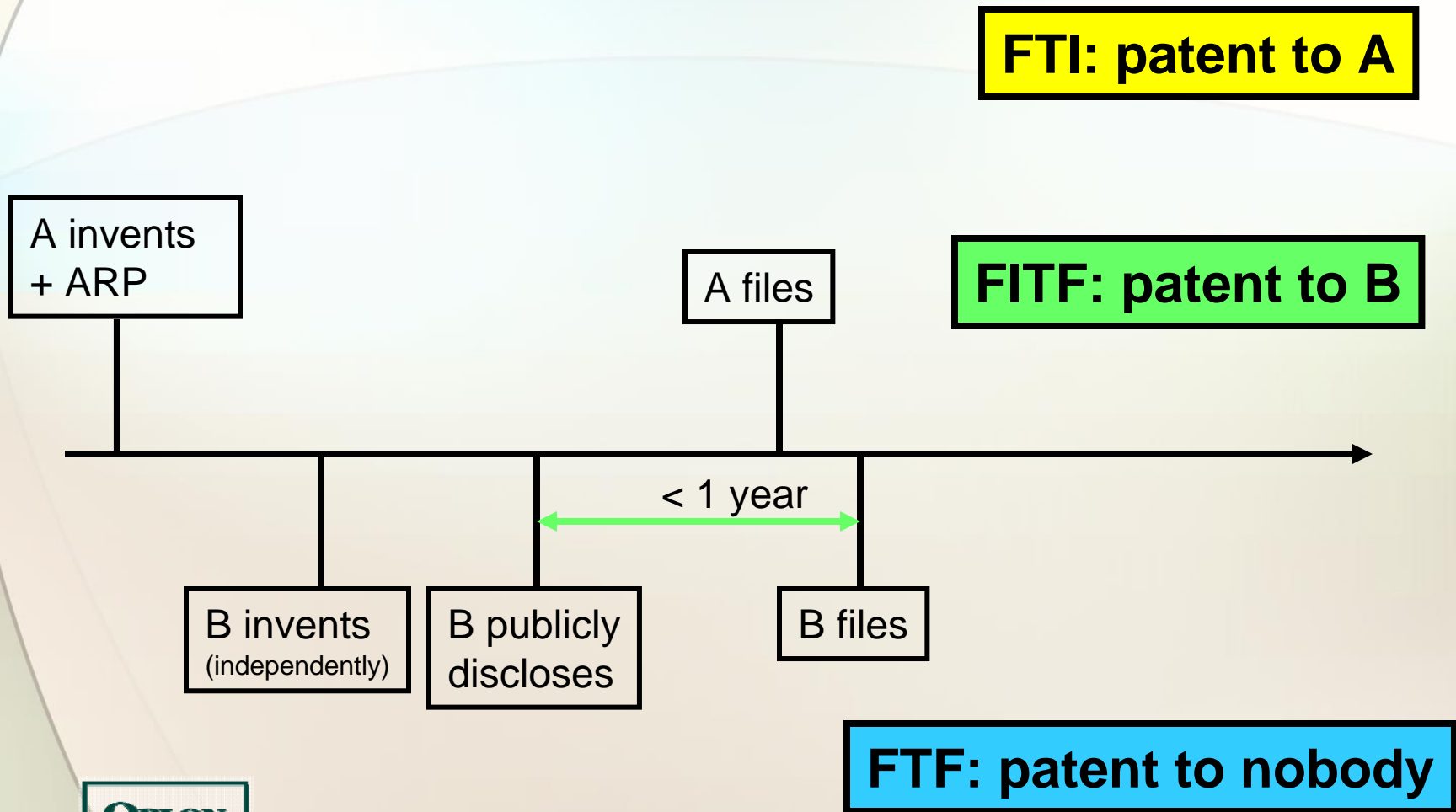
Practice Note:
May have to file a declaration to establish derivation

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

FTI vs. FITF vs. FTF



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)

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.

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

REFORMED LAW:

◆ LITIGATION:

- ◆ 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 unenforceable;

◆ PROSECUTION:

- ◆ 35 U.S.C. §§ 119(e)(1) and 120 are amended to exclude best mode as a requirement in order to be entitled to domestic priority under 120 or priority to provisional application under § 119(e)(1)

◆ EFFECTIVE DATE:

- ◆ Date of enactment 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
 - ◆ Can the doctrine of unclean hands be invoked if best mode failure?

PRACTICE TIPS:

- ◆ Patent application drafting practice should not be changed
- ◆ Best mode still needs to be described
 - ◆ Particularly for non-US clients filing US cases claiming foreign priority
- ◆ Beware that an Examiner can still raise a best mode issue

PRIORITY EXAMINATION

IMPORTANT TECHNOLOGIES:

- ◆ Eligibility: Provides that the Director can prioritize examination for applications pertaining to technologies that “are important to the national economy or national competitiveness”
- ◆ Fee: Free
- ◆ Effective Date:
9/26/12

TRACK I:

- ◆ Fee: \$4800 for prioritized examination of nonprovisional app for an original 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: 9/26/11

PRIORITY EXAMINATION

EFFECTS & PRACTICE TIPS

IMPORTANT TECHNOLOGIES

- ◆ No immediate impacts
- ◆ Gives the Director the ability to implement programs, such as the “Green Technology Pilot Program,” at his discretion
- ◆ The term “national competitiveness” only appears to be used to identify particular technologies
 - ◆ Both domestic and foreign entities should be eligible for any of these programs

TRACK I:

- ◆ Possible increased backlog for cases that are not getting priority examination
- ◆ Monitor on the USPTO website Track 1 cases to ensure that client’s cases can be filed before the limit is reached

PRIORITY EXAMINATION

INTERNAL COMMENTS:

- ◆ No immediate changes necessary at this time
- ◆ Note that new programs are easier to implement by the Director
- ◆ Once these programs are implemented, we must:
 1. Determine which technologies are involved;
 2. Identify which cases are eligible for a new program or whether the program adversely affects the client; and
 3. Inform our clients if their cases are eligible for the program

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

REFORMED LAW:

- ◆ Application: A person with an ownership interest in the patent can make 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:
 - ◆ One year after enactment (not retroactive)



ASSIGNEE FILING

EFFECTS:

- ◆ The combined assignment/declaration should decrease the amount of inventor-signed declaration issues

PRACTICE TIPS:

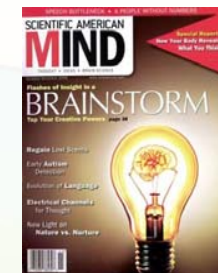
- ◆ Combine the declaration and assignment into one form to reduce paperwork and the chances of errors
- ◆ Execute the combined assignment/declaration as early as possible after the application is drafted in case the inventor leaves the company or otherwise becomes unavailable
- ◆ Note that an inventor declaration is still needed, even though the application can be initially filed on behalf of the inventor(s) by the assignee



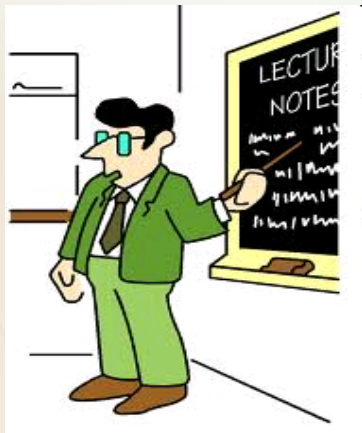
THIRD PARTY SUBMISSIONS

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

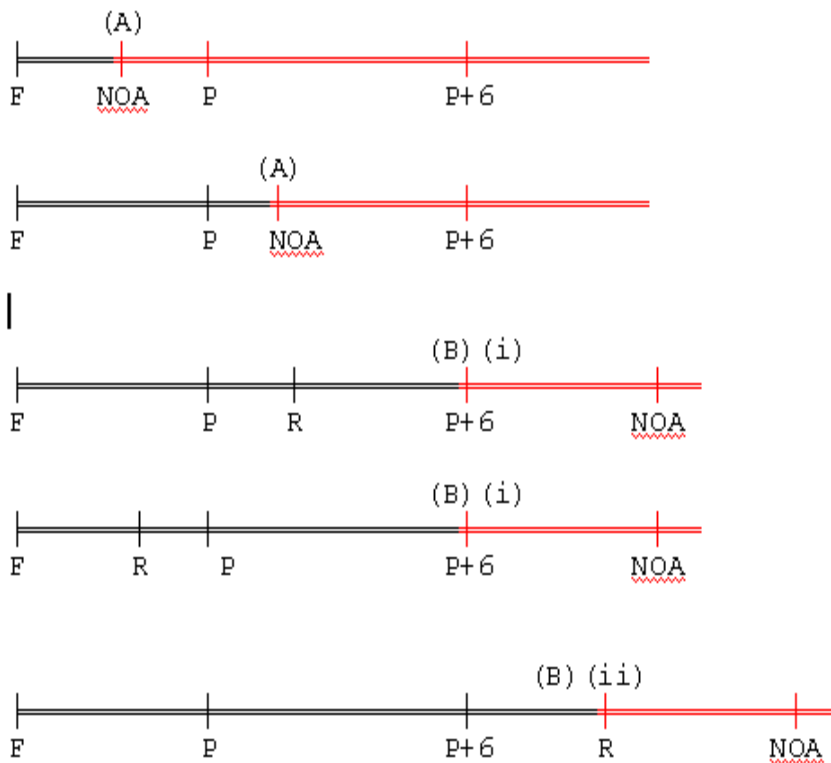


REFORMED LAW:

- ◆ **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



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

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



FEE SETTING

◆ A 15% Patent Fee Surcharge began Sept. 26, 2011 on the following:

- ◆ Applies to: 35 USC § 41 (a), (b) and (d)(1), and 35 USC § 132(b)

Filing Fees

- Utility
- Design
- Plant
- Provisional
- Reissue
- Basic National Fee for entering National Stage

Application Size Fees

Excess Claim Fees

- Independent claims in excess of 3
- Total claims in excess of 20

Multiple Dependent Claim Fees

Examination & Search Fees

- Utility
- Design
- Plant
- National State of International Application
- Reissue

Request for Continued Examination

Issue Fees

- Utility
- Design
- Plant
- Reissue

Disclaimer Fees

Appeal Fees

- Notice of Appeal
- Appeal Brief
- Request for Oral Hearing

Revival Fees

- Unintentionally abandoned application
- Unintentionally delayed issue fee payment
- Unintentionally delayed response in a reexam

Extension Fees

Maintenance Fees

- Grace period surcharge for maintenance fee

FEE SETTING

FIRM PROPRIETARY CASE MANAGEMENT DOCKETING:

- ◆ **Already updated to accommodate Micro Entity status and Priority Examination Track 1 cases**
- ◆ **Currently adding an identifier for cases filed after AIA is enacted**
- ◆ **Able to dynamically make modifications and additions due to the proprietary nature of our system**

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

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

CURRENT LAW: N/A

REFORMED 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
- ◆ **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 filed a court action alleging invalidity

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

INTER PARTES REEXAMINATION

CURRENT LAW:

- ◆ **Proceeding: Inter Partes Reexamination**
 - ◆ Performed by the Central Reexamination Unit
 - ◆ No patent owner response on the validity of the proceeding
 - ◆ Limited to patents and printed publications
 - ◆ Estoppel exists for claims that were raised or could have been raised during IPR
- ◆ **Threshold:** Substantial new question of patentability
- ◆ **Appeal:** To BPAI
- ◆ **Timing:** Request at any time after issuance



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**
- ◆ **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: One year from enactment**
 - ◆ **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**

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

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)

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

SUPPLEMENTAL EXAMINATION

CURRENT LAW: N/A

NEW LAW:

- ◆ Provides the ability to request a supplemental examination to avoid unenforceability of a patent by consideration, reconsideration or correcting information relevant to the patent
 - ◆ If a substantial new question of patentability is found to exist, reexamination is ordered
 - ◆ Prior art is not limited to patents and printed publications and includes undisclosed material information
- ◆ Applicant can use this procedure to cure false statements or misrepresentations
- ◆ **Fraud:** If the Director becomes aware of fraud, the Director can take any authorized action, including cancelling claims, and shall report the matter to the Attorney General
- ◆ **Effective Date:** One year after enactment (retroactive)



SUPPLEMENTAL EXAMINATION

EFFECTS:

- ◆ Provides the ability to proactively eliminate potential inequitable conduct allegations
- ◆ Supplemental Examination does not affect the enforceability of a patent
- ◆ Exceptions:
 - ◆ Ineffective against prior 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 under Patent Enforcement actions under 337(a) actions at ITC or 35 USC 281 unless supplemental examination, and any reexamination are concluded before the date on which the action was brought

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

◆ 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?

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)
 - ◆ 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”

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 reduction to practice of **the subject matter of a patent** and commercial use in the US of the subject matter 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)
 - ◆ Exception
 - ◆ 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 of use and improvements
- ◆ **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 – New Law

- ◆ **Impact of new law**
 - ◆ Provides broad defense to patent infringement
 - ◆ May lower value of patents
 - ◆ Provides incentive to keep inventions secret
- ◆ **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
- ◆ 1/2 to plaintiff, 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
 - ◆ Expired Patents
 - ◆ The virtual marking of a product [e.g, “Patent at <companypatentwebsite.com>”] having matter relating to a patent that covered the product but has expired is not a marking violation
 - ◆ 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**
 - ◆ Codifies *Knorr-Bremse*
 - ◆ Lack of opinion may not be considered by finder of fact when applying the “totality of the circumstances” test to determine willfulness
- ◆ **Practice tip**
 - ◆ Obtaining an opinion may still be used to defend against a charge of willful infringement



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

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)

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
8/26/11	Track I Priority Examination
8/26/11	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

THANK YOU

Questions?



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:

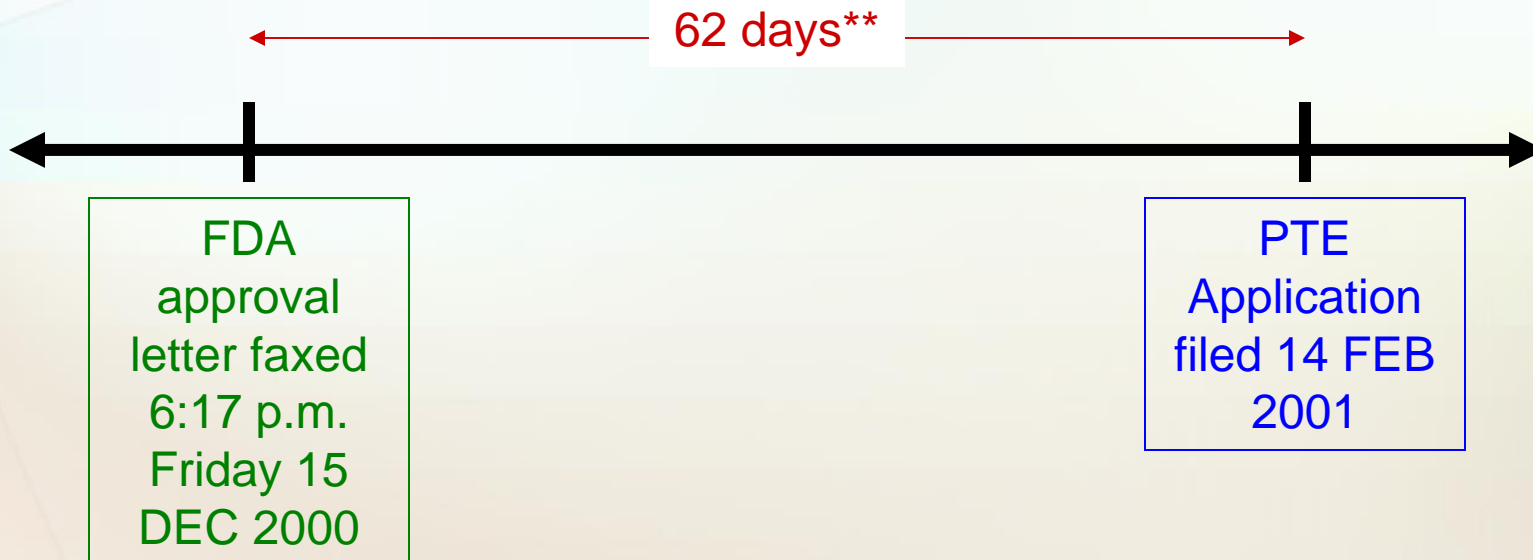
- ◆ Tax strategy claims will not be rejected under §101.
 - ◆ Examiners will not give patentable weight to claim limitations directed to reducing, avoiding, or deferring tax liability
 - ◆ A patent application can have claims (or claim elements) subject to Section 14 and claims that are not subject to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

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:



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.”

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

USPTO Implementation of the America Invents Act



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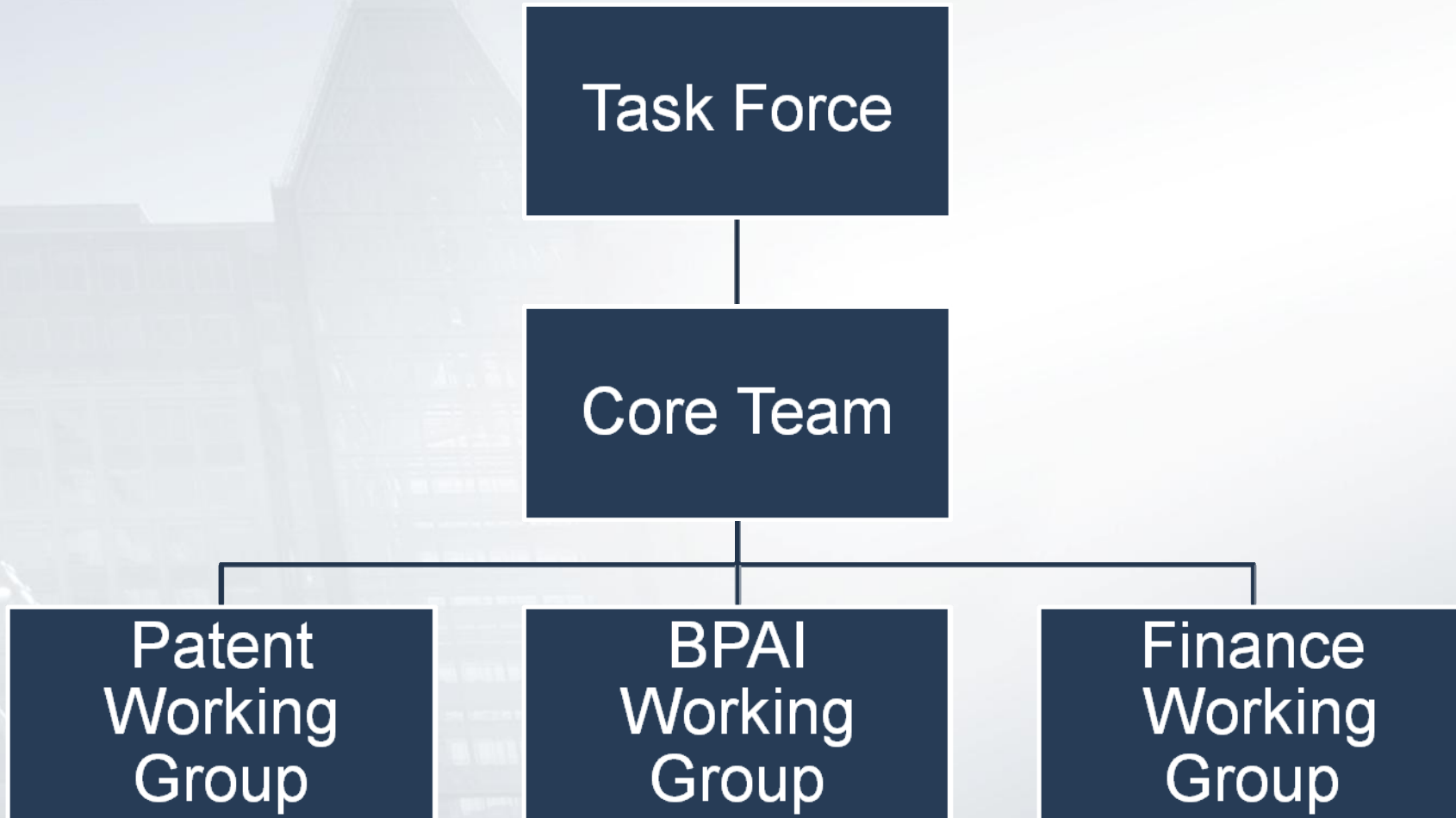


Challenges of Implementation

- Numerous provisions to implement simultaneously
 - Ensure that regulations and/or guidance is complementary and not at odds
- Short time periods
 - Date of enactment, 12 months, 18 months
- Coordination required among various USPTO business units as well as other governmental entities
 - Patents, Board of Patent Appeals and Interferences, Finance
 - Small Business Administration, U.S. Trade Representative, Secretary of State, Attorney General, and Secretary of Commerce
- Operational matters, for example, IT updates, training, hiring personnel



Organization





Group 1 Rulemakings and Other Actions

(60-Day and Under Effective Dates) (a.k.a. G1 Rulemakings)

Date of Enactment (i.e., September 16, 2011)	10 Days After Date of Enactment (i.e., September 26, 2011)	October 1, 2011	60 Days After Date of Enactment (i.e., November 15, 2011)
<ul style="list-style-type: none"> • Inter partes reexamination threshold • Tax strategies are deemed within the prior art • Best mode • Human organism prohibition • Venue change from DDC to EDVA for suits brought under 35 U.S.C. §§ 32, 145, 146, 154 (b)(4)(A), and 293 • OED Statute of Limitations • Fee Setting Authority (effective after rulemaking) • Establishment of micro-entity (effective after rulemaking) 	<ul style="list-style-type: none"> • Prioritized examination • 15% transition surcharge 	<p>Reserve fund</p>	<p>Electronic filing incentive</p>



IP Reexam Threshold

(Effective September 16, 2011)

- Elevate standard for triggering an inter partes reexamination
 - from “substantial new question” of patentability (“SNQ”)
 - to “reasonable likelihood that the requester will prevail with respect to at least one of the challenged claims” (“reasonable likelihood”)
- Standard for ex parte reexamination remains as SNQ



IP Reexam Termination

(Effective September 16, 2012)

- Inter partes reexamination termination on September 15, 2012
- Establishes inter partes review to replace inter partes reexamination
- Inter partes review effective on September 16, 2012



IP Reexam Termination (cont.)

Request Date	Standard
Before September 16, 2011	SNQ
On/after September 16, 2011 but before September 16, 2012	Reasonable likelihood
On/after September 16, 2012	Not available; must file a request for inter partes review



IP Reexam Threshold & Termination

- Revision of Standard for Granting an Inter Partes Reexamination Request, 76 Fed. Reg. 59055 (Sept. 23, 2011)
- Impacts 37 C.F.R. §§ 1.913, 1.915, 1.923, 1.927



Tax Strategies in Prior Art

(Effective September 16, 2011)

- Strategy for reducing, avoiding, or deferring tax liability—whether known or unknown at the time of the invention or patent application—shall be deemed insufficient to differentiate the claimed invention from the prior art under 35 U.S.C. §§ 102 and 103
- Exception for method, apparatus, technology, computer program product, or system used solely
 - to prepare a tax return; or
 - for financial management



Tax Strategies (cont.)

- Applies to:
 - any patent application pending on, or filed on or after, September 16, 2011; and
 - any patent issued on or after September 16, 2011 in a reexamination or post-issuance proceeding
- Memo to Examiners, Sept. 20, 2011



Best Mode

(Effective September 16, 2011)

- 35 U.S.C. § 282 amended to eliminate best mode as a defense to patent infringement
- 35 U.S.C. § 112, first paragraph, maintains best mode as a condition for patentability
- MPEP § 2165 remains the same
- Memo to Examiners, Sept. 20, 2011



Human Organism Prohibition

(Effective September 16, 2011)

- Patent may not issue on a claim directed to or encompassing a human organism
- USPTO policy already captures a human organism prohibition. See *Animals – Patentability*, 1077 Off. Gaz. Pat. Off., 24 (Apr. 21, 1987)
- MPEP § 2105 remains the same
- Memo to Examiners, Sept. 20, 2011



Prioritized Exam (a.k.a. Track 1) (Effective September 26, 2011)

- Original utility or plant patent application accorded special status for expedited examination if:
 - \$4,800 fee, reduced by 50% for small entity;
 - no more than 4 independent claims, 30 total claims, and no multiple dependent claims; and
 - must file application electronically (utility application)
- Does not apply to international, design, reissue, or provisional applications or in reexamination proceedings
- May be requested for a continuing application



Prioritized Exam (cont.)

- USPTO goal for final disposition (*e.g.*, mailing notice of allowance, mailing final office action) is on average 12 months from date of prioritized status
- Prioritized exam is terminated without a refund of prioritized exam fee if patent applicant:
 - petitions for an extension of time to file a reply or to suspend action; or
 - amends the application to exceed the claim restrictions



Prioritized Exam (cont.)

- USPTO may not accept more than 10,000 requests for prioritized exam per fiscal year
- Changes to Implement Prioritized Examination Track (Track I) of the Enhanced Examination Timing Control Procedures Under the Leahy-Smith America Invents Act, 76 Fed. Reg. 59050 (Sept. 23, 2011)
- Impacts 37 C.F.R. §§ 1.17 and 1.102



15% Surcharge

(Effective September 26, 2011)

- 15% surcharge on all fees charged or authorized under 35 U.S.C. § 41 (a), (b), and (d)(1)
- 15% surcharge does not apply to international stage PCT fees, certain petition fees, and enrollment fees
- Fee table at <http://www.uspto.gov/about/offices/cfo/finance/fees.jsp>
- Notice of Availability of Patent Fee Changes Under the Leahy-Smith America Invents Act, 76 Fed. Reg. 59115 (Sept. 23, 2011)



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
- Notice of Availability of Patent Fee Changes Under the Leahy-Smith America Invents Act, 76 Fed. Reg. 59115 (Sept. 23, 2011)



Group 2 Rulemakings

(12-Month Effective Date, *i.e.*, September 16, 2012) (a.k.a. G2 Rulemakings)

- Inventor's oath/declaration
- Third party submission of prior art for patent application
- Supplemental examination
- Citation of prior art in a patent file
- Priority examination for important technologies
- Inter partes review
- Post grant review
- Transitional program for covered business method patents



Group 3 Rulemakings and Other Actions

(18-Month Effective Date, *i.e.*, March 16, 2013) (a.k.a. G3 Rulemakings)

- First-Inventor-to-File
- Derivation proceedings
- Repeal of Statutory Invention Registration



Thirteen Planned Notice-and-Comment Rule Makings

	Patent Examination	Inter Partes Disputes
1	Inventor's oath/declaration	Umbrella procedure
2	Third party submission of prior art for patent application	Inter partes review
3	Supplemental examination	Post grant review
4	Citation of prior art in a patent file	Transitional program for covered business method patents
5	Priority examination for important technologies	Technological invention definition
6	First-Inventor-to-File	Derivation
7	Statutory Invention Registration* (final rule)	



Studies: USPTO as Lead Agency

Topic	Objective	Due Date from Enactment
International Protection for Small Businesses	Report on how to help small businesses with international patent protection, including a revolving fund loan or grant program to defray costs	4 months
Prior User Rights	Report on the operation of prior user rights in other industrialized countries	4 months
Genetic Testing	Report on providing second opinion genetic diagnostic testing	9 months
Misconduct Before the Office	Report on impact of new statute of limitations provisions barring disciplinary action in response to substantial evidence of misconduct before the Office	Every 2 years
Satellite Offices	Report on the rationale for selecting the location of satellite offices, progress in establishment, and achieving identified purposes	3 years
Virtual Marking	Report on the effectiveness of the virtual marking as an alternative to physical marking articles	3 years
Implementation of AIA	Report on how AIA is being implemented by the USPTO and its effect on innovation, competitiveness, and small business access to capital	4 years



Studies: USPTO as Consultant

Topic	Lead Agency	Objective	Due Date from Enactment
Effects of First-Inventor-to-File on Small Business	Small Business Administration	Report on effects of small businesses switching to a first-inventor-to-file system	1 year
Patent Litigation	General Accountability Office	Report on impact of patent infringement litigation by non-practicing entities	1 year

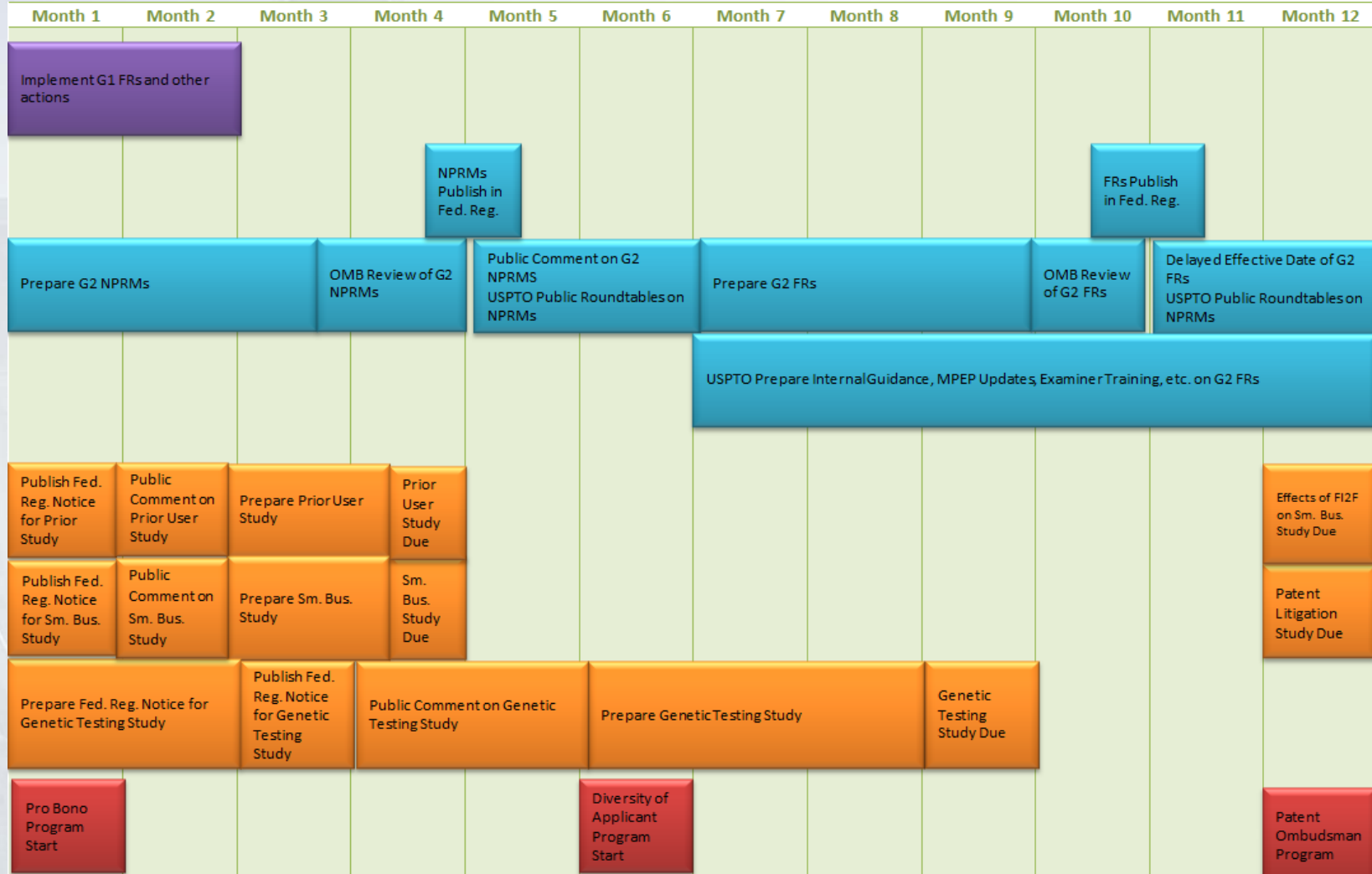


Programs: USPTO to Establish

Topic	Objective	Due Date from Enactment
Pro Bono	Directs USPTO to work with IP law associations to establish pro bono programs to assist financially under-resourced independent inventors and small businesses	Immediately
Diversity of Applicants	Requires USPTO to establish methods for studying diversity of patent applicants	6 months
Patent Ombudsman for Small Businesses	Requires USPTO to establish and maintain a Patent Ombudsman Program to provide support and services to small business concerns and independent inventors	12 months
Satellite Offices	Requires USPTO to establish 3 or more satellite offices in the U.S.	3 years



Timeline: Major Milestones





AIA Micro-Site

<http://www.uspto.gov/americaninventsact>

- One-stop shopping for info about AIA implementation
- Regularly updated
- Subscription center to receive email alerts when info is added

Implementation Information

- Patent Examination
- Inter Partes Disputes
- Fees and Budgetary Issues
- AIA Studies and Reports
- Programs
- Miscellaneous

AIA Resources

AIA Informational Videos

AIA Press Releases and Speeches

AIA Frequently Asked Questions

AIA Comments

AIA Blog

Announcements and Upcoming AIA Events

Tuesday, September 20, 2011 @ 2:10pm:
Commissioner Robert L. Stoll
The 21st All Ohio Annual Institute on Intellectual Property
Cleveland, OH

Wednesday, September 21, 2011 @ 2:10pm:
Commissioner Robert L. Stoll
The 21st All Ohio Annual Institute on Intellectual Property
Cincinnati, OH

Friday, September 23, 2011 @ 1:00pm:
Commissioner Robert L. Stoll
Virginia State Bar IP Law Section
Arlington, VA

Tuesday, September 27, 2011 @ 1:00pm:
Commissioner Robert L. Stoll
American Conference Institute
America Invents Act Webinar
<https://www2.gotomeeting.com/register/127501938>
Registration is complimentary

Leahy-Smith America Invents Act Implementation



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

Message from Director David Kappos

On September 16, 2011, President Barack Obama signed into law the Leahy-Smith America Invents Act, which will foster innovation and spur job creation in the United States. This Act sets into motion the most comprehensive overhaul to our nation's patent system since 1836.

The new law will afford more certainty for patent applicants and owners, and provide the USPTO the resources needed to operate efficiently and issue high-quality patents. Implementation of the new law will occur over a period of months, and our USPTO team will seek input and provide updates all along the way. I strongly encourage you to use this site to regularly track progress pertaining to the agency's implementation efforts.

All of us at USPTO look forward to working together with the innovation community to tackle the exciting challenges of rolling-out this historic law. Here are a few documents to get started:

- [America Invents Act Signing Ceremony](#)
- [White House chat on the America Invents Act](#)
- [Press Release: President Obama signs America Invents Act](#)
- [Leahy-Smith America Invents Act](#)
- [America Invents Act Effective Dates](#)
- [USPTO Fee Schedule](#)

Timeline: Major Milestones

Thank You



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