

Patent Reform Is Law: [®] What You Need to Know

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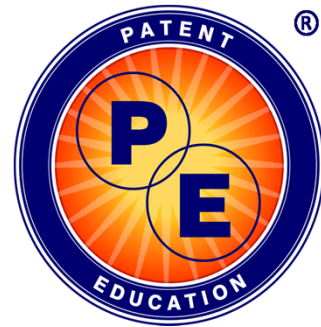
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Discussion Topics



- Brief History of Patent Reform
- The “America Invents Act” – key sections listing
- Details on key sections of the AIA
- Effects of the AIA on your business practices



Patent Reform – a Brief History

- Prior to AIA, U.S. patent laws essentially unchanged since 1952
- Various failed patent reform efforts – most recently in 2007 and 2009
- Senate passes legislation (S.23) on March 8, 2011
- House passes similar but not identical legislation (HR1249) on June 23, 2011
- Senate passes House version of AIA on September 8, 2011
- President signs into law on September 16, 2011
- Effective dates vary by section/provision



The America Invents Act: Contents

An Act

To amend title 35, United States Code, to provide for patent reform.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Leahy-Smith America Invents Act”.

(b) **TABLE OF CONTENTS.**—The table of contents for this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Definitions.
- Sec. 3. First inventor to file.
- Sec. 4. Inventor’s oath or declaration.
- Sec. 5. Defense to infringement based on prior commercial use.
- Sec. 6. Post-grant review proceedings.
- Sec. 7. Patent Trial and Appeal Board.
- Sec. 8. Preissuance submissions by third parties.
- Sec. 9. Venue.
- Sec. 10. Fee setting authority.
- Sec. 11. Fees for patent services.
- Sec. 12. Supplemental examination.
- Sec. 13. Funding agreements.
- Sec. 14. Tax strategies deemed within the prior art.
- Sec. 15. Best mode requirement.
- Sec. 16. Marking.
- Sec. 17. Advice of counsel.
- Sec. 18. Transitional program for covered business method patents.
- Sec. 19. Jurisdiction and procedural matters.
- Sec. 20. Technical amendments.
- Sec. 21. Travel expenses and payment of administrative judges.
- Sec. 22. Patent and Trademark Office funding.
- Sec. 23. Satellite offices.
- Sec. 24. Designation of Detroit satellite office.
- Sec. 25. Priority examination for important technologies.
- Sec. 26. Study on implementation.
- Sec. 27. Study on genetic testing.
- Sec. 28. Patent Ombudsman Program for small business concerns.
- Sec. 29. Establishment of methods for studying the diversity of applicants.
- Sec. 30. Sense of Congress.
- Sec. 31. USPTO study on international patent protections for small businesses.
- Sec. 32. Pro bono program.
- Sec. 33. Limitation on issuance of patents.
- Sec. 34. Study of patent litigation.
- Sec. 35. Effective date.
- Sec. 36. Budgetary effects.
- Sec. 37. Calculation of 60-day period for application of patent term extension.



The America Invents Act: Key Sections



- First inventor-to-file and changes to prior art definitions (Sec. 3)
- Third party submission of prior art (Sec.8)
- Post-grant review of issued patents (Sec. 6)
- Prior use defense to infringement (Sec. 5)
- Supplemental Examination (Sec. 12)
- Best Mode (Sec. 15)
- Marking (Sec. 16)
- New USPTO fees (Sec. 11)
- Derivation Proceedings (Sec. 3)



Implementation of the America Invents Act



- 35 USC - Laws
- 37 CFR - Rules
- MPEP – Procedures
- Implementation will be done over an 18 month period depending on section
- You have time to prepare for the critical changes



Offensive Strategies – Pursuing Patents



- The changes to first inventor-to-file, prior art definitions, and the one year personal grace period mandate that you change your business practices in pursuing patents.
- Best practice is likely to be “file early and often.”
- Use the option of provisional applications to maximize speed while minimizing cost.



Key Section: First Inventor-to-File (Sec. 3)

- Effective March 16, 2013
- A big change from first-to-invent
- “Harmonizes” with other patent systems
- New Novelty standard (102(a))
- New Nonobviousness standard (103)



Key Section: First Inventor-to-File (Sec. 3) – New Section 102(a)

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) the claimed invention was described in a patent issued..., or in an application for patent published..., in which the patent or application...names another inventor and was effectively filed before the effective filing date of the claimed invention.

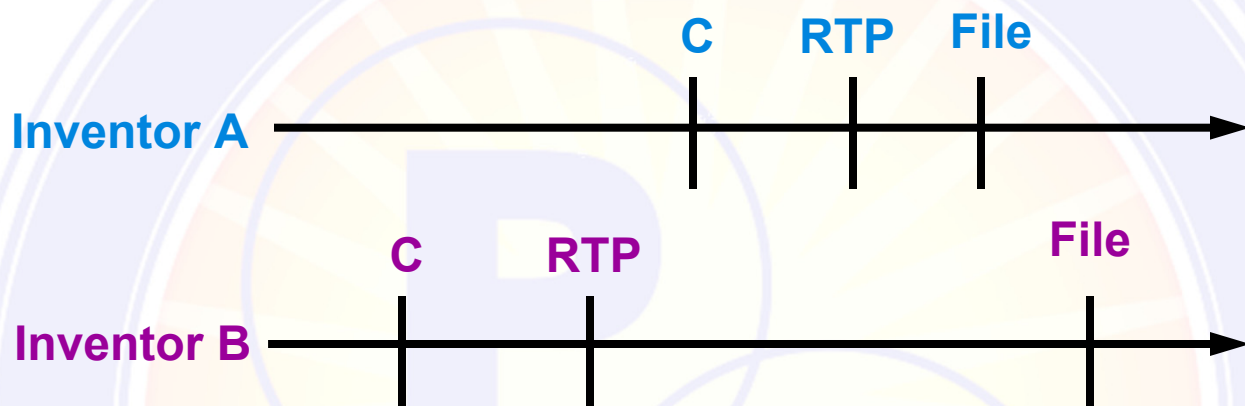


Key Section: First Inventor-to-File (Sec. 3) New Section 103

Conditions for patentability; nonobvious subject matter- a patent for a claimed invention may not be obtained, notwithstanding that the claimed invention is not identically disclosed as set forth in section 102, if the differences between the claimed invention and the prior art are such that the ***claimed invention*** as a whole would have been obvious ***before the effective filing date of the claimed invention*** to a person having ordinary skill in the art to which the claimed invention pertains. Patentability shall not be negated by the manner in which the invention was made.



Key Section: First Inventor-to-File (Sec. 3): Example



Under Current First-to-Invent System
in effect until 3/16/2013:
Inventor B gets the patent

Under the America Invents Act
effective 3/16/2013:
Inventor A gets the patent

C = conception

R = reduction to practice

Key Section: First Inventor-to-File (Sec. 3)

IMPLICATIONS



Key Section: First Inventor-to-File (Sec. 3)

IMPLICATIONS

- File early – you might be in a race to the USPTO
- File ASAP after inventions are identified – BUT understand that an enabling disclosure is required
- Use provisional applications; add new disclosure and refile as new inventions occur; may consolidate PPAs into a non-provisional application before 1 year from filing date of first provisional



Key Section: First Inventor-to-File (Sec. 3)

IMPLICATIONS (cont'd.)

- Tight management of your invention disclosure process
- Rapid decision making regarding file/no-file decisions
- File before effective date of new statute (3/16/2013) if possible

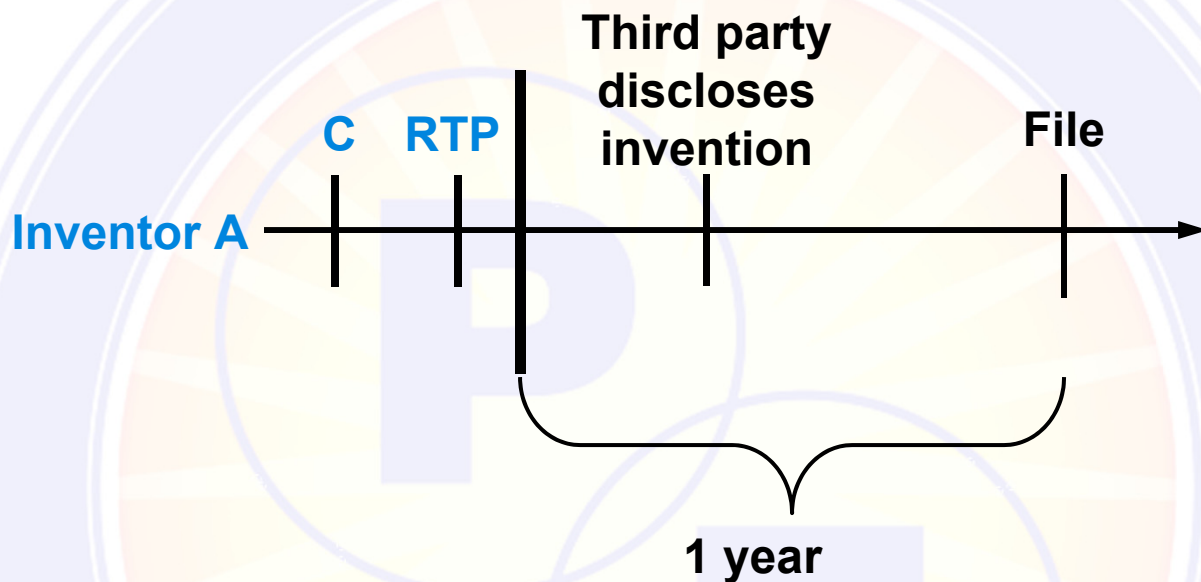


Key Section: Expansion of definition of prior art (Sec. 3)

- Public use or on sale activities outside the U.S. may now be included in prior art
- Published patent applications now prior art as of effective foreign filing date
- New category of prior art “otherwise available to the public”



Key Section: Expansion of definition of prior art (Sec. 3): Example



Under current system in effect until 3/16/2013:
Third party disclosure (publication, sale, or public use in the US or foreign countries) is NOT prior art

Under the America Invents Act effective 3/16/2013:
Third party disclosure IS prior art
Inventor A does not get patent

Key Section: Expansion of definition of prior art (Sec. 3): Summary

PRIOR ART DISCLOSURE	PRIOR ART UNDER OLD LAW*	PRIOR ART UNDER NEW LAW^
PRINTED PUBLICATION: patent, published application, non-patent document	<ul style="list-style-type: none"> • Published before conception of invention • Published more than one year before filing patent application • Anywhere in the world 	<ul style="list-style-type: none"> • Published any time before filing patent application • Anywhere in the world
ON SALE	<ul style="list-style-type: none"> • On sale in the United States more than one year before filing patent application 	<ul style="list-style-type: none"> • On sale any time before filing patent application • Anywhere in the world
PUBLIC USE	<ul style="list-style-type: none"> • Public use in the United States more than one year before filing patent application 	<ul style="list-style-type: none"> • In public use any time before filing patent application • Anywhere in the world
KNOWN OR USED BY OTHERS	<ul style="list-style-type: none"> • Known/used in the United States before conception of invention 	<ul style="list-style-type: none"> • Not applicable – not present in new law
OTHERWISE AVAILABLE to the public	<ul style="list-style-type: none"> • Not applicable – not present in the old law 	<ul style="list-style-type: none"> • Available any time before filing patent application • Anywhere in the world

*in effect until 3/16/2013

^except for “one year personal grace period” exceptions



Key Section: Prior Art Exceptions (Sec. 3)

- 102(b)(1) Disclosures made one year or less before the effective filing dates of the claimed invention are not prior art under 102(a)(1) if

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

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



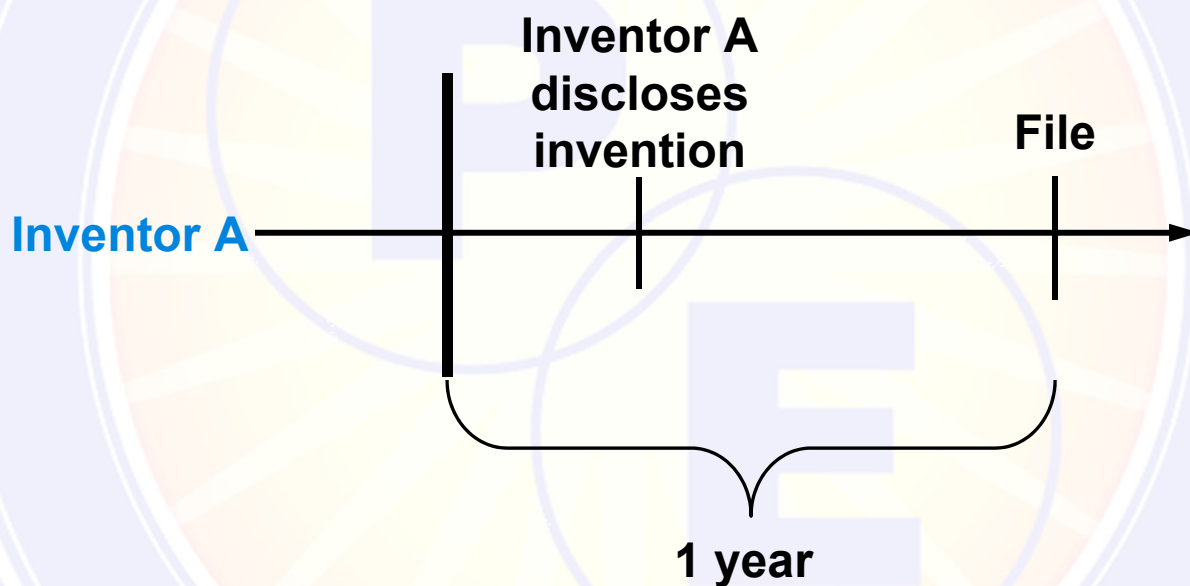
Key Section: Prior Art Exceptions (Sec. 3)



- Section 102(b)(1) is commonly referred to as “the personal grace period”
- Applies to an inventor that was first to disclose and the disclosure was less than one year before the filing date of a patent application
- Provides for a more limited grace period than previous 102(b) statute

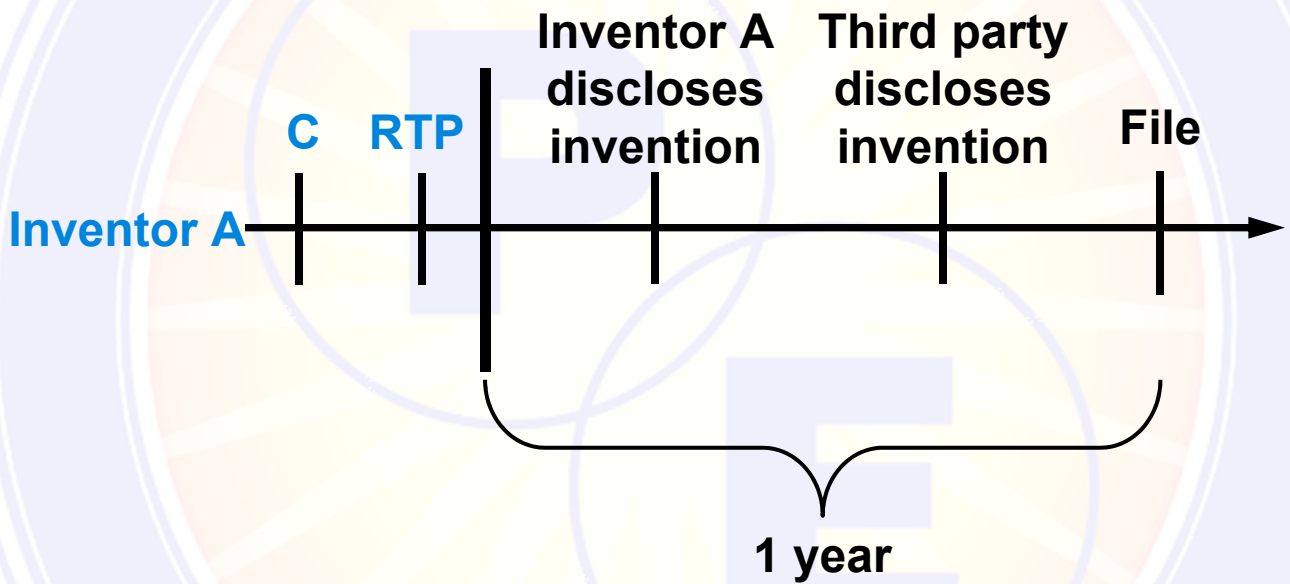


Key Section: One year “personal” grace period (Sec. 3): Example 1



Inventor A's disclosure is NOT prior art

Key Section: One year “personal” grace period (Sec. 3): Example 2



Under the America Invents Act
effective 3/16/2013:

Inventor A's disclosure prior to third party
disclosure PREVENTS it from being prior art



Key Section: Prior Art Exceptions (Sec. 3)

- 102(b)(2) Disclosures appearing in applications and patents are not prior art under 102(a)(2) if
 - (A) the subject matter disclosed was obtained ... from the inventor...;
 - (B) the subject matter disclosed had, before such subject matter was effectively filed...been publicly disclosed by the inventor...or another who obtained the subject matter disclosed...from the inventor; or
 - (C) the subject matter disclosed and the claimed invention, not later than the effective filing date of the claimed invention, were owned...or subject to...assignment to the same person.



Key Section: Prior Art Exceptions (Sec. 3)

IMPLICATIONS

- Early publication of an invention can be used as a defensive practice in the U.S – *BUT doing so is a bar to obtaining patents in almost all foreign countries*
- Relying on the personal grace period is risky
 - What about experimental use, public uses and offers for sale (yours and others)? Opinions vary.
 - Do you want to go through a derivation proceeding?
- Safer strategy – be the first to file
 - Before any publication, offer for sale, public use, beta testing by customers, disclosure to vendors
 - Use provisional applications – precede any of the above activities with a PPA filing



Key Section: Prior Art Exceptions (Sec. 3)

IMPLICATIONS (cont'd)

- Keep good records – inventors' notebooks, and records of any external contacts
- Have solid agreements in place with employees, which cover assignments of IP (patents in particular) to establish common ownership
- Joint R&D between two parties (companies, universities, individuals) – have a formal Joint Research Agreement in place before filing any patent application
- File before effective date of new statute (3/16/2013) if possible



Defensive Strategies – Blocking Competitors’ Patent Efforts

- The expansion of the ability to submit prior art in a competitor’s pending patent application, and the new provisions to challenge a competitor’s patent shortly after issuance provide opportunities to reduce threats from competitors’ patents.
- Using the new laws to your advantage may seem like “playing dirty.” IT IS NOT.
- Ethical actions to prevent grant of a patent that should not be granted, or invalidation of one that should not have been granted is the intent of the new law and a legitimate business strategy.
- Taking action within the USPTO will be much cheaper than litigation in court.



Key Section: Third party submission of prior art (Sec. 8)

- Provides for submission of documents potentially material to patentability
- Must be submitted prior to the earlier of:
 - A Notice of Allowance OR
 - A first rejection of the claims, or 6 months after application publication, whichever occurs later
- Requires “concise description of asserted relevance” of each submitted document
- Effective Sept. 16, 2012



Key Section: Third party submission of prior art (Sec. 8)



IMPLICATIONS

- Monitor competitive filings
 - Regular manual searching OR
 - Use automated search service
- Know how to check the prosecution status of a pending US application in PAIR
- Know how the search for prior art publications – patents, published applications, non-patent literature
- Analyze any prior art against the CLAIMS of an application
- When submitting prior art with arguments, consult a practitioner
- Use a third party if you want to stay “below the radar”



Key Section: Post-Grant Review of Issued Patents (Sec. 6)

- Options: Post Grant Review (PGR) and Inter Partes Review (IPR)
- Can be filed by anyone except the patent owner
- Post Grant Review petition must be filed within 9 months of patent grant
- Inter partes review petition must be filed after 9 months of patent grant, or end of PGR, only within 12 months of any civil action



Key Section: Post-Grant Review of Issued Patents (Sec. 6)

- Basis for Post Grant Review
 - 35 USC 101 (utility) and 112 (written description
 - except failure to disclose best mode)
 - 35 USC 102 (novelty) and 103 (obviousness)
 - Any prior art may be submitted, not just printed documents
- Basis for Inter Partes Review
 - 35 USC 102 and 103 based only on patents and printed publications; other prior art not permitted (e.g., evidence of public use or offer for sale)



Key Section: Post-Grant Review of Issued Patents (Sec. 6)

- Request must identify “real parties in interest” (i.e. no hiding behind a third party submitter)
- Must provide details on the challenge to each claim along with supporting evidence
- Copies of request to the USPTO must also be sent to the patent owner, who may file a preliminary response in the USPTO
- Three month window for the USPTO to decide on whether to proceed based upon “more likely to prevail than not” standard
- PGR to be conducted before the Patent Trial and Appeal Board



Key Section: Post-Grant Review of Issued Patents (Sec. 6)

- Details on conduct of PGR to be established via USPTO rule making
- Many dependencies with litigation
- USPTO fees will most likely be high – but cheaper than litigation later
- Effective September 16, 2012

IMPLICATIONS

- Similar to 3rd party prior art submissions
- Except “real party in interest” (you) must be identified as the submitter



Key Section: Prior use defense to infringement (Sec. 5)

- Amends Section 273 of 35 U.S.C.
- Provides a defense based on prior commercial use that applies to a process, machine, manufacture, or composition of matter used in a commercial process, if...
- The subject matter was commercially used in the United States, and...
- The use occurred at least one year before the earlier of either the effective filing date of the claimed invention or the date on which the claimed invention was disclosed to the public that qualified for the prior art exception under section 102(b)



Key Section: Prior use defense to infringement (Sec. 5)

- Use of the claimed invention must have occurred more than one year prior to the application filing date of the patent, or a disclosure under new 102(b)
- Not a general license to all claims of a patent
- University exception
- A defense under this section cannot be asserted if the use was derived from the patentee or related parties
- A defense under this section does not make the patent invalid under section 102 or 103.
- Applicable to patents issued on or after date of enactment (9/16/2011)



Key Section: New USPTO fees (Sec. 11)

- 15% increase in all fees has occurred
- Micro entity status provides for a 75% fee reduction (includes universities)
- Small entity status provides for a 50% fee reduction (status quo maintained)
- \$400 penalty for paper filing effective November 15, 2011
- Prioritized examination fee of \$4,800 – provides final disposition within one year



Supplemental Examination (Sec. 12) [®]

- A patent owner may request supplemental examination of a patent to consider, reconsider, or correct information believed to be relevant to the patent
- Will be conducted within 3 months of the request
- Can result in reexamination if the SE raises a substantial new question of patentability
- Effective September 16, 2012



Best Mode (Sec. 15)

- Failure to disclose best mode no longer basis for invalidity, but still necessary for patentability
- Failure to disclose best mode no longer basis for inequitable conduct
- Change effective immediately

IMPLICATIONS

- Must continue the practice of disclosing best mode in a patent application



Marking (Sec. 16)

- Patent numbers must be on a product (or its packaging) to recover damages from infringement
- OR an internet address may be used which provides the patent no.
- Change to false marking statute limits actions and awards
 - No liability for marking with expired patent
 - Only the U.S. govt. can sue for \$500/offense false marking penalty
- Effective 9/16/2011



Derivation Proceedings (Sec. 3)

- Provision to address allegedly derived inventions
- Interference proceedings to be phased out
- All proceedings before the Patent Trademark and Appeal Board
- Petition must be filed including “substantial evidence” within a year of the date of first publication of the conflicting claim(s) in an allegedly derived application
- Successful challenge results in transfer of ownership of derived application
- Effective 3/16/2013



Interpretation of the AIA

- Some of the language of the AIA is subject to interpretation (by the USPTO, the courts, the patent bar, etc.)
- Interpretation issues will keep the legal community busy for years to come.
- e.g., Section 33: “...no patent may issue on a claim directed to or encompassing a human organism.”
- “Directed to or encompassing” – what are the limitations? A method of treating human disease is clearly directed toward a human organism.



Conclusions

- Changes by the AIA to U.S. patent law are substantial; USPTO Director Kappos says “the most comprehensive overhaul...since 1836”
- Understand the changes in the law and plan to change your business practices accordingly
- Practical considerations will be molded by USPTO rule making and court decisions
- Expect some unexpected results from these changes – stay informed as the AIA becomes implemented



America Invents Act: Effective Dates



- | | |
|---|--|
| <ul style="list-style-type: none"> • Sec. 5: Prior User Rights
– Any patent issued on or after 9/16/2011 • Sec. 6: Post Grant Review
– Ex parte appeals under 35 USC 145 terminated
– New inter partes reexamination standard effective • Sec. 11: USPTO Fees
– 15% increase – all USPTO fees 9/26/2011
– New Prioritized Examination fee - \$4800 for disposition within 12 months 9/26/2011
– \$400 surcharge for filing paper application 11/15/2011 • Sec. 15: Best Mode
– No longer grounds for invalidation in suit started after 9/16/2011 • Sec. 16: Marking
– False Marking changes effective on suits pending or filed after 9/16/2011
– Virtual marking - reference to web address for patent number • Sec. 19: Jurisdiction and Procedural Matters • Sec. 22: USPTO funding | <ul style="list-style-type: none"> • Sec. 4: Oath or Declaration • Sec. 6: Post-Grant Review Procedures
– New post-grant opposition within 9 months of patent issuance
– New inter partes review available after 9 months from patent issuance • Sec. 8: 3rd Party Prior Art Submissions • Sec. 12: Supplemental Examination • Sec. 18: Business Methods Patent Review • Sec. 35: General Effective Date
– One year from enactment unless noted otherwise • Sec. 3: New 35 USC 102 and 103
– First Inventor to File
– “One year personal grace period”
– Expanded definition of prior art |
|---|--|

ENACTMENT
9/16/2011

ONE YEAR
9/16/2012

18 MONTHS
3/16/2013



Q and A

Thank You

