



### **Client Advisory Regarding America Invents Act Patent Law Changes**

As you may be aware, the America Invents Act (“Act”) was recently signed into law by President Obama. The Act implements the largest change to U.S. Patent law since the Patent Act of 1952.

The changes implemented by the Act will come into effect at various times: some changes are immediate and other changes do not occur until March 2013. Below is a brief summary of the most important provisions of the Act, and when these provisions go into effect. Please note that details of implementation have not been provided by the USPTO at this time, we will update you as we learn more.

The following provisions went into effect upon enactment, i.e., Friday, September 16, 2011:

**Virtual Marking:** Patentees now can mark a product by fixing the word ‘patent’ or ‘pat.’ together with an address of a posting on the Internet, accessible to the public without charge for accessing the address, that associates the patented article with the number of the patent(s).

**False Marking:** Under the Act only the US government can sue for statutory damages for false marking, thus eliminating the currently widespread qui tam suits for false marking. A person that has suffered competitive injury due to false marking, however, can civilly sue for recovery of damages adequate to compensate for the injury. Further, marking a product with matter relating to a patent that covered the product but has expired is no longer a violation of the statute.

**Prior User Rights:** The defense to infringement based on prior commercial use now extends to all technology fields. The defense is not allowed, however, against patents owned by a higher education institution.

**Best Mode Infringement Defense:** Best mode of carrying out the invention is still required under 35 U.S.C. §112, but failure to disclose the best mode may no longer be used for invalidating a patent.

**Micro-Entity Status:** The newly created “Micro-entity,” must have been named on no more than four previous US patent applications, excluding provisional applications, and must have a gross income for the preceding calendar year less than 3 times the most recently reported median household income for the preceding calendar year. For 2011, the gross income cannot exceed approximately \$150,000.

**Tax Strategy Patents:** Features pertaining to reducing, avoiding or deferring tax liability no longer provide patentable weight under the new provisions of the Act.

**Human Organisms Patents:** The Act codifies a long standing USPTO rule that human organisms are not patentable under U.S. Patent Law.

**Joinder:** Defendants may be joined in an infringement action only if the right to relief is asserted against the parties jointly, severally, or in the alternative with respect to common acts or events, and question of common



facts to all defendants will arise. This provision generally prevents the current practice in which a patent owner, typically a non-practicing entity, pursues multiple unrelated defendants in a single suit.

The following provisions go into effect ten (10) days after enactment, i.e., September 26, 2011:

**Fee Increase:** A 15% surcharge will be added to all general statutory patent fees.

**Prioritized Examination:** An application may be prosecuted under a “prioritized examination,” which will render a decision on the invention’s patentability within one year of the filing date. The prioritized examination requires an additional government filing fee of \$4,800; other requirements are still unknown.

The following provisions will go into effect one year after enactment, i.e., September 16, 2012:

**Third Party Submission of Prior Art:**

Applications: The Act allows third parties to submit prior art in an application before the earlier of: the date of allowance, or the later of six months after publication or the date of first rejection of any claim. The submission must include a government fee and a concise description of the asserted relevance of the prior art.

Patents: The Act allows third parties to submit patents or printed publication prior art, or statements made in federal court or USPTO proceedings in which the patent owner took a position on the claims. If the relevance and way to apply the prior art is explained in writing, the submission is made part of the file for the patent.

Both third party submission forms are applicable to any application or patent, even those filed before the effective date.

**Inter Partes Review:** Applicable to all patents issued before enactment, an *Inter Partes* Review will replace the current *Inter Partes* Reexamination and will heighten the standard for initiating review to whether the petition for *Inter Partes* Review shows a “reasonable likelihood” that the petitioner will prevail. An *Inter Partes* Review may not be started if a civil suit challenging validity has already been filed by the petitioner. Counterclaims of invalidity made in a civil suit, however, are exempt. *Inter Partes* Review has estoppel effect on subsequent civil actions.

**Supplemental Examination:** The Act allows a patent owner to reopen examination of an issued patent to address any issues that raises a substantial new question of patentability. Any issue of patentability may be addressed. It is envisioned that this process will be especially advantageous relative to submitting previously undisclosed prior art that would heretofore result in a charge of inequitable conduct in a civil suit. The Supplemental Examination, if desired, must occur prior to any efforts to enforce the patent in order to achieve the remedial benefits it provides.

**Post Grant Review:** A third party may file a petition for Post Grant Review within nine months of a patent’s issuance to challenge the validity of that patent under any statutory grounds. This review will only be initiated if the petitioner can demonstrate that it is more likely than not that at least one claim in the patent is unpatentable. No Post Grant Review is allowed if the petitioner has already filed a civil suit challenging



validity. The patent owner can file to amend the patent to overcome the challenge so long as it does not enlarge the scope of the claims or introduce new matter not supported by the specification. Post Grant Review will be available one year after enactment to some business method patents, but ultimately will be available to all patents filed under the FITF system (explained below). Post Grant Review has estoppel effect on subsequent civil actions.

The following provisions go into effect 18-months after enactment, i.e., March 16, 2013:

**First-Inventor-to-File (FITF):** Arguably the most significant change to U.S. Patent Law is a shift from a “first-to-invent” system to a “first-inventor-to-file” system, which is a system more in line with patent laws of the rest of the world. As a result of the change, the first inventor to file a patent application for an invention is awarded the patent, rather than the first inventor to conceive of the invention, as in the current system. One exception to the FITF practice is when the first filed application is filed by an applicant who “derived” the invention from the inventor named in a later filed application. Under the exception, the inventor named in the later filed application may assert his/her patent rights through a derivation proceeding, which replaces the current interference proceedings. This change puts more emphasis on filing as early as possible, removes the ability to swear behind references as in the past, and may make use of provisional patent applications more prevalent.

**Prior art:** The scope of what may be considered prior art under U.S. Patent Law will change. Under the Act, an inventor is entitled to a patent unless 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. This removes the current one year grace period during which an inventor can sell, offer to sell, or make public use of the invention as long as the inventor files an application within the grace period. Under the Act, only “disclosures” made by, or on behalf of, the inventor will receive the benefit of the one year grace period. It is unclear how the term “disclosure” will be interpreted by the courts. The Act also eliminates as prior art disclosures of the claimed invention in a patent or application less than a year prior to the applicant’s application if the disclosure in the patent application is owned by the same entity or subject to an obligation of assignment to the same person. Furthermore, under the Act, activities such as sales or public disclosures anywhere in the world are considered potential patent-killing events, not just those in the US. Consequently, the sale/offer for sale bar date will be considered the date in which the invention is first sold/offered for sale anywhere in the world; not just in the U.S. as defined by current Patent Law.

For more information on the America Invents Act and the provisions summarized above, visit [www.uspto.gov](http://www.uspto.gov). Should you have any questions regarding how the America Invents Act will affect protection of your intellectual property, feel free to contact us.