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Important Patent Law Changes Under the America Invents Act

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Overview

- Patents in a nutshell
- Patent Reform Milestones
- Overview of the America Invents Act (AIA)
- Impact on prosecution of patents
- Impact on patent litigation
- New procedures for fixing/challenging patents at the Patent & Trademark Office (PTO)

Patents

- One type of “intellectual property”
 - Copyright, trademark, trade secret
- Conveys the right to exclude others from practicing claimed invention
 - Not a right to *use*; a right to *exclude*
- What is patentable
- "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent" (35 U.S.C. 101)
- “anything under the sun that is made by man” **Diamond v. Chakrabarty**, 447 U.S. 303 (1980)

Patent Reform Milestones

- U.S. Constitution Article I, Section 8, Clause 8 (1789)
 - *The Congress shall have power...To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.*
- 1952 Patent Act—Modern Patent Law
- USPTO Reform Attempt 2007 (blocked by courts-substantive rule making)
- Leahy-Smith America Invents Act (2011)

The Leahy-Smith America Invents Act

- Signed into law on September 16, 2011
- Most significant change to the Patent Act since 1952
- Product of five years of legislative effort



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

Key Provisions

- Change from “first to invent” to “first inventor to file”
- Significant changes to what constitutes “prior art”
- Changes to the funding of the Patent & Trademark Office (PTO)
- Procedural changes affecting patent litigation
- New procedures to challenge/fix patents in the PTO

What the AIA Does Not Address -- Prosecution

- Little improvement to the quality of new patents
 - Emphasis is on fixing already issued patents
 - First inventor to file will cause more patent applications to be filed
 - . . . and less care will be put into those applications.
- Enhanced PTO funding may help initial patent quality

First Inventor to File

First Inventor to File – Overview

- A patent is awarded to the first inventor to file a patent application
 - New rule applies to patents filed after March 15, 2013
- An inventor's public disclosures (within one year of filing application) are not prior art
- The AIA simplifies and broadens the definition of “prior art”
- AIA excludes commonly owned patent applications from “prior art”
- The transition from “first to invent” to “first inventor to file” requires planning to ensure patent applications have the right priority date

First to Invent vs. First Inventor to File

- First to invent (Existing Rule):
 - “the invention was known or used by **others in this country**, or patented or described in a printed publication in this or a foreign country, **before the invention thereof** by the applicant for patent”
- First inventor to file (New Rule):
 - “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”

Prior Art

Big Picture

- Changes to 102 and 103 apply to applications with claims having “**Effective Filing Date**” on or after March 16, 2013.
- Potentially more prior art available
- Prior art potentially has earlier date
- **But, more exceptions to prior art**

Impact of 35 USC 102(a)(1)

More Prior Art

- More categories of prior art
 - Public use and on sale activities **outside the U.S.** now constitute prior art.
- More prior art generally citable against an application
 - Prior art date needs only to beat the EFD to be problematic rather than date of invention

Exceptions to Prior art

- An inventors public disclosures (e.g., articles, speeches) are not prior art if:
 - Made within one year of patent application
 - Open question whether “disclosures” include sales and public uses
- Other patent applications are not prior art if:
 - Subject matter **obtained from the inventor** or joint inventor, or
 - If there is **common ownership** of patent applications

AIA vs. Europe

| Aspect | United States | Europe |
|---------------------------|---|---|
| Priority | First-Inventor-to-File | First-to-File |
| Grace Period | One year grace period for inventor's own disclosures | No grace period (limited exceptions) |
| Confidential Sales | Confidential sales are prior art | Confidential sales are not prior art |
| Prior Use | If prior use is public, it is prior art if no inventor/joint inventor exception | If prior use is public, it is prior art; if confidential, not prior art |
| Joint Research Agreements | Work by collaborators in joint research agreements is not prior art | If under confidential agreement, not prior art |

Practical Considerations

- When to file a patent application?
 - ASAP – the earliest filing date wins the race
 - Need to streamline procedures for filing patent applications
 - But the patent application must be sufficiently detailed to support the claims
 - Consider filing serial provisional applications

Practical Considerations (cont.)

- Significant differences will continue to exist between US and foreign patent practice
- Need to manage the transition to first inventor to file rules
- Continue to maintain laboratory notebooks
 - Establish rights in derivation proceedings
 - Establish exceptions to prior art rules
 - Telling the story of invention in litigation

AIA's Impact on Patent Litigation

Impact

- September 15, 2011 was the most litigious day in patent law history: 54 cases naming over 800 defendants
- No more single trials with numerous, unrelated defendants
 - Coordination among unrelated defendants was a significant burden
 - Lowest-common-denominator defense strategies
- But . . .
 - Cases can be consolidated for pre-trial procedures
 - It does not appear to have had much effect on venue
 - And it has not deterred NPEs from suing numerous defendants at the same time in the same court
 - It remains to be seen whether the increase in costs associated with separate litigations changes the calculus for NPEs suing marginal defendants.

- Expansion of Federal Circuit Jurisdiction
 - Denies state courts jurisdiction over patents, plant variety, copyright actions
 - Vests all appellate jurisdiction for patent or plant variety claims and counterclaims in the Federal Circuit

- Elimination of “best mode” defense
 - Minimal impact since it was a rare defense before the AIA
 - Still a requirement for patentability
- Willfulness/Inducement – Advice of Counsel
 - The fact a company did not obtain an opinion or decided not to introduce it at trial may not be used to prove willfulness or inducement
 - Favorable opinions can still be introduced by accused infringer
 - Furthers an already high standard to prove intent for willfulness and inducement claims

PTO Proceedings

PTO Proceedings Under AIA



| AIA Procedure | |
|---|---|
| Supplemental examination | Post grant review initiated by patent owner |
| Third party pre-issuance submissions | Pre-grant submission by third parties |
| Citation of prior art and written statements | Post-grant submission by third parties |
| Post-grant review <i>Inter partes</i> review | Post-grant reviews initiated by third parties |
| Ex parte reexamination | Post-grant review |
| Derivation proceedings | Post-grant challenge to inventorship |

Supplemental Examination (Sec. 12, § 257)

- Patent owner initiates for issued patents to inoculate a patent against new prior art or potential inequitable conduct
 - Not available to 3rd parties
- Submission may include any information believed to be relevant
- USPTO substantively examines the submission
 - USPTO institutes *ex parte* reexamination if substantial new question of patentability is raised by submission
- Cannot inoculate Patentee from inequitable conduct, if already alleged or if the result of materially fraudulent activity

Third Party Pre-Issuance Submissions (Sec. 8, § 122(e))

- **During prosecution**, any third party may now submit prior art “of potential relevance to the examination of the application”
 - Does not preclude **anonymous** submission
 - Specific time to file:
 - Before the notice of allowance and
 - Before the later of the following dates:
 - The date six months after publication
 - The date of the first office action
 - Becomes part of prosecution history
- Inexpensive way to potentially knock out a competitor’s patent before it issues
- But, there is a risk of facing a stronger patent

- Like 3rd Party Pre-Issuance Submissions, but for issued patents
 - Who/when: Any person at any time (anonymous)
 - What can be submitted:
 - Patents and printed publications
 - Patent owner statements regarding claim scope made in federal court or PTO proceeding (Must include supporting evidence (e.g., pleadings))
 - Effect:
 - Submissions become part of written record
 - Limited to claim interpretation purposes

Ex Parte Reexamination

- **Unchanged**
- Central Reexamination Unit (CRU) retains responsibility for *Ex Parte Reexamination*
- The present threshold of a “substantial new question of patentability” (SNQ) continues

Final Thoughts

- First inventor to file is a significant change to prosecution practice
 - Requires companies to have procedures in place to quickly file good patent applications
 - Need to manage the transition from the old rules to the new rules
- Prior Art Expanded
- AIA brings the US patent system closer to the rest of the world, but there are important differences

Thank You