

## Entrepreneur's Guide to Intellectual Property – Blog Series: America Invents Act

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The **America Invents Act (the Act)** was signed into law in September of 2011. The Act has already brought significant changes to the **U.S. patent laws** and rules. However, some of the most significant provisions of the Act, including **First-to-File** and **Post Grant Review**, have not yet become effective. Below is a brief summary outlining the substance and effective dates of some of the key provisions of the Act.

### **First-to-File – Effective March 16, 2013**

The Act moves the U.S. from a First-to-Invent system to a First-to-File system. Under the current First-to-Invent system, a first inventor could be awarded a patent for an invention even if the invention was disclosed in a patent application filed by a second inventor before the first inventor filed a patent application if the first inventor can prove, among other things, that their date of invention is before the filing of the patent application by the second inventor. Under the First-to-File system this will no longer be the case and patents will be awarded on a First-to-File basis, and any third-party prior art available before the patent application filing date could be used to reject the application. An applicant will still be given a one year grace period for any disclosures made by the application. Generally, patent applications first filed on or after March 16, 2013 will be examined under the First-to-File system.

While March 16, 2013 is still several months away, the impending changes will impact decision-making for provisional applications filed on or after March 16, 2012. Although there is still a one-year window for formalizing the provisional application, it may be desirable to formalize by March 15, 2013 in order to remain under the current First-to-Invent regime.

Once First-to-File takes effect, it will be beneficial to have all internal processes streamlined for quick and efficient disclosure of inventions to patent attorneys. Now is a good time to evaluate and improve those processes.

### **Prioritized Examination – Currently in effect**

For an additional \$4,800 fee (\$2,400 for small entities), applicants can file a request to have their application examined out of turn, and the U.S. Patent Office is striving for a final disposition of the

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application within one year of the request. In the initial five months of this program, nearly 60 applications have been allowed and over 900 applications have received first Office actions.

## **Post Grant Review**

A new post grant review system will be created that will expand the ability to challenge the validity of granted patents at the U.S. Patent Office. The Act provides several options, outlined briefly below, to challenge patents, with each option having various timeframes and limitations as to the grounds for the challenge. The U.S. Patent Office has issued proposed rules for these proceedings, including the proposed Patent Office fees, which are perhaps the most noteworthy aspect of the proposed rules. The rules and fees should be finalized before September 16, 2012.

### ***Post Grant Review - Applies to patents issued from applications having an effective filing date of March 16, 2013 and later –***

available during the first nine months after patent grant for challenges on nearly any ground. The proposed fee starts at \$35,800 and increases based on the number of claims for which post grant review is sought.

### ***Inter Partes Review - Effective September 16, 2012 and applies to all patents regardless of the application filing date –***

available more than nine months after patent grant for adversarial challenges based on prior art patents and printed publications. The proposed fee starts at \$27,200 and increases based on the number of claims for which inter partes review is sought. This proposed fee is significantly higher than the current fee of \$8,800 for inter partes reexamination.

### ***Ex-Parte Reexamination - Current ex parte reexamination provisions remain effective –***

available anytime after patent grant for non-adversarial challenges based on prior art patents and printed publications. The proposed fee is \$17,760, which is significantly increased from the current fee of \$2,520.

### ***Supplemental Examination – Effective September 16, 2012 and applies to all patents regardless of issue date***

This provision allows a patent owner to ask the Patent Office to correct, consider, or reconsider information for an issued patent. For example, a request for supplemental examination might be used to have a piece of prior art that was not considered during prosecution of the patent considered and made of record. The patent owner need not assert that the new information raises a substantial new question of patentability. Information in the request is not limited to patents and printed publications. A fee of \$7,000 is proposed for requesting supplemental examination. If the Patent Office determines there to be a substantial new question of patentability, an additional \$20,000 fee will be charged for the ensuing reexamination. The patent cannot later be held unenforceable on the basis of information submitted in the request.

### ***Transitional Post Grant Review for Business Method Patents –Effective September 16, 2012 and applies to any business method patent regardless of issue date***

This provision requires the U.S. Patent Office to issue regulations that establish a transitional post

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grant review proceeding for the review of the validity of business method patents. Petitions for post grant review under the transitional review proceeding can only be filed by persons who have been sued for infringement or have been charged with infringement of the patent for which review is requested. The currently proposed Patent Office fee for this review, which as not been finalized, starts at \$35,800 and increases based on the number of claims for which this review is sought.

***Pre-issuance Prior Art Submissions by Third Parties – Effective September 16, 2012 and applies to any patent application regardless of filing date***

A third-party will be able to submit prior art publications for consideration during prosecution of an application if the prior art is submitted timely. These submissions can be made anonymously. The third-party will have until the later of (1) six months after the date of publication of the application; or (2) the date of the first rejection. If a notice of allowance is issued before either of the foregoing events, the third-party will no longer be able to submit prior art. Therefore, third parties should not delay in submitting relevant prior art. Consideration should be given to establishing regular patent publication monitoring of key competitors and technology areas. The proposed Patent Office fees for this procedure appear reasonable relative to other proposed fees, with no charge for a first submission of three or fewer prior art documents. The proposed fee for submitting every ten additional prior art documents is \$180.

***False Marking – Currently in effect***

The Act no longer allows any person to bring a false marking lawsuit under 35 U.S.C. Section 292. Rather, false marking lawsuits will be limited to those filed by the United States or by a competitor who can prove a competitive injury. Also, marking a product with an expired patent that covered the product is not false marking. This change applies to any lawsuit pending on or after the date of enactment.

***Virtual Marking – Currently in effect***

A patent article can be marked with the word “patent” together with an address of a posting on the Internet that associates the patented article with the number of the patent.

***Prior User Defense – Currently in effect and available to all patents issued on or after enactment***

The Act provides a defense to infringement based on prior commercial use if the accused infringer can show a reduction to practice and commercial use at least one year before the effective filing date of the asserted patent.

***Tax Avoidance Strategies – Currently in effect***

Tax avoidance strategies are defined as within the prior art for both existing patents and pending applications upon enactment of the Act. In other words, tax avoidance strategies are not patentable and patents directed to tax avoidance strategies are not enforceable.

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