

The America Invents Act One Step from Becoming Law

After almost a decade of proposed bills and efforts, the U.S. Senate finally passed and sent to President Obama the America Invents Act of 2011 (“the Act”). The Act presents the most substantial changes to the patent laws since the Patent Act of 1952. This new law will have a major impact on a company’s or inventor’s patent strategies, both with respect to patent filings and enforcement/defense efforts.

First, the new patent laws change U.S. priority from a “first to invent” system to a “first to file” system. Under prior law, the U.S. awarded patent rights to the first person to actually conceive of an invention. Under the new laws, the U.S. changes to a system consistent with many other countries, in which the first person to file for a patent is considered the inventor. Although a one-year grace period remains in the law in modified form, the changed law will nevertheless limit an inventor’s ability to delay filing for a patent. This is because under a “first to file” system, each day that goes by with a patent unfiled raises the likelihood that another person may file for a patent on a similar (or the same) invention, effectively preempting the inventor’s rights to that invention.

To accommodate the “first to file” change in the law, the section of the patent law statute that sets forth what is prior art (section 102) is dramatically different. First, the requirement that prior art must precede the date of invention in §102(a) is replaced with the requirement that prior art must precede the filing date of the claimed invention. The one-year statutory bar set forth in §102(b) is deleted. In its place, a variety of categories of publications or activities are set forth as statutory bars, provided these categories predate the filing date of the patent application. These categories include patents, printed publications, public uses, the invention being on-sale, and the invention being otherwise available to the public. Under the old law, public use and on-sale activities were only prior art if they occurred in this country, whereas under the new law, these activities are prior art regardless of in which country they occur.

Another change to the patent statute to accommodate the “first to file” system includes removing the “best mode” as a basis for invalidating a patent. The “best mode” requirement obligates an

inventor to disclose the preferred methods and structures embodying their inventions in the patent application at the time it is filed; by removing this requirement, early filings are made possible in unpredictable arts, where a best mode may not yet be known at the time a patent application would otherwise be ready for filing. This change is to make it simpler to file patent applications quickly and mitigate risking surrender of patent rights. An exception to the first to file system is also included, which would prevent an unscrupulous individual from stealing an idea and beating its inventor to the patent office. This exception provides for a “derivation proceeding” in which an inventor has a year from the issuance of a patent allegedly derived from their work to bring an action at the USPTO to resolve the derivation issue. However, this exception involves strict timing and procedural requirements and is not a catchall: it would not protect an inventor from another individual who developed a similar invention from filing for a patent, preempting later patent filings by the earlier inventor.

Second, to address a perceived decline in patent quality, the Act includes provisions that increase the ability of third parties to submit materials to the patent office during the examination of a patent application. These materials could include patents or publications, or statements of the patent owner in court discussing the scope of a patent or prior art. Any such submission must include a statement of the relevance of the submission, and must be made both (1) before the patent application is allowed, and (2) before either the first rejection of the application or within six months of publication of the patent application, whichever is later.

Third, the Act provides new and revised post-grant review proceedings at the U.S. Patent and Trademark Office (“USPTO”), available within nine months after a patent is granted. For patents that are outside of that nine months, a new *inter partes* review proceeding before a Patent Trial and Appeal Board is provided. The post-grant review proceeding allows a third party to file a petition to cancel claims of a patent by showing that either it is more likely than not that a claim is unpatentable or that the patent raises an unsettled point of law that is likely to affect other patents or applications. The post-grant review proceeding is similar to patent opposition procedures available in other parts of the world, including Europe. The post-grant review proceeding allows for introduction of additional issues beyond simply invalidity based on patents or patent publications. For example, expert opinions or other factual information could be introduced in such a proceeding. For patents that are outside of the nine month window for post-grant review, the new *inter partes* proceeding is available and essentially replaces existing *inter partes* reexamination of patents. The grounds for *inter partes* review are more limited than the grounds for post grant review, being analogous to the current prior art based challenges of *inter partes* reexamination. In the case

of both post-grant review and *inter partes* review, a party wishing to challenge a patent's validity cannot employ either available patent office procedure if it also filed a concurrent lawsuit challenging the same patent (generally, excluding invalidity counterclaims).

Beyond these generally-applicable provisions, a few special-purpose changes have been included in the Act which are intended to correct current perceived issues in patent law. For example, limits on false marking claims have been included that would prevent individuals not directly damaged by the false marking from bringing a claim. The new laws also establish the existence of a new "micro-entity", which provides for a 75 percent discount on filing fees for individuals and small companies, including (1) inventors named on fewer than five previous applications and meet certain income requirements, or (2) inventors who work for and have assigned any rights in the subject invention to a state public institution. The Act also phases out interference practice and incorporates a new supplemental examination process whereby a patentee can correct an already issued patent to address potential inequitable conduct issues.

Most provisions of the America Invents Act will become effective one year from enactment. Regulations will be enacted within the coming year that will allow the USPTO to implement the changes in law included in the Act. As such, additional procedural requirements with respect to the above-outlined changes are possible and need to be followed.