

America Invents Act

H.R. 1249 (Became Law: September 16, 2011)

Michael K. Mutter

Birch, Stewart, Kolasch & Birch

www.bskb.com

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Birch
Stewart
Kolasch
Birch LLP

H.R. 1249 became law Sept. 16, 2011 - Overview

- “first inventor to file” not “first to invent” with new novelty definitions
- Post-Grant Review (an opposition proceeding)
- Supplemental Examination by patent owner
- Joinder for Patent Defendants requires Common Fact Pattern
- Preissuance Submissions by 3rd parties
- What’s out from previous attempts?
 - significant infringement damages reform
- Effective dates
 - “first inventor to file” changes apply to all patents having a claim with effective filing date 18 months after law enacted
 - PGR, other proceedings available one year after enactment

First Inventor to File

- “effective filing date” is earliest of USPTO or foreign or PCT priority date for a particular patent claim
- no more “first to invent” system
 - cannot establish an earlier invention date to avoid a prior art reference or defeat an “interfering” patent
- “Derivation Proceedings” replace Interferences
 - later filing inventor/applicant may petition USPTO to prove that earlier filed patent application claiming same invention was “derived” from inventor/applicant
 - one year deadline (within one year of publication of later filed application and grant date of any patent based on earlier application)
 - can appeal to district court and/or CAFC

New Sections in 35 U.S.C. 102

- New 102(a), 102(b) and 102(d) essentially replace previous sections 102(a)-(f), with 102(g) being eliminated
- New 102(a) re-defines “prior art” scope
- New 102(b) re-defines “grace period” and allows for common ownership
- New 102(c) allows for common ownership under joint research agreements
- New 102(d) removes “Hilmer Doctrine”

New 102(a)(1)

- New 102(a)(1) includes “public use”, “on sale” or “available to the public” outside the U.S. (eliminating previous “in this country” language)
- 35 U.S.C. 102(a)(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”

New 102(a)(2)

- New 102(a)(2) includes as prior art any patent or published application with a different inventive entity and earlier effective filing date
- 35 U.S.C. 102(a)(2) – “the claimed invention was described in a patent issued under section 151, or in an application for patent published...under section 122(b), in which the patent or application...names another inventor and was effectively filed before the effective filing date of the claimed invention”

New 102(b) Grace Period and Common Ownership Provisions

- “grace period”: “disclosure” of the subject matter by the inventor (or by another who derived it from the inventor) within one year before effective filing date of application is not prior art
- unclear whether “grace period” applies to “public use” or “sale” of claimed invention within one year of USPTO filing date of application
- disclosure in application/patent is not prior art if subject matter obtained from inventor/joint inventor or commonly owned

New 102(c) and 102(d)

- New 102(c) allows for common ownership under joint research agreements
 - JRA in effect before effective filing date
 - claimed invention resulted from JRA activities
 - patent application amended to name JRA parties
- New 102(d) includes priority application disclosures in prior art
 - If U.S. patent (or published application) makes priority claim, disclosure in foreign priority or international PCT applications is prior art as of the *filing date* of such applications (regardless of language)

New 35 U.S.C. 103

- Section 103(a) is amended to read:
“...would have been obvious ~~at the time the invention was made~~ before the effective filing date of the claimed invention to a person having ordinary skill in the art...”
- Sections 103(b) (“biotechnological process”) and 103(c) (JRA common ownership) are eliminated

New Strategies

- “First to File” race to file in the USPTO
 - must still satisfy requirements for enablement, written description, etc.
- Identifying prior art under the new definitions
 - any sales, public uses, or making a claimed invention “available to the public” anywhere in the world could be prior art
- Claim priority of pre-act application?
 - Subject to old law but loose some term
 - Can only do if all claims supported by pre-law application

Post-Grant Practice

- Reissue Application (unchanged)
- Ex Parte Reexamination (only reviewing board changed)
- Post-Grant Review (new)
- Inter Partes Review (new, but similar to Inter Partes Reexamination)
- Supplemental Examination (new)
- Transitional (4 year) post-grant validity review of certain business method patents (new)
- PGR and IPR conducted in “Patent Trial and Appeal Board” (PTAB) (similar to Board of Patent Appeals and Interferences with 3 member boards)

Post-Grant Review

- filed only by 3rd party within 9 months of patent grant (or reissue patent grant if PGR not requesting cancelation of claim that is same/narrower than claim in original)
- 3rd party must
 - identify “real party in interest”
 - cannot have prior filed court action challenging validity of patent
 - if court action is later filed by 3rd party, it is automatically stayed under limited conditions
- USPTO grants/denies PGR within 3 months and issues final determination within one year (extendable six months)

Post-Grant Review (con't)

- Any Ground of unpatentability may be raised (i.e. not limited to prior art issues)
 - Except failure to disclose best mode
- Threshold standard: “more likely than not” that at least one claim is unpatentable
- Evidentiary standard: preponderance of evidence
- Discovery limited to “evidence directly related to factual assertions” by a party
- Appeal directly to Federal Circuit
- USPTO may limit number in first 4 years

Post-Grant Review (con't)

- Estoppel:
 - PGR petitioner (3rd party) cannot participate in any USPTO proceeding against the patent which asserts that a claim in the patent is invalid “on any ground that the petitioner raised or reasonably could have raised” during the initial PGR
 - PGR petitioner cannot file a later court action against the patent “on any ground that the petitioner raised” during the initial PGR
- Settlement - if both parties agree, PGR may be terminated (no estoppel); if no petitioner remains, USPTO may terminate or proceed to final written decision

Post-Grant Review Strategies

- consider monitoring competitor's patents, since must file within 9 months of grant
- High threshold ("more likely than not" claim unpatentable) probably requires a well thought out petition with a maximum amount of supporting evidence (perhaps together with expert declarations)
- cannot use PGR unless earliest effective filing date of claim in patent is at least one year after enactment

Inter Partes Review

- cannot file until after PGR time period (later of 9 mo from issue or PGR termination)
- unpatentability assertions limited to “anticipation” (novelty) and “obviousness” (inventive step) based on patents and publications, affidavits and declarations
- threshold for granting IPR:
 - “reasonable likelihood that the petitioner would prevail” 1+ claims* (*cf.* SNQ std. for present Inter Partes Reexam)
- conducted before PTAB (not Central Reexam Unit)

* This standard takes effect for present Inter Partes Reexam at enactment.

Inter Partes Review (con't)

- Timing same as PGR
 - USPTO grants/denies IPR within 3 months
 - USPTO issues final decision within one year (extendable six months)
- Real parties in interest are identified
- IPR may be used against any patent beginning one year after passage of the law by Congress
- Patent owner has one chance to amend the claims
- Witnesses submitting affidavits or declarations may be deposed
- Evidentiary standard: preponderance of evidence

Inter Partes Review (con't)

- Appeal directly to Federal Circuit
- Estoppel is similar to PGR
 - IPR petitioner (3rd party) cannot participate in any USPTO proceeding or file any court action against the patent which asserts that a claim in the patent is invalid “on any ground that the petitioner raised or reasonably could have raised” during the initial IPR
- Settlement same as PGR
 - if parties settle, IPR is terminated (no estoppel); if no petitioner remains, USPTO may terminate or proceed to final written decision
- Barred by prior civil action challenging validity (later-filed concurrent suit stayed)

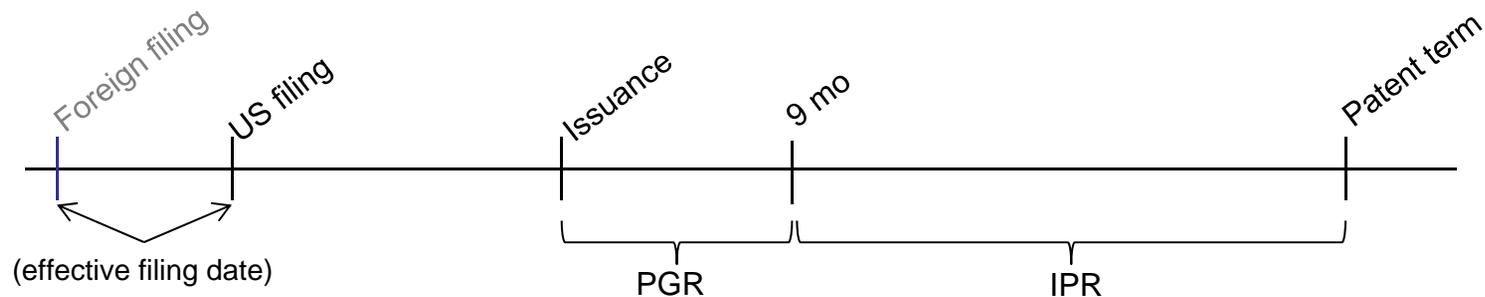
PGR v. IPR

PGR

- any ground of attack
- discover “relevant evid.”
- Request within 9 mos.
after patent grant

IPR

- patents or publ.
- only depositions
- later of 9 mos./ PGR
termination



Supplemental Examination

- Patent Owner requests USPTO to consider, reconsider or correct information believed to be relevant to the granted patent
- USPTO has 3 months to Determine if “substantial new question of patentability” is raised
 - Ex Parte Reexamination is ordered if SNQ exists
- May prevent patent from being held unenforceable on the basis of “inequitable” conduct relating to information that was not considered, was inadequately considered, or was incorrect
 - USPTO may cancel patent claims if it becomes aware of “material fraud” in connection with patent

Limits on Joinder in Court Patent Action

- New 35 U.S.C. §299 limits joining multiple parties accused of infringement
- Joinder only possible if:
 - Parties are jointly or severally liable or liability arises out of the same transaction or occurrence; and
 - Infringement arises out of facts common to all defendants

Limits on Joinder in Court Patent Action (con't)

- Does not apply to Section 271(e)(2) infringement (FDA application)

Preissuance Submission

- third party can submit any patent or published application of potential relevance to a patent application
- must submit before earlier of:
 - Notice of Allowance or
 - later of: 6 months from publication or the date of the first substantive rejection by Examiner
- Must provide concise description of each submitted document

Prior User Rights

- 35 USC 273 is amended to provide “prior user rights” defense to infringement for patents of any subject matter (not just business methods)
- User must prove commercial use more than oneyr before filing/public disclosure by patentee
 - Including regulatory review and non-profit lab use.

Transitional Post-Grant Validity Review of Covered Business Method Patents

- relates to patents “for performing data processing or other operations used in the practice, administration or management of a financial product or service”*
- filed by individuals sued or charged with infringement
- “Sunset” provision: proceeding is available one year after law is passed and is repealed after 8 years (but applicable to any petition filed before repeal)

* Could be broader than one might want

Patent Marking

- “Virtual Marking” allowed
 - markings that direct public to a web site that includes patent number may be used
 - E.g. “Pat. <http://www.acme.com/patents>”
- False Marking
 - only persons who have suffered a competitive injury can sue for damages to compensate for the injury
 - (currently anyone can sue on behalf of the government without having suffered any competitive injury – “*qui tam*”)
 - Expired patents not a violation

Best Mode

- Failure to disclose “best mode”
 - cannot be used as grounds to invalidate a patent or make it unenforceable in court (and in PGR)
 - no longer required for benefit of priority from earlier filed application
- Disclosure of best mode still required for patentability under 35 U.S.C. 112 (i.e. before the USPTO)

Advice of Counsel

- Failure of infringer to obtain advice of counsel with respect to allegedly infringed patent (e.g. an infringement opinion), or failure of infringer to present such advice to the court, cannot be used to prove willful infringement
- Codifies *Knorr Bremse v. Dana Corp.*, 72 USPQ2d 1560 (Fed. Cir. 2004)(*en banc*)

Prioritized Examination

- “Track 1” Prioritized Examination
 - (was to go into effect in May, but was delayed due to fee diversion)
 - Additional \$4800 (large entity),
 - Limited to 4 independent and 30 total claims
 - Effective 10 days after enactment (Sept. 26, 2011)

Assignee Applicant

- 35 USC 118 amended to remove requirement of Applicant submitting evidence of inventor refusal/inaccessibility if inventor does not sign
- Assignee (or future assignee by obligation) can sign and file “substitute statement” in place of Declaration of Inventor if inventor is not able/available/willing
- Assignment alone may be sufficient as Declaration of inventor if it includes proper statements

Miscellaneous

- 15% surcharge on all USPTO statutory fees until fees changed/adjusted
- \$400 additional fee for applications not filed electronically
- Provides for “micro” entities and certain reduced fees
- Prohibits any patent claim directed to or encompassing a human organism.
- Any strategy for reducing, avoiding, or deferring tax liability considered within the prior art
- Establishes at least three U.S. satellite offices for the USPTO (including one in Detroit) w/in 3yrs
- CAFC judges can live more than 50 miles from Washington, D.C.
- 35 U.S.C. §112 amended (“first paragraph” becomes “(a)”, etc.)

Effective dates

- At enactment
 - Threshold standard for Inter Partes Reexamination (Reasonable likelihood that requester would prevail)
 - Failure to disclose best mode is no longer an infringement defense
 - Prior use defense expanded to all patents (cf. only business methods)
 - Virtual marking acceptable, no *qui tam*
 - No tax strategy or human organism patents
 - 75% discount for “micro-entities”
- 10 days after enactment
 - 15% surcharge
 - Prioritized Examination option (Track 1)
- 60 days after enactment
 - \$400 surcharge for non-electronic filing if application
- 12 months after enactment
 - PGR, other proceedings
 - Filing/oath by assignee
 - Pre-issuance prior art submission by 3rd party - before earlier of first OA or NOA or within 6 mo from publication.
- 18 months after enactment
 - “first inventor to file” changes apply to all patents having a claim with an effective filing date 18 months after law enacted
 - Derivation proceedings



Questions?

Michael K. Mutter mkm@bskb.com

Ali Imam ami@bskb.com

Birch Stewart Kolasch & Birch LLP