Overview of Recently Passed Patent Reform Legislation

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The America Invents Act ("AIA") (H.R. 1249) was signed by President Obama on Sep. 16, 2011, which changes major areas of the current U.S. patent system. This brief overview highlights key changes.

1. First Inventor to File System. The new legislation will change the U.S. patent system from a "first to invent" system to a "first inventor to file" system. This change makes U.S. patent law more consistent with practices in many other countries, and will apply to patent applications filed on or after March 16, 2013.

2. Prior Art. Under the new legislation, material which was patented, described in a printed publication, in public use, for sale, or otherwise available to the public before the effective filing date of the application will be considered prior art, regardless of whether these activities occurred in the U.S. or abroad. However, a disclosure by the inventor made less than one year before the filing of a patent application will not be considered prior art, which is unique to U.S. patent law.

3. Derivation Proceedings. As a result of the change to a first inventor to file system, interference proceedings will be discontinued. Derivation proceedings will be introduced to determine whether the subject matter of an earlier-filed application was derived from the inventor of a later-filed application, rather than independently invented.

4. Post-Grant Review. The AIA provides for a new proceeding of post-grant review in which a third party can petition for cancellation of a patent claim based on any ground for invalidity, not limited to patents and printed publications. A petition for post-grant review must be filed within 9 months of the patent grant.

5. Transitional Program for Business Method Patents. A specific translational program for post-grant review of business method patents will be established and maintained for 10 years. This proceeding can be initiated at any time after grant, but petitioners must have been accused of infringement.

6. *Inter Partes* Review. Under the new legislation, the existing *inter partes* reexamination proceeding will be named *inter partes* review. In addition to patents and printed publications, statements before a federal court or the USPTO may also be cited, and patent validity may be challenged on the grounds of subject matter patentability or enablement. *Inter partes* review proceedings must be initiated within 12 months of patent grant. The Board of Patent Appeals and Interferences will be renamed the Patent Trial and Appeal Board (PTAB), and proceedings under the PTAB will be expanded to include limited discovery, settlement, oral hearings, protective orders and many litigation style mechanics.

7. Pre-issuance Submissions and Comment. Third parties will now be allowed to submit a statement, in addition to documents considered to be relevant to the examination of a pending patent application. The submission must include concise descriptions of the asserted relevance, and must be made before the earlier of: (a) a notice of allowance or (b) the later of: (i) six months after publication or (ii) the first rejection of any claim being examined.

8. Patent Reissue. The AIA deletes the language of 35 U.S.C § 251 requiring that an error correctable by patent reissue be made "without deceptive intent."

9. Supplemental Examination. Supplemental examination will permit a patent owner to request that the PTO consider, reconsider, or correct information not considered during prosecution, but believed to be relevant to patentability of an issued patent.

10. Prior Commercial Use. The AIA expands the prior-use defense against infringement beyond business method patents, to any type of patent associated with manufacturing or some other commercial process. The use must have been conducted by the accused infringer, and the subject matter cannot have been derived from the inventor. Such a use must have occurred in the U.S. either in connection with an internal commercial use or an arm's length sale or transfer, and must have occurred at least one year before the earlier of: (a) the effective filing date of the claimed invention or (b) the date on which the claimed invention was disclosed to the public.

11. Micro-entity. The new legislation introduces a micro-entity status during patent prosecution. The micro-entity status applies to universities, inventors under an obligation to assign an invention to a university, and independent inventors with a gross income of less than 3 times the national median household income in previous calendar year, who have no more than four non-provisional patent applications previously filed, not including those the inventor was obligated to assign to an employer. A "micro-entity" is entitled to a 75% reduction in many of the patent fees payable to the US Patent Office during prosecution of a US patent application.

Other Issues in Legal Reform

- The best mode remains a requirement for patentability; however, best mode defense will not be a basis for invalidity or unenforcability defenses in litigation (SEC. 15, amending 35 U.S.C. § 282);

- Virtual marking will be allowed, meaning that patentees can label articles with a reference to a website listing a patent number, and will be effective as of enactment, including pending cases (SEC. 16(a), amending 35 U.S.C. § 287(a));

- False marking claims will require proof of competitive injury and the relief will be limited to the amount adequate to compensate for the injury. Marking with the

number of a patent that covered that product but has expired will no longer be false marking, effective on enactment and including pending cases (SEC. 16(b), amending 35 U.S.C. § 292(a));

- Failure to obtain advice of counsel or failure to present such advice may not be used to prove willfulness or inducement (SEC. 17, § 298).

- Parties that accuse infringers may be joined; however, mere allegations of multiple infringers will be insufficient for joinder. Joinder of unrelated accused infringers will be limited in actions commenced on and after enactment (SEC. 19(d), adding 35 U.S.C. § 299); and

- Issuance of patent claims directed to or encompassing a human organism will be barred as of enactment (SEC. 33).