

## EXAMINATION IN THE U.S. PATENT & TRADEMARK OFFICE

### **First Inventor to File System**

**AIA Sec. 3; 35 U.S.C. 102**

*Effective March 16, 2013*

Under the new system, for an invention to be patentable, it must be novel over public disclosures (in patents or other publications, public use, or on sale) anywhere in the world that occurred prior to the effective filing date of the application. A one-year grace period exists for the inventor's own public disclosures. If the inventor discloses within the one-year grace period, then subsequent disclosures by third parties do not constitute prior art (the "Exceptions" from prior art under 35 U.S.C. 102(b)). Unlike the prior system, date of invention is not relevant in establishing novelty. The new system applies to applications that include at least one claim with an effective filing date on or after March 16, 2013.

### **Derivation Proceeding**

**AIA Sec. 3; 35 U.S.C. 135**

*Effective March 16, 2013*

A patent applicant can request the Patent Office to commence a "Derivation Proceeding" if the applicant believes that another person or entity who filed an earlier application derived the invention from the applicant without authorization. The derived invention, as set forth in at least one claim of the earlier-filed application, must be the same or substantially the same as a claim in the applicant's later-filed application. A derivation proceeding must be brought within one year from the publication date of the later-filed application.

### **Prioritized Examination**

**AIA Sec. 11**

*Effective September 26, 2011*

Applicants can pay a prioritized examination fee of \$4,800.00 (\$2,400.00 for small entities), in addition to the usual filing fees, to request expedited examination (also called "Track I" examination) of eligible patent applications. To be eligible, an application must be an original utility or plant non-provisional application, be electronically filed, and have no more than 4 independent claims and 30 total claims. Prioritized examination seeks to reach a final disposition of the application within 12 months of the grant of the request for prioritized examination. Final disposition includes: issuance of a notice of allowance; issuance of a final office action; filing of a notice of appeal; filing of a request for continued examination; and abandonment of the application. The Patent Office can limit the number of prioritized examinations in a year (currently, the Patent Office has set a limit of 10,000).

### **Micro-Entity Established**

**AIA Sec. 10; 35 U.S.C. 123**

*Implementation date to be set by Patent Office*

A "micro-entity" is entitled to a 75% reduction of various PTO fees. To qualify, an applicant must (a) qualify as a small entity (have fewer than 500 employees or be non-profit); (b) not be a named inventor in more than four previously filed U.S. patent applications (not counting provisional applications or applications assigned to an employer); (c) have a gross income of no more than 3 times the Census Bureau reported median household income for the preceding calendar year (*i.e.*, currently have a gross income of less than roughly \$150,000); and (d) not have assigned or licensed the invention to a non-micro entity. An applicant also qualifies as a micro-entity if he/she earns the majority of income from, or assigns or licenses the invention to, a U.S. institution of higher learning.

### **Interference Proceedings Abolished**

**AIA Sec. 3; 35 U.S.C. 135, 146**

*Effective March 16, 2013*

In the event two applications seek protection for the same invention, an interference proceeding in the Patent Office ascertains the applicant who invented first. Due to the transition to the first-inventor-to-file system, in which invention date is not relevant for ascertaining novelty, patent interference proceedings will no longer be necessary. \_\_\_\_\_

### **Tax Strategies deemed within the Prior Art**

**AIA Sec. 14**

*Effective September 16, 2011*

Strategies *per se* for reducing, avoiding, or deferring tax liability are not patentable in pending and future applications. Rather, such strategies are deemed to be within the prior art. Inventions directed to tax preparation or financial management can still be patented.

**Human Organism Prohibition****AIA Sec. 33***Effective September 16, 2011*

No patent protection may be obtained for inventions directed to human organisms. The Act specifically provides that “no patent may issue on a claim directed to or encompassing a human organism,” codifying existing case law.\_\_\_\_\_

**Inventor’s Oath or Declaration****AIA Sec. 4; 35 U.S.C. 115, 116, 118***Effective September 16, 2012*

An application may be filed by the inventor(s), an assignee of the rights in the invention, an entity to which there is an obligation to assign such rights, or an entity that otherwise shows that it has a sufficient proprietary interest in the invention. The oath/ declaration of the inventor may be filed at any time prior to the issuance of a notice of allowance. The oath/ declaration no longer requires the inventor’s citizenship. The oath/ declaration must state that “the application was made or was authorized to be made by the affiant or declarant” and that “such individual believes himself or herself to be the original inventor or an original joint inventor of a claimed invention in the application.” If an assignment of record includes such statements, then no separate oath/ declaration is required. The Patent Office will issue the patent to the real party in interest.

**Expansion of 3rd Party Submission of Prior Art in a Patent Application****AIA Sec. 8; 35 U.S.C. 122***Effective September 16, 2012*

Third parties may submit published prior art documents in pending patent applications. A concise description regarding the asserted relevance of the submitted documents must be included with the submission. The submission deadline is the later of six months from the publication date of the application or the date of first rejection of any claim in the application. Submission also must occur before the mailing of a notice of allowance. Previously, no comments regarding the relevance of the submitted document have been permitted.

**PTO 15% Transition Surcharge****AIA Sec. 11***Effective September 26, 2011*

Most Patent Office fees, including filing and post allowance fees, increased by 15% on September 26, 2011. Additional increases are expected in mid 2012.

**Statutory Invention Registration Repealed****AIA Sec. 3; 35 U.S.C. 157***Effective March 16, 2013*

An entity can no longer request the little-used statutory invention registration, which was a publishing of an invention by the Patent Office for the purpose of establishing prior art citable against other entities.

**POST-GRANT PROCEEDINGS IN THE U.S. PATENT & TRADEMARK OFFICE****Supplemental Examination****AIA Sec. 12; 35 U.S.C. 257***Effective September 16, 2012*

A patent owner may request supplemental examination of a patent (that issued on any date) by the Patent Office to consider, reconsider, or correct information believed to be relevant to the patent, such as to consider a reference that was not previously considered during the original examination of the patent. If the presented information raises a question of patentability of one or more claims, the Patent Office may initiate reexamination of the patent. With limited exceptions, no finding of unenforceability of the patent (in a subsequent litigation) may result based on information considered during a supplemental examination of that patent.

**Transitional Post-Grant Review for Business Methods****AIA Sec. 18; 35 U.S.C. 321-329***Effective September 16, 2012*

A third party who is charged with or sued for infringement of a business method patent may request “transitional” post-grant review by the Patent Office of that business method patent. A business method patent claims a method or a corresponding apparatus for performing data processing or other operation used in the practice, administration, or management of a financial product or service (except technological inventions). Review by the Patent Office is limited to issues actually raised by the third-party requestor. If there is a final decision by the Patent Office, the third-party requestor is precluded from re-asserting in a court or ITC proceeding the invalidity of a claim on any ground that was raised. The transitional proceeding is not available for patents for which post-grant review is available per the following-discussed procedure. The transitional post-grant review program terminates after eight years.

**Post-Grant Review (Oppositions)****AIA Sec. 6; 35 U.S.C. 321-329***Effective September 16, 2012\**

A third party may request post-grant review by the Patent Office of a patent having a filing date on or after March 16, 2013 by submitting a petition within 9 months of the grant of the patent (or reissue of the patent). The claims of the patent may be challenged on multiple grounds, including unpatentability in light of the prior art, lack of enablement, etc. Evidence in support of an unpatentability position may include, along with patents and printed publications, affidavits and declarations, such as expert opinions. The burden of proving unpatentability is by a preponderance of the evidence. The proceeding is conducted by the Patent Office's new Patent Trial and Appeal Board, and must be completed within 12-18 months from its initiation. If there is final decision by the Patent Office, the third party requestor is precluded from re-asserting before the Patent Office or in a court or ITC proceeding the unpatentability/invalidity of a claim on any ground that was raised or that reasonably could have been raised during the post-grant review.

\*While post-grant review is not available unless the patent has a filing date on or after March 16, 2013, post-grant review of an asserted business method patent is available as of September 16, 2012.

**Inter Partes Reexamination Threshold Change****AIA Sec. 6; 35 U.S.C. 312-313***Effective September 16, 2011*

To initiate an inter partes reexamination of a patent by the Patent Office, a third party requestor must now establish that there is "a reasonable likelihood" that the requestor "would prevail" with respect to at least one of the claims that the requestor is asserting is unpatentable. The "reasonable likelihood" standard replaces the prior, lower standard that the requestor must show that "a substantial new question of patentability" exists.

**Inter Partes Review Replaces Inter Partes Reexamination****AIA Sec. 6; 35 U.S.C. 311-319***Effective September 16, 2012*

A third party may request inter partes review by the Patent Office of a patent (that issued on any date) that challenges the patentability of any claim based solely on prior art patents and printed publications, and only on novelty and/or non-obviousness grounds. The request must be filed after the later of (a) 9 months after the grant of the patent (or reissue of the patent) or (b) the date of termination of a post-grant review of the patent, if initiated. The requestor must show "a reasonable likelihood" that the requestor "would prevail" with respect to at least one of the challenged claims. The burden of proving unpatentability is by a preponderance of the evidence. Inter partes review is conducted by the Patent Trial and Appeal Board and includes litigation-type proceedings, such as (limited) discovery, settlement, protective order, filing of supplemental arguments, rebuttal arguments by patent owner, etc. The proceeding must be completed within 12-18 months. Upon a final decision, the third party requestor is precluded from re-asserting before the Patent Office or in a court or ITC proceeding the unpatentability/invalidity of a claim on any ground that was raised or that reasonably could have been raised during the inter partes review.

**Third Party Citation of Prior Art in a Patent Expanded****AIA Sec. 6; 35 U.S.C. 301***Effective September 16, 2012*

A third party may submit for inclusion in the official Patent Office file of a particular patent published prior art documents that are believed to have a bearing on the patentability of a claim in that patent or written statements of a patent owner that were filed in a proceeding before a Federal Court or the Patent Office in which the patent owner took a position on the scope of any claim in that patent. The third party may also provide an explanation of the relevance of the submission to a claim in the patent. If written statements of the patent owner are submitted, then the documents, pleadings or evidence in which the statements were included also must be submitted. Such written statements will be considered by the Patent Office only for purposes of determining the proper meaning of a patent claim in a reexamination or post-grant review proceeding.

## PATENT INFRINGEMENT & OTHER COURT PROCEEDINGS

### **False Marking**

**AIA Sec. 16; 35 U.S.C. 292**

*Effective September 16, 2011*

Only entities that have suffered a competitive injury as a result of a false marking can sue for civil damages (applicable retroactively to pending litigations). Private actions to enforce public rights (called “qui tam” actions) no longer are available. A product marked with an expired patent covering the product no longer is considered to be falsely marked.

### **Virtual Marking**

**AIA Sec. 16; 35 U.S.C. 287(a)**

*Effective September 16, 2011*

In addition to marking a product with the word “patent” (or “pat.”) together with the number of the patent, a product may lawfully be marked using a “Virtual Marking” by posting patent information on the Internet, freely accessible, and marking the product with the word “patent” or “pat.” together with the Internet address of the posting.

### **Dis-Joinder**

**AIA Sec. 19; 35 U.S.C. 299**

*Effective September 16, 2011*

A plaintiff may no longer join multiple defendants in a single lawsuit where the sole basis for joining the defendants is the alleged infringement of the same patent.

### **Prior Commercial Use Defense**

**AIA SEC. 5; 35 U.S.C. 273**

*Effective September 16, 2011*

An alleged infringer may assert a defense of prior commercial use of a process, machine, manufacture, or composition of matter, provided that the alleged infringer, acting in good faith, commercially began such use (which may include internal use) in the U.S. at least one year before the earlier of (a) the effective filing date of the application of the patent; or (b) the date of public disclosure by the inventor of the invention claimed in the patent (see “Exceptions” from prior art under 35 U.S.C. 102(b)). The alleged infringer also must not have subsequently abandoned such use. The defense is personal to the alleged infringer and is not transferrable or assignable, except if the entire enterprise or line of business is transferred or assigned. The defense is not intended to be a general license of all the claims in the asserted patent. The defense cannot be asserted against a U.S. institution of higher education that used federal funds to reduce the invention to practice. The burden of proof of the defense is by clear and convincing evidence.

### **Best Mode**

**AIA Sec. 15; 35 U.S.C. 112, 119, 120, 282**

*Effective September 16, 2011*

While a patent application still must “set forth the best mode contemplated by the inventor of carrying out his invention” (a requirement unique to the U.S.), an alleged infringer in a patent infringement suit may no longer assert the defense of patent invalidity/unenforceability based upon a failure to satisfy this “best mode” requirement. However, until regulations are drafted for the new post-grant review proceedings, it is unclear whether a third party can attack in the Patent Office an issued patent that does not disclose the best mode.

### **Advice of Counsel**

**AIA Sec. 17; 35 U.S.C. 298**

*Effective September 16, 2011*

Failure of an alleged infringer to obtain advice of counsel regarding an allegedly infringed patent, or to disclose such advice to the court or jury, cannot be used to prove willful infringement or inducing of infringement.

### **Venue Change from DDC to EDVA for Select Actions**

**AIA Sec. 9**

*Effective September 16, 2011*

The Eastern District of Virginia (not District of Columbia) is the proper venue for proceedings brought under 35 U.S.C. §32 (suspension/exclusion from practice before Patent Office), §145 (appeal of Board’s decision during patent prosecution), §146 (appeal of Board’s decision in interference and derivation proceeding), §154(b)(4)(A) (patent term adjustment), and §293 (jurisdiction over non-residents).

### **For further information about the America Invents Act, please contact**

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