

PASSAGE OF THE AMERICA INVENTS ACT BRINGS SWEEPING CHANGES TO U.S. PATENT SYSTEM

Intellectual Property & Technology Alert
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On September 8, 2011, the U.S. Senate passed the Leahy-Smith America Invents Act (AIA), which was signed into law by President Obama on September 16, 2011. This law codifies the largest change to the U.S. patent system in over half a century. Although most provisions are not effective immediately, inventors and assignees need to be aware of the changes and consider the impact on their business.

First-to-File

The AIA will change the United States' first-to-invent system to a first-inventor-to-file system. Under the new system, an inventor who files an application with the United States Patent and Trademark Office (USPTO) before a second inventor will be given priority regardless of which inventor conceived the invention first.

Under the AIA, a patent would be precluded if the claimed invention was patented, described in a printed publication, in public use, on sale, or otherwise available to the public before the filing date of the claimed invention. However, a one-year grace period will be available for disclosures originating directly or indirectly from the inventor.

The shift to first-inventor-to-file will take effect 18 months from the date of enactment of the AIA.

Third Party Challenges and Submissions

More avenues will be available for third parties seeking to challenge pending applications and granted patents.

Third parties may request the cancellation of one or more claims of any patent by filing a petition for: 1) post-grant review based on any grounds including novelty, obviousness, enablement, and written description within nine months after the grant of the patent; or 2) *inter partes* review only on novelty and/or obviousness grounds based on printed prior art within nine months after grant of the patent or before termination of a post-grant review of the same patent.

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Copyrights

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The AIA allows a third party to submit any printed publication, along with a description of the relevance of that printed publication, to the USPTO to be considered during the examination of a pending patent application. The submission must take place before the earlier of: 1) a notice of allowance; or 2) the later of six months after the date of first publication or the date of the first rejection.

These provisions will take effect one year from the date of enactment of the AIA.

Prior User Rights

Prior commercial use is now a defense against infringement of any patent issued on or after the enactment date, regardless of subject matter. To be eligible, the commercial use must have occurred at least one year prior to the earlier of either the filing date of the patent at issue or a permitted public disclosure of the patented invention.

Business Method Patents

A special post-grant review proceeding will be available for "covered" business method patents defined within the AIA. Only third parties accused of infringement may take advantage of this proceeding. The special post-grant review provision will be established not more than one year after the enactment of the AIA and applies retroactively to patents issued before enactment. Strategies for reducing, avoiding, or deferring tax liability are not eligible for patent protection.

Patent Marking

Patent owners may now affix the word "patent" or the abbreviation "pat." together with an address of a posting on the Internet that associates the patented article with the number of the patent. The AIA also limits those eligible to file a claim under the false marking statute to either the United States government or a person who has suffered competitive injury. This provision applies to all cases pending, commenced on, or after the enactment of the AIA.

Fees

The USPTO will increase fees by 15 percent 10 days after the enactment of the AIA. Businesses that qualify as micro entities or institutions of higher education may be eligible for a 75 percent reduction in certain fees. This provision will be effective upon enactment.

Supplemental Examinations

A form of *ex parte* reexamination is available to patent owners if a substantial new question of patentability is raised.

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Declarations

Another provision of the AIA allows applications to be filed in the name of an assignee (such as the employer of an inventor) when the employee has assigned or has an obligation to assign the invention. This provision will take effect one year from the date of enactment.