



Leahy-Smith America Invents Act

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Leahy-Smith America Invents Act

- Passed by US House of Representatives on June 23, 2011 by a vote of 304 to 117
- Originally passed in the Senate by a vote of 95 to 5, H.R. 1249 includes a number of changes relative to its Senate counterpart, S. 23
- Due to the differences between the two bills, the Act will have to undergo reconciliation proceedings before it goes to the White House for signing

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Next Steps

- September 6, 2011
 - Cloture vote
 - 60 votes (out of 100 Senators) required
- If cloture is successful, then Senate will consider the merits
 - *Without* amendment or
 - *With* an amendment
 - House of Representatives would need to pass the legislation in the amended form, whereupon the bill would move to the White House for final enactment into law



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Purpose of the Act

- Promote industries to continue to develop new technologies that spur growth and create jobs across the country which includes protecting the rights of small businesses and investors from predatory behavior that could result in the cutting off of innovation



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Effective Date

- Shall apply to any patent issued on or after that effective date
- 1 year from the date of the enactment
 - Except as otherwise provided
 - Some provisions retroactive
 - Some effective on date of enactment
 - New standard for declaring reexamination
 - Micro-entity fees; new fees
 - Elimination of best mode defense
 - Virtual marking provisions

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Sec. 1. Short title; table of contents.
 Sec. 2. Definitions.
 Sec. 3. First inventor to file.
 Sec. 4. Inventor's oath or declaration.
 Sec. 5. Defense to infringement based on prior commercial use.
 Sec. 6. Post-grant review proceedings.
 Sec. 7. Patent Trial and Appeal Board.
 Sec. 8. Preissuance submissions by third parties.
 Sec. 9. Venue.
 Sec. 10. Fee setting authority.
 Sec. 11. Fees for patent services.
 Sec. 12. Supplemental examination.
 Sec. 13. Funding agreements.
 Sec. 14. Tax strategies deemed within the prior art.
 Sec. 15. Best mode requirement.
 Sec. 16. Marking.
 Sec. 17. Advice of counsel.
 Sec. 18. Transitional program for covered business method patents.
 Sec. 19. Jurisdiction and procedural matters.
 Sec. 20. Technical amendments.
 Sec. 21. Travel expenses and payment of administrative judges.
 Sec. 22. Patent and Trademark Office funding.
 Sec. 23. Satellite offices.
 Sec. 24. Designation of Detroit satellite office.
 Sec. 25. Priority examination for important technologies.
 Sec. 26. Study on implementation.
 Sec. 27. Study on genetic testing.
 Sec. 28. Patent Ombudsman Program for small business concerns.
 Sec. 29. Establishment of methods for studying the diversity of applicants.
 Sec. 30. Sense of Congress.
 Sec. 31. USPTO study on international patent protections for small businesses.
 Sec. 32. Pro bono program.
 Sec. 33. Limitation on issuance of patents.
 Sec. 34. Study of patent litigation.
 Sec. 35. Effective date.
 Sec. 36. Budgetary effects.
 Sec. 37. Calculation of 60-day period for application of patent term extension.

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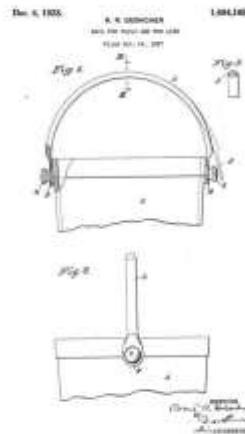
Multiple “Buckets”

- Substantive patent law
 - Sec. 3: First Inventor to File
 - Sec. 15: Best Mode Requirement
- Contentious issues
 - Sec. 8: Preissuance Submissions
 - Sec. 5: Prior Commercial Use Defense
 - Sec. 6: Post-grant Review of Patents and *Inter Partes* Review
 - Sec. 12: Supplemental Examination
 - Sec. 5: Prior Commercial Use Defense
 - Sec. 16: Marking
- Miscellaneous

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Substantive Patent Law



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Sec. 3: First Inventor to File

- Transitions the US to a first-to-file system while maintaining a 1-year grace period for “disclosures”
- Establishes “derivation” proceedings in place of interferences
 - One year period from publication or issuance



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Sec. 3: Prior Art

- Prior art categories will be keyed to events *anywhere in the world*
 - As opposed to the current law
 - “Known or used” by others in §102(a) and “public use” and “on sale” bars under § 102(b) are limited to acts in the United States
 - Except for earlier-filed later-published applications
- Eliminates ability to swear-behind third party prior art based upon prior invention
 - “Personal” grace period limited to the applicant’s pre-filing date “disclosures” of the invention



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Sec. 3: Joint Inventorship

- Court previously held that joint inventorship requires at least *some quantum* of collaboration or connection
- Adds definition of joint inventors
 - *Nothing* in the statutory wording that in any way suggests or implies even *some quantum* of collaboration
 - Congressional history supports liberal view
- Going forward, consider “omnibus” filings if multiple filings in a technology area to circumvent prior art issues



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Sec. 3: Effective Date

- Applicable only if the *priority* date is 18 months or more after enactment
- “Patent bubble” just prior to the 18 month mark after enactment?
- Going forward, may be able to avoid the new law by filing a continuing application under 35 USC § 120 that has basis for a claim to priority within the 18 month period



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Realities of “First to File”

- An initial patent application should be filed before there is any publication or other public disclosure of the invention
- The initial application may be a provisional application but it should fully disclose the invention
- No commercial offer of sale should be made until after the patent application has been filed



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Sec. 15: Best Mode Requirement

- Eliminates “failure to disclose the best mode” as a basis for invalidity of an issued patent
- Will apply to cases commenced on or after such date that the bill becomes law
- PTO will still have a duty to make sure that the best mode requirement has been satisfied when reviewing patent applications



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Contentious Issues



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Sec. 8: Preissuance Submissions

- Enlarges the window for a third party to submit a pre-issuance submission (e.g., protest)
 - before the earlier of
 - the mailing of a notice of allowance; or
 - the later of (i) six months after the publication date or (ii) the date of first rejection



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Sec. 6: Post-grant Review of Patents

- Effective one year from enactment
- Available **within** nine months from the date of issuance
- Proceedings conducted by administrative patent judges
 - No internal appeal
- Final decision by Board within 1 year period after initiation (extendable for good cause by 6 months)



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Sec. 6: Post-grant Review of Patents (cont'd)

- Whether the information presented “would demonstrate that it is more likely than not that at least one of the claims challenged in the petition is unpatentable” or
- Whether “a novel or unsettled legal question that is important to other patents or patent applications” is raised
- May be based on any ground of invalidity (§§ 101, 102, 103, 112)
- Cannot be instituted if the petitioner files a civil action challenging validity before the petition



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Sec. 6: Inter Partes Review

- Effective one year after enactment
- Requested **after** 9 months from grant, reissue, or after Post-Grant Review
- Limited to patents and printed publications
- Again, generally completed within 1 year
- “Reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged”



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Sec. 12: Supplemental Examination

- Procedure similar to *Ex Parte* Reexam
- Purpose is to permit the Office to consider information believed by patentee to be relevant
 - Can be used to cure mis-steps during prosecution
- Present Substantial New Question of patentability



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Sec. 5: Prior Commercial Use Defense

- Expands the prior commercial use defense to cover processes and machines used in manufacturing or commercial processes
- Commercial use includes
 - Premarketing regulatory review period during which the safety or efficacy of the subject matter is established
 - Use by a nonprofit research laboratory or other nonprofit entity for which the public is the intended beneficiary
- Does not render patent invalid because the defense was raised or established



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Sec. 5: Prior Commercial Use Defense (cont'd)

- Requires showing of both reduction to practice and commercial use at least 1 year before filing date
- Personal defense
 - Only may be asserted by party performing (or directing performance) of the commercial use
- University exception
 - May not assert as a defense against university
 - Exception to the exception
 - Unless any of the activities could not have been undertaken using government funding



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Sec. 16: Marking

- Provides for virtual marking by posting patent information on the internet
- Provides that only U.S. may sue for the penalty authorized by the false marking statute
- Civil suits regarding false marking limited to persons who have suffered a competitive injury and reduces damages to those “adequate to compensate for the injury”
- Also shields those who mark their products with an expired patent from liability
- These changes will apply to cases pending or commenced on or after such date that the bill becomes law



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Miscellaneous



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Sec. 4: Inventor's Oath and Declaration

- Assignee filing of applications permitted
 - However, an inventor's oath or declaration would be required before patent grant
- Removes the requirement for statements of lack of deceptive intent



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Sec. 13: Funding Agreements

- Effective on date of enactment
- Shall apply to any patent issued before, on, or after that date
- Changes the percentage of royalty income that must be paid to the government under Bayh Dole Act from 75% to 15% when the royalty earned by a government owned contractor operated facility exceeds 5%



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Sec. 18: Business Method Patents

- Mandates a post-grant transitional proceeding to review the validity of “covered business methods”
 - Defined as patents directed to a method or corresponding apparatus for a financial product or service
 - Such proceedings would employ the same standards as post-grant review and is applicable to all “covered business method patents”
 - May only apply for such proceeding if sued for or charged with infringement
- The bill also declares tax strategies unpatentable as being within the prior art (sec. 14)
 - This exclusion does not apply to any method, product, or system for tax preparation or filing or used solely for financial management



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Sec. 22: Fee Diversion

- Creates a Patent and Trademark Fee Reserve Fund
 - Fees collected by the PTO in excess of the PTO’s allocation are to be deposited into this fund and made available to the PTO only to the extent and in the amount provided in “appropriation acts”
- In contrast to the Senate version of the bill, the PTO must still give Congress notice before accessing the Fund



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Sec. 25: Priority Examination

- Prioritized Examination (Track 1)
 - Director may prescribe conditions for acceptance of request, including limit on claims, and limit the number of filings
 - Effective 10 days after the date of enactment
- Priority examination of products, processes, or technologies that are “important” to the national economy or national competitiveness
- Effective one year after the date of enactment



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USPTO Response

- Website established to expedite submission of feedback
 - http://www.uspto.gov/patents/init_events/aia_implementation.jsp
- 19 rule making areas identified
- Summary of changes
 - http://www.uspto.gov/patents/init_events/section_summary_26jul2011.pdf



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Commentary Available

PATENTABILITY LAW AND PRACTICE

Leahy Smith America Invents Act

H.R. 1249

as presented to the U.S. Senate
for Cloture September 6, 2011
(see page 2)

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Thank You!

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