Important Patent Law Changes Under the America Invents Act

Mobile Voice Conference
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Overview

- Patents in a nutshell
- Patent Reform Milestones
- Overview of the America Invents Act (AIA)
- Impact on prosecution of patents
- Impact on patent litigation
- New procedures for fixing/challenging patents at the Patent & Trademark Office (PTO)
Patents

• One type of “intellectual property”
  • Copyright, trademark, trade secret
• Conveys the right to exclude others from practicing claimed invention
  • Not a right to use; a right to exclude
• What is patentable
• "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent” (35 U.S.C. 101)
• “anything under the sun that is made by man” Diamond v. Chakrabarty, 447 U.S. 303 (1980)
Patent Reform Milestones

• U.S. Constitution Article I, Section 8, Clause 8 (1789)
  • *The Congress shall have power*...To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.


• USPTO Reform Attempt 2007 (blocked by courts-substantive rule making)

• Leahy-Smith America Invents Act (2011)
The Leahy-Smith America Invents Act

- Signed into law on September 16, 2011
- Most significant change to the Patent Act since 1952
- Product of five years of legislative effort
Key Provisions

- Change from “first to invent” to “first inventor to file”
- Significant changes to what constitutes “prior art”
- Changes to the funding of the Patent & Trademark Office (PTO)
- Procedural changes affecting patent litigation
- New procedures to challenge/fix patents in the PTO
Little improvement to the quality of new patents
  • Emphasis is on fixing already issued patents
  • First inventor to file will cause more patent applications to be filed
    . . . and less care will be put into those applications.

• Enhanced PTO funding may help initial patent quality
First Inventor to File
First Inventor to File – Overview

- A patent is awarded to the first inventor to file a patent application
  - New rule applies to patents filed after March 15, 2013
- An inventor’s public disclosures (within one year of filing application) are not prior art
- The AIA simplifies and broadens the definition of “prior art”
- AIA excludes commonly owned patent applications from “prior art”
- The transition from “first to invent” to “first inventor to file” requires planning to ensure patent applications have the right priority date
First to Invent vs. First Inventor to File

• First to invent (Existing Rule):
  • “the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent”

• First inventor to file (New Rule):
  • “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”
Prior Art
Prior Art

Big Picture

- Changes to 102 and 103 apply to applications with claims having “Effective Filing Date” on or after March 16, 2013.
- Potentially more prior art available
- Prior art potentially has earlier date
- But, more exceptions to prior art
Impact of 35 USC 102(a)(1)

More Prior Art

• More categories of prior art
  • Public use and on sale activities outside the U.S. now constitute prior art.

• More prior art generally citable against an application
  • Prior art date needs only to beat the EFD to be problematic rather than date of invention
Exceptions to Prior art

• An inventors public disclosures (e.g., articles, speeches) are not prior art if:
  • Made within one year of patent application
  • Open question whether “disclosures” include sales and public uses

• Other patent applications are not prior art if:
  • Subject matter obtained from the inventor or joint inventor, or
  • If there is common ownership of patent applications
## AIA vs. Europe

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<th>Europe</th>
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<tr>
<td>Grace Period</td>
<td>One year grace period for inventor’s own disclosures</td>
<td>No grace period (limited exceptions)</td>
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<td>Confidential Sales</td>
<td>Confidential sales are prior art</td>
<td>Confidential sales are not prior art</td>
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<td>Prior Use</td>
<td>If prior use is public, it is prior art if no inventor/joint inventor exception</td>
<td>If prior use is public, it is prior art; if confidential, not prior art</td>
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<td>Joint Research Agreements</td>
<td>Work by collaborators in joint research agreements is not prior art</td>
<td>If under confidential agreement, not prior art</td>
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Practical Considerations

• When to file a patent application?
  • ASAP – the earliest filing date wins the race
  • Need to streamline procedures for filing patent applications
  • But the patent application must be sufficiently detailed to support the claims
  • Consider filing serial provisional applications
Strategic Considerations

- Significant differences will continue to exist between US and foreign patent practice
- Need to manage the transition to first inventor to file rules
- Continue to maintain laboratory notebooks
  - Establish rights in derivation proceedings
  - Establish exceptions to prior art rules
  - Telling the story of invention in litigation

Practical Considerations (cont.)
AIA’s Impact on Patent Litigation
Impact

- September 15, 2011 was the most litigious day in patent law history: 54 cases naming over 800 defendants
- No more single trials with numerous, unrelated defendants
  - Coordination among unrelated defendants was a significant burden
  - Lowest-common-denominator defense strategies
- But . . .
  - Cases can be consolidated for pre-trial procedures
  - It does not appear to have had much effect on venue
  - And it has not deterred NPEs from suing numerous defendants at the same time in the same court
  - It remains to be seen whether the increase in costs associated with separate litigations changes the calculus for NPEs suing marginal defendants.
AIA’s Procedural Changes for Patent Litigation

• Expansion of Federal Circuit Jurisdiction
  • Denies state courts jurisdiction over patents, plant variety, copyright actions
  • Vests all appellate jurisdiction for patent or plant variety claims and counterclaims in the Federal Circuit
• Elimination of “best mode” defense
  • Minimal impact since it was a rare defense before the AIA
  • Still a requirement for patentability
• Willfulness/Inducement – Advice of Counsel
  • The fact a company did not obtain an opinion or decided not to introduce it at trial may not be used to prove willfulness or inducement
  • Favorable opinions can still be introduced by accused infringer
  • Furthers an already high standard to prove intent for willfulness and inducement claims
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Supplemental Examination (Sec. 12, § 257)

- Patent owner initiates for issued patents to inoculate a patent against new prior art or potential inequitable conduct
  - Not available to 3rd parties
- Submission may include any information believed to be relevant
- USPTO substantively examines the submission
  - USPTO institutes *ex parte* reexamination if substantial new question of patentability is raised by submission
- Cannot inoculate Patentee from inequitable conduct, *if already alleged* or if the result of materially fraudulent activity
Third Party Pre-Issuance Submissions (Sec. 8, § 122(e))

- **During prosecution**, any third party may now submit prior art “of potential relevance to the examination of the application”
  - Does not preclude **anonymous** submission
  - Specific time to file:
    - Before the notice of allowance and
    - Before the later of the following dates:
      - The date six months after publication
      - The date of the first office action
  - Becomes part of prosecution history

- Inexpensive way to potentially knock out a competitor’s patent before it issues
- But, there is a risk of facing a stronger patent
Citation of Prior Art and Written Statements (§ 301)

- Like 3rd Party Pre-Issuance Submissions, but for issued patents
  - Who/when: Any person at any time (anonymous)
  - What can be submitted:
    - Patents and printed publications
    - Patent owner statements regarding claim scope made in federal court or PTO proceeding (Must include supporting evidence (e.g., pleadings))
  - Effect:
    - Submissions become part of written record
    - Limited to claim interpretation purposes
Ex Parte Reexamination

- Unchanged

- Central Reexamination Unit (CRU) retains responsibility for *Ex Parte* Reexamination

- The present threshold of a “substantial new question of patentability” (SNQ) continues
Final Thoughts

• First inventor to file is a significant change to prosecution practice
  • Requires companies to have procedures in place to quickly file good patent applications
  • Need to manage the transition from the old rules to the new rules
• Prior Art Expanded
• AIA brings the US patent system closer to the rest of the world, but there are important differences

Thank You