



AMERICA INVENTS ACT - SUMMARY

On September 16, 2011, the *Leahy-Smith America Invents Act* was signed into law making significant changes to United States patent practice. The most notable changes are identified below, including the different “effective dates” for the various provisions.

➤ **FIRST-TO-FILE REPLACES FIRST TO INVENT**

35 U.S.C. § 102 has been changed significantly to implement a first-to-file system. Under such a system, the party who files first will be granted the rights over subsequent filers regardless of who invented first. This makes it more important to file an application as soon as possible.

The new version of § 102 will only apply to applications with priority claims that fall on or after March 16, 2013 (18 months after the date of enactment).

➤ **LIMITED ONE-YEAR GRACE PERIOD**

35 U.S.C. § 102 is amended to provide a limited one-year grace period. The grace period applies only to disclosures made or authorized by the inventor or to information obtained from the inventor. Therefore, if the disclosure was made by somebody other than the inventor before the filing of the application, then such disclosure will act as a bar to patent rights.

➤ **DERIVATION PROCEEDINGS**

Interferences will be replaced by derivation proceedings in accordance with changes to 35 U.S.C. § 135. Derivation proceedings determine whether the inventor named in an earlier-filed application derived the claimed invention from the inventor named in a later-filed application without authorization.

A Derivation petition may be filed only within the 1-year period beginning on the date of the first publication of a claim to an invention that is the same, or substantially the same, as the earlier application’s claim.

Derivation proceedings will apply to applications with priority claims that fall on or after March 16, 2013. Interference proceedings will continue to be available to earlier applications under the “old” version of § 135.



➤ **MARKING PROVISIONS**

False Marking

The statute has been amended to address the increasing number of qui tam claims asserted against companies who list an expired patent on their goods. To this end, 35 U.S.C. § 292 has been amended such that marking with an expired patent is not a violation of the statute.

Effective immediately, statutory damages provided for false marking in § 292 are only allowed in suits brought by the U.S. government. Private parties may recover compensatory damages if a competitive injury is established.

Virtual Marking

Amended 35 U.S.C. § 287(a) allows a patent owner to mark the goods or services as “Patented” or “Pat.” and provide a web address that lists the patent number associated with the goods or services. This amendment was also effective upon enactment.

➤ **DEFENSE TO INFRINGEMENT**

A new defense can be raised in a patent infringement case under 35 U.S.C. § 273 based on prior commercial use, if the commercial use that would otherwise infringe a claimed invention occurred one year before the patent’s filing date. This will only apply to new patents issued on or after September 16, 2011.

➤ **JOINDER OF DEFENDANT**

Effective immediately, the new law will limit the circumstances for joinder of defendants in patent infringement cases. 35 U.S.C. § 299.

➤ **BEST MODE NO LONGER A DEFENSE**

35 U.S.C. § 282(3) is amended to eliminate the failure to describe the best mode to make or use the invention in a patent application as a basis for invalidating a patent or ruling a patent unenforceable. This change is effective upon enactment and applies to any ongoing or future proceedings.

35 U.S.C. § 112 still requires that the specification set forth the best mode. Accordingly, the Patent Office may still reject claims based on the best mode requirement. However, such rejections are rare.



➤ **SUPPLEMENTAL EXAMINATION**

A patent owner may request that the PTO conduct a supplemental examination “to consider, reconsider, or correct information believed to be relevant to” a patent. If the PTO determines that a “substantial new question of patentability” has been raised, then a supplemental examination will be conducted. The effective date of the supplemental examination procedure is September 16, 2012 (one year after the date of enactment) and applies to patents issued before, on, or after that date.

The Act states that a patent cannot be held unenforceable for conduct relating to information not previously presented if such information is considered during the supplemental examination. Therefore, this provision gives a patent holder an opportunity to cure actions which may have led to a finding of inequitable conduct.

➤ **REEXAMINATION**

For new requests for reexamination, the standard for reexamination will change from “a substantial new question of patentability” to “a reasonable likelihood that the requestor would prevail” with respect to at least one of the challenged claims.

For pending or subsequent Board appeals in ex parte reexamination proceedings, Board decisions may be appealed only to the Federal Circuit, not a district court.

➤ **FURTHER NON-PATENTABLE SUBJECT MATTER DEFINED**

For pending applications, patents will not be granted to “tax strategy patents” or to claims encompassing human organisms.

➤ **POST-GRANT REVIEW PROCEDURES**

The Act creates two different procedures for third-party initiated post-grant review:

Inter Partes Review

Under new Chapter 31, patents can be challenged on the basis of patents or printed publications only after the window for post-grant review has passed. Chapter 31 takes effect on September 16, 2012. An inter partes review may be granted upon a showing that the petitioner has a reasonable likelihood in prevailing that at least one of the challenged claims is patentable.



Post-Grant Review

Under new Chapter 32 (35 U.S.C. § 321), there will be a nine-month window for challenging a patent on any ground, including 35 U.S.C. § 112. The post-grant review will only be available for patents having an effective filing date on or after March 16, 2013.

A party seeking a Post-Grant review must establish that it is more likely than not that one of the claims challenged in the petition is unpatentable. The determination may also be satisfied by showing that the petition raises a novel or unsettled legal question important to other patents or patent applications.

Both post-grant review and inter partes review proceedings may not be instituted if a petitioner has previously filed a court action challenging the validity of a patent. If after filing for post-grant or inter partes review, the petitioner files a court action challenging the validity of a patent, the court action would be automatically stayed.

Business Method Patents

On or after September 16, 2012, business method patents, directed to certain financial products or services, asserted in litigation are eligible for post-grant review regardless of when the patents issued.

➤ THIRD-PARTY SUBMISSION OF PRIOR ART

Effective immediately, any third party may submit for consideration and inclusion in the record of a patent application, any patent, published patent application, or other printed publication of potential relevance to the examination of the application.

➤ PRIORITIZED EXAMINATION

Prioritized examination of a nonprovisional application for an original utility or plant patent can now be requested for technologies important to American competitiveness. However, this carries a fee of \$4,800.



➤ **USPTO FEES**

Fee Increase

Effective 10 days after enactment, a 15-percent surcharge will be added to all patent-related fees, including patent maintenance fees.

Prioritized Examination

The USPTO will be authorized to proceed with fee-based prioritized examination, and to charge a \$4,800 fee for large entities (\$2,400 for small entities and \$1,200 for micro entities).

Micro Entities

The Act establishes a Micro Entity Status, which includes a 75 percent reduction in most patent fees charged by the USPTO. Micro entities include inventors with incomes less than three times the median household income and who have not been named as inventors on more than four previously filed non-provisional U.S. patent applications. Also included within the definition of micro entities are low income organizations assigned rights from such inventors, and institutions of higher education.