

The America Invents Act: Strategies for Leveraging the Reformed Patent Laws

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America Invents Act

President Obama signed the America Invents Act into law on September 16, 2011.

Contains sweeping changes to the U.S. Patent System

Broadly:

- “First to File” & changes to substantive patent law
- Prior User Defense
- New post grant review proceedings
- Changes in PTO fees



First to File

- Goes into Effect on March 16, 2013
- Unifies U.S. with the World
- Eliminates Interference Proceedings
- Changes to Prior Art Rules

First to File

Changes to Prior Art Rules

- Under the new § 102, more can be prior art: patents, printed publications, public uses, items on sale or “otherwise available to the public.”
- Any publication/public disclosure before the effective filing date is prior art (used to have 1 year period)



First to File

Changes to Prior Art Rules

- Applicant's own disclosures within 1 year of filing are not prior art to Applicant, but are prior art to others (more on that later)
- Prior use and on sale bar and no longer limited to U.S.
- Expected to have the biggest impact on independent inventors, small companies, and Universities.



First to File

Questions:

- Race to the PTO?
- Increase in Provisionals?
- Strategic Disclosures?

Prior User Defense

- Under prior law, limited prior user defense for business methods
- AIA expands this to virtually all technologies
- Use must have been more than one year before the filing date

Grace Period

- Inventor will be able to “swear behind” a disclosure if it was made :
 - less than a year before the filing date,
 - by the inventor.

New Ways to Eliminate Invalid Patents

Previous:

- Ex parte reexam
- Inter partes reexam
- If threatened with a lawsuit, file a declaratory judgment action in federal court first
- If sued, defend with invalidity arguments

New Ways to Eliminate Invalid Patents

- Ex parte reexam still exists (third party requestor does not participate)
- Inter partes reexams are eliminated
- Establish Patent Trial and Appeal Board for new post-grant review proceedings

New Ways to Eliminate Invalid Patents

Post Grant Review:

- Must be filed within 9 months of grant of patent
- Will consider all grounds of invalidity
- Third party prepares petition and pays fee
- Patentee can respond
- PTO will issue a preliminary response within 3 months of patentee's deadline
- Discovery is allowable
- May be settled
- Must be completed within 1 year



New Ways to Eliminate Invalid Patents

Inter Partes Review

- Instituted more than 9 months after patent grant
- Limited to patents and printed publications

Inequitable Conduct

- Can now avoid inequitable conduct claims in litigation by filing a Supplemental Examination Request
- Ask PTO to review patent based on information or art that would be basis for inequitable conduct claim
- Once the patent passes Supplemental Examination, patent can't be held unenforceable based on inequitable conduct

Third Party Submissions

- Any third party can submit prior art in the prosecution of a pending application:
- Submit prior art, statement of relevance and fee
- Submissions will become part of the prosecution history.

Priority Examination

- Priority examination for technologies important to the national economy or national competitiveness
- Unclear as to what will qualify/PTO will make rules

Willful Infringement

The failure to get advice of counsel/opinion may no longer be used to show willful infringement



Proposed Fee Structure - Summary of Significant Changes

Description	Current Large Entity Fee (Alternative)	Proposed Large Entity Fee	Dollar Change	Percent Change	Rationale
Utility--Basic Filing, Search, and Exam (total)	\$1,250	\$1,840	\$590	47%	More closely aligns fee revenue with cost of service.
Request for Prioritized Exam (Track 1)	\$4,800	\$4,000	(\$800)	-17%	Encourages greater program participation and aligns the large entity fee with cost of service.
Excess Claims (Independent in Excess of 3)	\$250	\$460	\$210	84%	Encourages applicants to file compact and carefully devised applications.
Excess Claims (Total in Excess of 20)	\$60	\$100	\$40	67%	
Application Size	\$310	\$400	\$90	29%	Encourages efficient prosecution and assists in reducing patent pendency.
Extensions for Response within 1st Month	\$150	\$200	\$50	33%	
Extensions for Response within 2nd Month	\$560	\$600	\$40	7%	
Extensions for Response within 3rd Month	\$1,270	\$1,400	\$130	10%	
Extensions for Response within 4th Month	\$1,980	\$2,200	\$220	11%	
Extensions for Response within 5th Month	\$2,690	\$3,000	\$310	12%	
Request for Continued Examination (RCE)	\$930	\$1,700	\$770	83%	Achieves cost recovery and continues to offer applicants a viable option to dispute a final rejection when the applicant believes the examiner has erred.
Notice of Appeal *	\$620	\$1,500	\$880	142%	Better aligns services with costs and reduces fee burdens associated with examiner withdrawal of final rejections.
Filing a Brief in Support of an Appeal	\$620	\$0	(\$620)	-100%	
Filing an Appeal	\$0	\$2,500	\$2,500	102%	Encourages applicants to submit complete applications with all relevant information during prosecution.
Supplemental Examination	\$5,180/\$16,120	\$7,000/\$20,000	\$5,700	27%	
Combined Pre-grant Publication and Issue	\$2,040	\$960	(\$1,080)	-53%	Combined to streamline the fee structure; reduced to promote public information to encourage follow-on innovation and reduce initial costs to patent owners who may not know the value of their invention immediately.
Maintenance - 1st Stage	\$1,130	\$1,600	\$470	42%	Increased to achieve goals and better align front-end and back-end fees; early stage fees are lower in recognition of the uncertainty of patent value; as time goes on, an inventor can better measure the value of an invention and determine whether maintenance is truly worthwhile.
Maintenance - 2nd Stage	\$2,850	\$3,600	\$750	26%	
Maintenance - 3rd Stage	\$4,730	\$7,600	\$2,870	61%	

* The Office is also proposing a \$0 issue fee when the examiner withdraws final rejection before the applicant pays the filing of an appeal fee.

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Changes in PTO fees

Established new “micro-entity”

- Those that qualify get a 75% reduction in most fees (small entities still get 50% reduction)
- Qualifications include: (1) must be small entity, (2) have not been named as an inventor on more than 4 previously filed US non-provisional apps, (3) does not have an income of more than 3x median U.S. (\$150,000 cap now), (4) has not conveyed or contractually promised to convey rights to an entity that has an income of more than \$150,000
- The 75% fee reduction applies to state public institutions of higher education



Changes in PTO Fees

- New prioritized examination fee of \$4,800—expedites examination of the application
- This fee is in addition to the standard filing, search, examination, processing, etc. fees

Strategies for Dealing with New Law

- Prepare to file applications in advance of March 16, 2013
- File provisionals to preserve filing dates
- Be cautious about disclosing, using or selling your invention.
- Develop confidentiality provisions
- Prepare a procedure for disclosure

Invention Disclosure Form

This form is designed to collect information needed in order to begin a patentability search or prepare a patent application for filing with the United States Patent Office. It is best to provide as much information as possible in order for your attorney to conduct the most effective search and to prepare the most complete patent application.

Which of the following would you like Davis Brown to do?

- Conduct a patentability search and author a patentability opinion
- Draft a provisional patent applicaiton
- Draft a utility patent application

What is the suggested title of the invention?

Inventor Information

If there are multiple inventors, please list them in the order they are to appear in the patent.

What is the name of the first inventor?

First Name

Last Name

What is the address of the first inventor?

Strategies for Dealing with New Law

- If foreign protection is not desired:
 - strategically publish your invention in the year before you file to knock out your competitor's applications, and
 - file non-publication requests to reduce third party filings.

Strategies for Dealing with New Law

- Microentity cost savings?
- Partner with Universities?
- High speed examination (if cost justified)
- Update employment contracts to include express assignment of inventions

Strategies for Dealing with the New Law

- Try to torpedo problematic patents by using post-grant proceedings; benefits include staying out of federal court, cheaper cost of the proceedings and get rid of patents that are blocking you
- Prevent bad applications from issuing by filing third party submissions while applications are pending
- Know the fees



Thank you

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