



The America Invents Act of 2011: Changes Affecting R&D

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Overview

- Introduction
- New Provisions Affecting R&D
 - Increased Fees
 - First to File
 - Changes in Novelty Requirements
 - New Micro Entity Category
 - Priority Examination
 - Prior User Rights
 - New Post-Grant Proceedings
- Brief Review of Changes Not Directly Affecting R&D
- Take Away Points
- Questions

America Invents Act (AIA)

- Signed September 16, 2011
- Most significant changes to patent laws of the US since 1952
- Numerous changes to be phased in over the next few years
- For the most part, rules implementing the changes have yet to be formulated

Changes Affecting Companies Doing R&D

Immediate Change #1: Increased Fees

- 15% surcharge on nearly all fees took effect on September 26, 2011
 - Includes filing and maintenance fees
 - Applies to utility, design, and plant applications
- Electronic filing “incentive” for application filing
 - penalty of \$400 for not filing electronically
 - Effective November 15, 2011.
 - Excludes Design, Plant, and Provisional Applications

Transition to First to File System

- Effective on March 16, 2013
- If no prior public disclosure of invention, the first party to file an application is entitled to patent
- Exception: First inventor to disclose publicly, if within one year of application date, is entitled to the patent
- New derivation proceeding replaces current interference proceeding

Changes to Novelty Requirements

- Effective on March 16, 2013
- Third-party prior art must precede *filing* date of the patent application, as opposed to the date of invention – no 1 year grace period
- Exceptions to the statutory bars:
 - Public disclosure by the inventor (or by another but who obtained the disclosure from the inventor) within one year of the filing date
- See Handout 1

Immediate Change #2: New Micro Entity Category

- 75% discount on some fees
- Qualifications:
 - Option 1, applicant and/or assignee must:
 - satisfy small entity requirements;
 - have a *gross* income less than three times the U.S. median household income (~\$148,000); and
 - be a named inventor on no more than 4 previous applications.
 - Option 2, applicant must:
 - receive a majority of employment income from an Institution of Higher Education; OR
 - transfer rights to an Institution of Higher Education.
- Fees may not be available until 2013

Immediate Change #3: Prioritized Examination

- Process allows for complete disposition of non-provisional utility and plant applications within 12 months.
- Applicant cannot delay or status is lost (i.e. cannot file for extensions, RCE's, etc.).
- Fee based process - no pre-exam prior art search or supporting documents required. Fee is \$4,800 (\$2,400 for small entity).
- Limitations
 - Limited to first 10,000 applications per year (initially);
 - 4 independent claims, 30 total claims (initially);
 - does not include 371 national stage entry (may be able to bypass with a 35 U.S.C. 111(a) continuation).

Immediate Change #4: “Prior User Rights”

- Major change to 35 U.S.C. Sec. 273:
 - “A person shall be entitled to a defense...with respect to subject matter consisting of a **process, or consisting of a machine, manufacture, or composition of matter** used in a manufacturing or other commercial process, that would otherwise infringe a claimed invention being asserted against the person if—
 - ‘(1) such person, acting in good faith, commercially used the subject matter in the United States, either in connection with an **internal commercial use** or an actual arm’s length sale or other arm’s length commercial transfer of a useful end result of such commercial use; and
 - ‘(2) such **commercial use occurred at least 1 year before the earlier of either—**
 - (A) the effective filing date of the claimed invention; or
 - (B) the date on which the claimed invention was disclosed to the public in a manner that qualified for the exception from prior art under section 102(b).
- Previous language: “It shall be a defense to an action for infringement ... with respect to any subject matter that would otherwise infringe one or more claims for a **method** in the patent being asserted against a person, if such person had, acting in good faith, actually **reduced the subject matter to practice** at least 1 year before the effective filing date of such patent, and **commercially used the subject matter before the effective filing date** of such patent.”

Immediate Change #4: “Prior User Rights”

- Relates only to patents issued on or after the date of enactment
- Effect of changes:
 - Expands prior user rights beyond method claims
 - Explicitly allows internal commercial uses to qualify
 - Requires prior commercial use (not just reduction to practice) more than a year before the effective date or disclosure date
- Other changes to Sec. 273 providing prior user rights:
 - Premarketing Regulatory Review
 - Nonprofit Lab Use (only applies to continued nonprofit use)

New Post-Grant Proceedings

- Post-Grant Review
 - Effective on Sept. 16, 2012
 - 9-month window to challenge validity of any claims in a newly issued patent
 - Depending on how the rules are implemented and industry responds, this may become commonplace

New Post-Grant Proceedings

- Supplemental Examination
 - Effective on Sept. 16, 2012
 - Mechanism to “to consider, reconsider, or correct information believed to be relevant to the patent”

Other AIA Changes

- Changes to Prosecution and Procedure
 - Third-party submissions
 - Elimination of tax strategy patents
- Changes to Litigation
 - What defendants can be named
 - Grounds for false marking suits
 - How Best Mode requirement is handled
- Changes to Other Post-Grant Procedures
 - To allow for new Post-Grant Review process
 - How appeals are handled

In Summary, Some Take-Away Points

- Filing Promptly Will Be Even More Important
 - Loss of the 1 year grace period in the US
 - First to file rewards prompt filing
- Internal Documentation Still Important
 - For proof of first publication date
 - As proof of prior commercial use
- Expect Increased Costs
 - Higher fees
 - More emphasis on early filings will lead to more filings
 - Post-Grant Review could add to costs

Thank You

Questions?