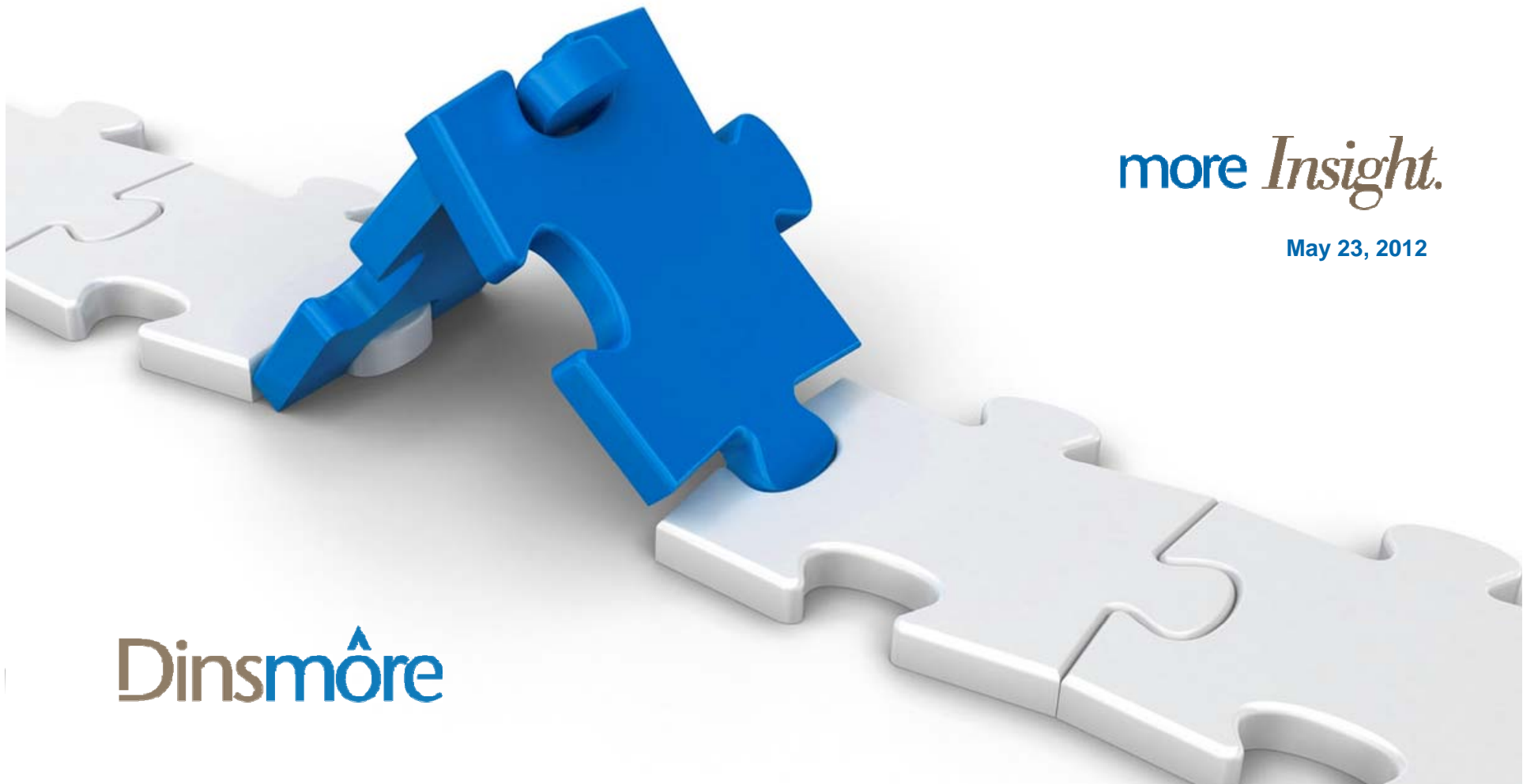


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Your Guide to the America Invents Act (AIA)

Presented to The Ohio State Bar Association



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May 23, 2012

Dinsm^ore

Overview

- A. Most comprehensive change to U.S. patent law in over 60 years; signed into law Sept. 16, 2011
- B. Reasons for the AIA
 1. Improve and modernize the U.S. system – perception that too many “bad” or “weak” patents were being issued (but, ironically, AIA does little to address initial USPTO examination of applications)
 2. New post-grant procedures allow patent owners to strengthen patents – supplemental examination
 3. New post grant procedures make it easier to challenge weak/bad patents
 4. Simplifies/streamlines enforcements in district courts
 5. Harmonizes, to a large extent, U.S. system with rest of the world

Transition, in stages, to the New Act

- Some changes were immediate when the AIA was signed
 - Prior Commercial User Defense to Infringement Expanded
 - Prioritized “Fast Track” Examination
 - Penalties for false patent marking essentially eliminated; virtual patent marking permitted
 - Best mode defense to patent invalidity eliminated

Transition, in stages, to the New Act

- Some changes are effective September 16, 2012
 - Inter partes review (IPR) of patent invalidity (New Patent Trial and Appeal Board (PTAB) created to conduct)
 - Inter partes reexamination being phased out and replaced
 - Limited to 281 proceedings/year until 2016
 - Ex parte reexamination still in effect and remains in effect
 - Post grant review (PGR) of patent invalidity (must be filed within 9 months of patent issuance) (PTAB conducts)
 - To be eligible, patent must have issued on application filed after March 16, 2013
 - Procedure will slowly ramp up over the next several years
 - Supplemental examination
 - Third party citation of prior art in pending applications
 - Assignee filing of patent applications

Transition, in stages, to the New Act

- Final Round of changes effective March 16, 2013
- First Inventor to File
 - U.S. has been a “first-to-invent” country for over 200 years; recently, we have been the only country
 - In 2013 – move to First Inventor to File - race to the Patent Office – patent awarded to 1st filer, not 1st inventor (exception – derivation)
- Prior Art Redefined
 - Currently – 7 different kinds of prior art
 - AIA simplifies to 2 categories
- Preserves one year grace period for:
 - Public disclosures from inventor, or by a third party who obtained from inventor directly or indirectly
 - Patents/applications by inventor and subject to common ownership or joint research agreement
 - Grace period eff. only for U.S.; any public disclosure bars foreign patent rights

Prior Art (Redefined in New §102(a))

Currently:

- Patents or Printed Publications **Worldwide** as of publication date
- Oral Public Disclosures, Sales, and Public Use in the **US only**
- Prior invention

Post AIA (2013; global harmonization)

- Patents or Printed Publications **Worldwide** as of filing date of patents
- Oral Public Disclosures, Sales, and Public Use **Worldwide**

Major Changes under the AIA

- **False Marking** (either marking non-patented item or where patent expired)
 - Qui Tam action – third parties split fines with the government
 - In 2009, Federal Circuit interpreted statute to provide for damages for **each product** falsely marked , not just each **occurrence**; greatly increased potential recoveries and cause hundreds of suits (“marking trolls”) to be filed, clogging the district courts
 - AIA essentially eliminated false marking suits
 - Only government can bring suit to recover the statutory fine
 - Only competitors who have been damaged can bring suit to recover damages adequate to compensate for injury
 - All pending suits were dismissed; retroactive effect

Major changes under the AIA

- **Prior Commercial User Defense** expanded
 - Previously could only be used to defend against business method patents; now – any patent issuing after Sept. 16, 2011

Post-Grant Review (2012)

- New in AIA – applies to applications filed after 3/16/2013; practically, nothing happens until 2014-15 when these applications start to issue
- Opposition must be filed within 9 months of issuance/reissue of competitor's patent
- Can raise all grounds for invalidity (not just prior art)
- Standard: More likely than not that at least one challenged claim is unpatentable, OR novel question of law
- Discovery allowable - deposing inventors, practitioners?
- Patentee may respond/amend claims within 2 months
- PTO issues response within 3 months of patentee statement, or lapse of patentee's window
- Estoppel – for all issues raised or which could have been raised

Inter Partes Review

- Replaces Inter Partes Reexamination in 2012
- Can be filed after the 9 month Post-Grant Review Period
- Validity challenges must be based on patents or printed publications only
- Standard: reasonable likelihood of prevailing for at least one of the challenged claims
- Patentee may respond and amend
- Estoppel – for issues raised or which could have been raised

Third Party Submissions of Prior Art (2012)

During prosecution, any third party may submit:

- Any patent application, patent, or printed publication
- May include statements of the patent owner made during litigation or prosecution
- Statement of relevance and fee required
 - For example, refuting an applicant's assertion of unexpected results
- Filing Timeline – the latter of 6 months after publication, or prior to the issuance of a Final Rejection or Notice of Allowance

Defense for Accused Infringer's Prior Commercial Use (now)

- For the defense, the prior commercial use of the subject matter of a claimed invention must be:
 - In the United States
 - At least one year before the earlier of: the effective filing date of the claimed invention, or the date on which the claimed invention was disclosed to the public.
 - Defense effective even if the prior use is insufficient to invalidate the patent.
- **Trade secret materials or other proprietary materials can be a valuable litigation defense tool; good practice to document prior uses**

Supplemental Examination (2012) Cure for Inequitable Conduct?

- Patentee submits information after patent issuance
- If substantial new question of patentability, PTO reexamines patent
- A patent is not held to be unenforceable based on information considered in supplemental examination
- Needs to be conducted before litigation, specifically before assertion of inequitable conduct

Derivation Proceedings 2013 (Replaces Interferences)

- Section 135 - USPTO Derivation Proceedings
 - Determines whether earlier inventor **derived the claimed invention** from the inventor named in a later-filed application without authorization.
 - Petition must be filed within 1 year from first publication of a claim to an invention that is the same or substantially the same as earlier application's claim.
 - Requires proof that a claim was derived from other inventor - derived claims are invalidated

Derivation Proceedings (Continued)

- Section 291 – District Court Derivation Proceedings
 - Must be filed within 1 year after the issuance of the 1st patent containing a claim to the derived invention
- **Derivation Practice Tip: Monitor Your Competitors**

False Patent Marking Essentially Eliminated

- Numerous false marking law suits were filed under the old statute by “marking trolls;” now all dismissed.
- Plaintiff must have suffered competitive injury.
- Not for marking violations with an expired patent number which previously covered the product
- Virtual marking (via online database) is now permitted – can identify on product/packaging that item is patented; no need for number; maintain list of patented products and patent numbers on a website. Easier to update/make changes.

Oaths and Declarations (2012)

- Assignee filings available
 - When inventor has assigned or is under an obligation to assign, the assignee may file
 - Oath or declaration still required before patent grant
- Substitute Statement
 - Replaces petition for unavailability, death, incapacity or hostility

Priority Examination Track (now, for applications filed after 9-16-2011)

- Must be requested within 12 months of filing application; guarantees final disposition (allowance or final rejection) within 12 months
- Fee of \$4,800 (reduced to \$2,400 for small entities).
- Eligible: continuing applications (e.g., continuations and divisionals), bypass applications filed as continuations or continuations-in-part of a PCT eligible.
- Limitation on number of claims (4 indep.; 30 total).
- Extensions of time not permitted.
- No search or examination support document required.
- Limited to first 10,000 per fiscal year.

Other

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- Fees
 - 15% fee surcharge on substantially all patent and trademark fees –already effective
- Best Mode (now)
 - The best mode defense for patent invalidity or unenforceability is eliminated, but best mode still required for patentability.
- Joinder → patent trolls cannot join multiple alleged infringers simply for infringing the same patent.

Questions?

Thank You!

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