



America Invents Act Changes

## MAJOR CHANGES TO IMPROVE THE U.S. PATENT SYSTEM

The America Invents Act (AIA) became law on September 16, 2011, making sweeping changes to the U.S. patent system. The most significant changes were implemented over a period of 18 months.

### “FIRST-TO-INVENT” TO A “FIRST-INVENTOR-TO-FILE” SYSTEM

The AIA switched the U.S. patent system from a “first-to-invent” to a “first-inventor-to-file” system on March 16, 2013, aligning the United States more closely with existing patent regimes around the world. Under the new system, the effective filing date of a patent application—instead of the date of invention—determines who wins the race to patent an invention.

The effective filing date of an application will also determine whether a reference, such as a published article, may be considered prior art against that application. Under the “first-inventor-to-file” provisions of the AIA, an applicant can no longer rely on an earlier invention date to argue that a reference is not prior art.

The AIA also redefines the types of prior art acts that may be used to reject a patent application. For example, under pre-AIA law, a public use or sale of a claimed invention will act as prior art if it occurred in the United States. Under the AIA, a public use or sale anywhere in the world will act as prior art.

The “first-inventor-to-file” and related provisions of the AIA apply to any patent application with at least one claim that has an effective filing date on or after March 16, 2013. Applications with an earlier effective filing date are governed by the “first-to-invent” system. Accordingly, the prior “first-to-invent” system will coexist with the AIA’s “first-inventor-to-file” system within the U.S. patent regime for many years.

#### AIA

America Invents Act

#### FITF

First-Inventor-to-File

#### USPTO

U.S. Patent and Trademark Office

#### IPR

Inter Partes Review

#### PGR

Post-Grant Review

#### SNQP

Substantial New Question of Patentability

**18**  
months of  
significant changes

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**AIA**

changing the U.S. patent  
system effective 9.16.11

## Miscellaneous changes related to the prosecution of a patent at the USPTO

- **Best mode**

Patent applicants are required to disclose the “best mode” of carrying out their invention. Previously, the failure to disclose the best mode could result in a finding that the patent was invalid. Under the AIA, the failure to disclose a best mode for carrying out the invention may be cured without penalty and cannot cause a patent to be declared invalid or unenforceable.

- **Assignee filing: A company-assignee of an invention may apply for a patent**

Previously, only individual inventors could apply for a patent. Under the AIA, a company, as the owner or assignee of an invention, may file a patent application for the invention on its own behalf. And although inventors are still generally required to execute an oath or declaration, if an inventor cannot be found, is deceased, is legally incapacitated, or refuses to comply, then the company-assignee may file a substitute statement in lieu of the inventor’s oath or declaration.

- **Changes to oath or declaration requirements**

The AIA streamlines many aspects of the inventor’s oath or declaration. For example, an inventor may provide a post office box or work address as his or her mailing address, there is no requirement to state that an inventor is the “first” inventor, and there is no requirement to list the inventor’s country of citizenship.

An assignment document may also serve as an inventor’s oath or declaration simply by including the necessary oath or declaration statements. Also, under some circumstances, applicants may postpone filing the inventor’s oath or declaration until the patent application is close to being granted.

## PREISSUANCE SUBMISSIONS

### Taking action against a competitor's patent application before it ripens into an enforceable patent

Under the AIA, if a third party has prior art relevant to a pending patent application, the third party may file a preissuance submission at the U.S. Patent and Trademark Office (USPTO), listing the art and providing an explanation of its relevance. If the third party files the submission within the specified time period, the USPTO will review the submitted material and may use it to reject claims in the pending patent application.

Although the procedure is inexpensive and requires minimal effort, it is not risk free. For example, if the submissions are considered by the USPTO and the patent issues, the patent's validity may be more difficult to challenge in a subsequent proceeding.

## POST-GRANT MECHANISMS

### Challenging issued U.S. patents

The AIA provides opportunities to challenge the validity of issued U.S. patents. Before the AIA, patents could be challenged at the USPTO using either ex parte or inter partes reexamination proceedings to raise prior art for invalidating a patent. The AIA replaces inter partes reexamination with

a more trial-like inter partes review (IPR) proceeding, adds a new post-grant review (PGR) proceeding that provides even broader grounds for invalidity, and leaves ex parte reexamination essentially unchanged.

## SUPPLEMENTAL EXAMINATION

### Some protection from inequitable conduct

Through the supplemental examination process, the AIA allows patent holders the opportunity to have the USPTO consider information that was innocently withheld or misrepresented during patent prosecution. This gives patent holders some degree of protection against allegations of fraud and inequitable conduct.

As part of the supplemental examination process, the patent holder must file a request containing information (e.g., references that were innocently withheld) that may establish a substantial new question of patentability (SNQP).

If the submitted information is determined to raise an SNQP, an ex parte reexamination of the patent will be ordered by the USPTO, where the USPTO will be free to reexamine any of the patent's claims. As the reexamination process can potentially be expensive and lengthy, the decision to engage in supplemental examination should be carefully considered.

## What you need to know

	Ex Parte Reexam	Post-Grant Review	Inter Partes Review
Status	Unchanged by AIA	In effect as of March 16, 2013*	In effect as of September 16, 2012
When can proceeding be used?	At any time following patent grant	Within nine months following patent grant	After nine months following patent grant
USPTO fees	Around \$17,000	\$30,000 minimum fee (total fees depend on claim number)	\$23,000 minimum fee (total fees depend on claim number)
Time to Resolution	Several years	12-18 months	12-18 months

\*PGR for CBM patents has been available since September 16, 2012

## Key aspects of the PGR, IPR, and ex parte reexamination proceedings

### Patent trials (IPR and PGR)

### Ex parte reexamination

#### Nature of proceedings

- Trial-like proceedings conducted in front of a panel of administrative patent judges
- Parties may collect evidence (e.g., experts and inventors may be deposed)
- A challenged patent in a PGR or IPR is *not* presumed valid (benefiting the challenger)—unlike district court

- Not a trial-like proceeding (unlike PGR and IPR)—patent examiner plays a key role and deals directly with the patent owner
- Challenger cannot participate once the proceeding has been initiated
- Third-party challenger may remain anonymous (unlike PGR or IPR)

#### Initiation

- PGR: Must be initiated within nine months of patent grant, except for covered business method patents
- IPR: May not be initiated until after the later of nine months after the grant of a patent or the date of termination of any PGR of the patent

- May be initiated at any time following patent grant by the patent holder or a third party, but may not be initiated by a third party who has previously brought a PGR or IPR that has concluded

#### Grounds for challenging a patent

- PGR: Provides the broadest grounds for challenging a patent, including prior art, statutory subject matter, written description, indefiniteness, and enablement
- IPR: Grounds for challenging a patent under IPR limited to prior art patents or publications

- Limited to prior art patents or publications

#### Duration and expense

- Relatively fast-paced proceedings that should last 12-18 months
- PGR: The most expensive of the three post-grant mechanisms, with USPTO fees starting around \$30,000
- IPR: Less expensive than PGR, with USPTO fees starting around \$23,000

- May take several years to conclude
- The least expensive of the three mechanisms, costing around \$17,000 in fees

## **PRIOR COMMERCIAL USE DEFENSE AS A DEFENSE TO PATENT INFRINGEMENT**

U.S. patent law has historically offered a very limited prior commercial use defense for trade secret holders to use a business method, despite a later patent covering that method.

The AIA significantly broadens the scope of the defense to include patents for all technologies and makes the defense applicable to an expanded group of defendants.

To take advantage of the defense, the commercial use in question will need to have occurred at least one year before the earlier of the effective filing date of the claimed invention in question, or the date on which the claimed invention in question was disclosed to the public in a manner such that the disclosure would not qualify as prior art against the invention.

The prior commercial use defense is a personal defense available to the person or entity who performed or directed the performance of the commercial use, and transfers only with transfer of the entire enterprise or line of business to which the defense relates.

## **CHANGES TO PATENT MARKING PROVISIONS**

The AIA sharply curbs false marking suits by allowing them only under limited circumstances, such as when they are filed by the United States or by a person who has suffered competitive injury.

Additionally, the AIA permits virtual marking, so a patentee may mark an article with the terms "Patent" or "Pat." and a link to a free website that associates the article with a patent number.

## **PATENT INTERFERENCES REPLACED BY DERIVATIVE PROCEEDINGS**

Under the pre-AIA "first-to-invent" system, a patent applicant could use an interference proceeding to challenge whether another applicant should be granted a patent covering the same subject matter. The parties would submit proof showing their respective dates of invention and the USPTO would make a decision on that proof.

The AIA eliminates interference proceedings and replaces them with patent derivation proceedings, which are less expensive and less complex than interferences. Derivation proceedings do, however, impose a high burden of proof on the challenger, require substantial USPTO fees, and have a limited window of time during which they may be filed. Miscellaneous changes related to the prosecution of a patent at the USPTO.

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