

On the Road to Patent Harmonization:

An Overview of the AIA and Its Impact on Patent Applicants, Owners and Practitioners

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§ 2.1 INTRODUCTION

For the general public, the Leahy-Smith America Invents Act of 2011 (AIA) has been publicized as a package of reforms that should improve the U.S. patent system. In theory, these improvements will happen by moving the U.S. patent system closer toward harmonization with other patent systems around the world, and by addressing acknowledged problems in the way that the United States Patent and Trademark Office (USPTO) sets fees, as well as the ways that the validity of patents can be challenged at the USPTO instead of in the courts. The ultimate goal of these changes is to encourage investment in innovation and, as a result, stimulate job growth.

For inventors, patent owners and patent professionals, the AIA represents the biggest set of changes to happen to U.S. patent laws since 1836. Initially introduced into Congress in 2005, the final bill as signed into law on September 16, 2011, includes three major changes along with a wide variety of other, less significant, changes. Most of the high-profile changes associated with patent litigation issues, which were included in previous versions of the bills, were ultimately rejected

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and left on the congressional cutting-room floor. Even with all that was cut out, the final bill was still more than 150 pages long. *See* Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011), *available at* <http://www.uspto.gov/aia_implementation/bills-112hr1249enr.pdf>. Given that many of the major changes are phased in over time and apply prospectively to newly filed patent applications, it could be a decade or more before the true impact of these changes to the U.S. patent system can be evaluated.

This chapter provides an overview of the AIA, and goes into more detail on the shift to a first-inventor-to-file patent system and the revamped post-issuance proceedings. The chapter points to some of the changes in best practices for inventors, patent owners and patent professionals that may happen as a result of the AIA.

§ 2.2 THE MAIN CHANGES

The three major changes to the U.S. patent system that will be implemented under the AIA are: (1) first-inventor-to-file; (2) fee setting, but not fee spending, authority; and (3) revamped processes for challenging validity at the USPTO.

A. First-Inventor-to-File

The AIA changes the U.S. from the current first-to-invent (FTI) patent system to a first-inventor-to-file (FITF) patent system with a first-to-publish (FTP) grace period by significantly rewriting new 35 U.S.C. § 102. The new FITF system applies to any application, provisional, new utility or continuing application, filed after March 16, 2013—the cutover date. For continuing applications that claim priority to cases filed prior to March 16, 2013, the new FITF system will apply for any claims in the continuing application that claim subject matter fully supported by an application filed before the cutover date. For applications that include claims having effective priority dates both before and after the cutover date, the proposed rules indicate that the USPTO will apply pre-AIA law and AIA law to these applications on a claim-by-claim basis depending upon the effective priority date of each claim. *See*, Changes to Implement the First Inventor to File Provisions of the Leahy-Smith America Invents Act, 77 Fed. Reg. 43742 *et seq.* (proposed July 26, 2012) (hereinafter “Proposed FITF Rules”), and Examination Guidelines for Implementing the First Inventor to File Provisions the Leahy-Smith America Invents Act, 77 Fed. Reg. 43759 *et seq.* (proposed July 26, 2012) (hereinafter “Proposed FITF Examination Guidelines”).



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Pre-AIA law will apply to any continuation-in-part (CIP) or divisional application filed after the cutover and claiming priority to a case filed before the cutover; but, a CIP or converted provisional application filed after the cutover may be governed by either AIA or pre-AIA law depending upon the effective priority date of each claim.

The drafters of the new 35 U.S.C. § 102 sought to simplify the provisions for what is and is not prior art under the new FITF system by defining just two types of prior art and then delineating a limited number of exceptions to those definitions. Robert A. Armitage, *Understanding the America Invents Act & Its Implications for Patenting*, 40 *AIPLA Q.J.* 1 (2012). The two types of prior art under the new FITF system are publicly available prior art as defined by new 35 U.S.C. § 102(a)(1) and patent filing prior art as defined by new 35 U.S.C. § 102(a)(2). So, prior art exists under new 35 U.S.C. § 102(a) if a disclosure establishes that:

(1) ***the claimed invention*** was patented, described in a printed publication, or in public use, on sale, or otherwise ***available to the public before the effective filing date...***, [or]

(2) ***the claimed invention was described in a patent*** issued under section 151, or ***in an application for patent published*** or deemed published under section 122(b), in which the patent or application, as the case may be, ***names another inventor*** and was ***effectively filed before the effective filing date***

New 35 U.S.C. § 102(a)(1) and (2) (emphasis added).

A disclosure of the claimed invention that was publicly available anywhere in the world before the effective filing date of that claimed invention is publicly available prior art under new 35 U.S.C. § 102(a)(1). And, a disclosure of the claimed invention that was described in a later-published U.S. patent or patent application, or a PCT patent application designating the U.S., of another inventor that was effectively filed before the inventor's effective filing date is patent filing prior art under new 35 U.S.C. § 102(a)(1). It is important to note the terms highlighted in bold above—"claimed invention," "effective filing date," "inventor," and "effectively filed"—have all been expressly defined in new 35 U.S.C. § 101, and those definitions are critical to understanding the scope of both types of prior art.

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The change to a FITF system brings the United States closer to, but not into complete harmonization with, other FTI patent systems around the world. Brad Pedersen & Justin Woo, *The 'Matrix' for First-Inventor-to-File: An Experimental Investigation into Proposed Changes in U.S. Patent Law*, 1 CYBARIS AN INTELL. PROP. L. REV. 1 (2010), available at <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1518660>.

By focusing only on what is publicly accessible, the various kinds of “secret” prior art that had been available under the old 35 U.S.C. § 102, such as offers for sale and prior, non-public invention, may not be considered prior art for patent applications governed by the AIA. David J. Kappos, *Examination Guidelines for Implementing the First-Inventor-to-File Provisions of the Leahy-Smith America Invents Act*, U.S. PATENT & TRADEMARK OFFICE 22 (July 17, 2012), available at <<https://www.federalregister.gov/articles/2012/07/26/2012-17898/examination-guidelines-for-implementing-the-first-inventor-to-file-provisions-of-the-leahy-smith>> (last updated July 26, 2012). The FITF system under the AIA eliminates the *Hilmer* doctrine and accords foreign national applications their foreign filing date if they are filed directly in the U.S. or as a PCT application designating the U.S. and published in one of the 10 current official PCT languages. The change to FITF also phases out interference proceedings and replaces them with a new “derivation” proceeding for claims governed by the AIA. Proposed FITF Rules, 77 Fed. Reg. at 46627; New 35 U.S.C. § 135.

The following figures depict what will be publicly available and patent filing prior art, both domestically and internationally under the new FITF system.

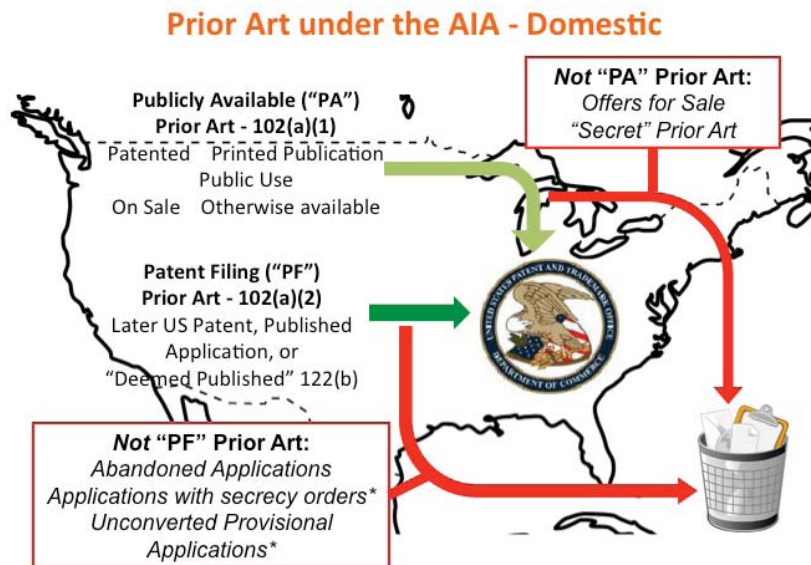


Figure 1A

Prior Art under the AIA - International

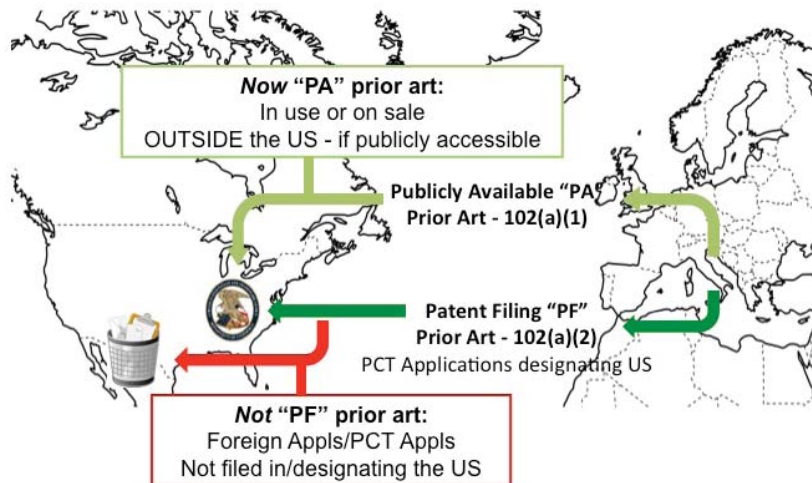


Figure 1B

In addition to simplifying and harmonizing what is prior art, the AIA also tries to simplify what will not be considered prior art by new 35 U.S.C. § 102(b), which defines the exceptions to the two types of prior art. New 35 U.S.C. § 102(b)(1) describes two exceptions that apply only to publicly available prior art, and new 35 U.S.C. § 102(b)(2) describes three exceptions that apply only to patent filing prior art. For publicly available prior art, a disclosure under new 35 U.S.C. § 102(a)(1) is excepted from being considered prior art for a given patent application by an inventor if the publicly available art is not more than one year prior to the effective filing date of the given patent application, *and*:

(A) the disclosure *was made by the inventor or joint inventor* or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor [or]

(B) the *subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor* or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

New 35 U.S.C. § 102(b)(1)(A) and (B) (emphasis added).

The first exception for publicly available prior art under new 35 U.S.C. § 102(b)(1)(A) applies when the publicly available prior art represents the inventor's own work. In this exception, a full one-year grace period is given to the inventor, just like under the current 35 U.S.C. § 102(b) pro-

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vision. The second exception for publicly available prior art under new 35 U.S.C. § 102(b)(1)(B) applies when the publicly available prior art represents a subsequent disclosure by anyone else. In this exception, independently developed third-party publicly available prior art will not be considered prior art for a given patent application if the subject matter had previously been publicly disclosed by or for the inventor. This second exception to publicly available prior art establishes a first to publish (FTP) grace period that creates a less than one-year grace period which applies to publicly available prior art of others, but the FTP grace period only starts after the inventor was the first to publish the subject matter that later becomes publicly available prior art by another.

For patent filing prior art, a disclosure made in a patent filing under new 35 U.S.C. § 102(a)(2) is excepted from being considered prior art for a given patent application by an inventor if:

(A) the subject matter disclosed was obtained directly or indirectly from the *inventor or a joint inventor* [or]

(B) the subject matter disclosed had, before such subject matter was *effectively filed* under subsection (a)(2), been publicly disclosed by the *inventor or a joint inventor* or another who obtained the subject matter disclosed directly or indirectly from the *inventor or a joint inventor* [or]

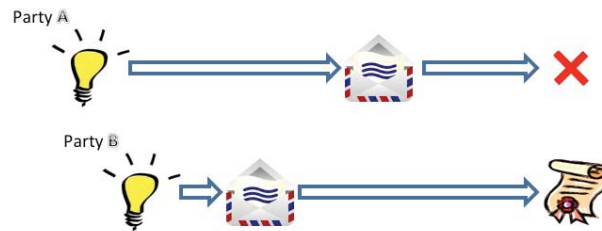
(C) the subject matter disclosed and the claimed invention, not later than the *effective filing date of the claimed invention*, were owned by the same person or subject to an obligation.

New 35 U.S.C. § 102(a)(2) (emphasis added).

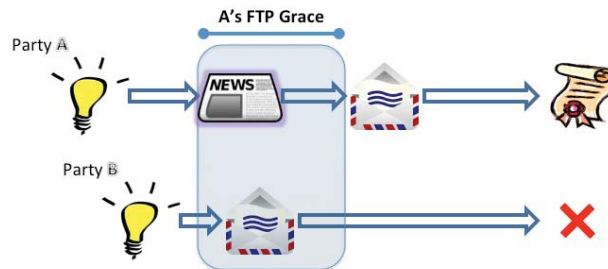
The first exception for patent filing prior art under new 35 U.S.C. § 102(b)(2)(A) applies when the patent filing of another actually represents the inventor’s own work that was directly or indirectly obtained from the inventor. The second exception for patent filing prior art under new 35 U.S.C. § 102(b)(2)(B) applies to the FTP grace period to patent filings of others that pre-date the effective filing date of the inventor’s application, but post-date a publication made by or for the inventor that triggers the FTP grace period. If a patent filing by another is within that window (before the effective filing date but after start of the FTP grace period), then the second exception can remove that filing as prior art for purposes of evaluating the patentability of the inventor’s application. The third exception for patent filing prior art under new 35 U.S.C. § 102(b)(2)(C) incorporates the so-called “team exception” of old 35 U.S.C. § 103(c) where the patent filings of others working for the same company or for a joint research and development project cannot be used as prior art. The “team exception,” however, now applies not only to issues of obviousness, but also anticipation, and the time period for when parties must be on the same team starts as of the filing date, not the date of invention.

The single biggest change under the FITF system for patent practitioners who prosecute patent applications is the elimination of “swearing behind” as an option for removing prior art that was between a date of invention and a filing date. The second biggest change under the FITF system is the proactive publication that is required to trigger the FTP grace periods. The impact of each of these changes is depicted in the following scenarios.

Scenario 1.2: A invents first, but B files first
AIA RESULT: *Change from FTI – Old 102(a)/(g)*
A loses A can no longer swear behind B or win by interference – now A must “publish ahead” to establish a First-To-Publish (FTP) Grace Period



Scenario 1.3: A invents first, B files first, but A establishes FTP Grace period by publishing before B files
AIA RESULT: *No effective change – New 102(b)(2)(B)*
A wins A’s FTP Grace period exempts B’s filing even though it is before A’s filing





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The two biggest changes under the new FITF system are: (1) the loss of the “swearing behind” option, and (2) the proactive publication trigger required for starting the FTP grace period.

For additional scenarios illustrating the impact of these and other AIA changes, see Brad D. Pedersen, *The America Invents Act (AIA): More Complicated than 3D Chess?* (Mar. 28, 2012), available at <<http://www.ptslaw.com/uspto/AIADetailed.pdf>>.

The USPTO has recently promulgated proposed Rules and Examination Guidelines for the FITF provisions of the AIA. David Kappos, *Changes to Implement the First Inventor to File Provisions of the Leahy-Smith America Invents Act*, U.S. PATENT & TRADEMARK OFFICE (July 17, 2012), available at <<https://www.federalregister.gov/articles/2012/07/26/2012-18121/changes-to-implement-the-first-inventor-to-file-provisions-of-the-leahy-smith-america-invents-act>> (last updated July 26, 2012); David J. Kappos, *Examination Guidelines for Implementing the First-Inventor-to-File Provisions of the Leahy-Smith America Invents Act*, U.S. PATENT & TRADEMARK OFFICE (July 17, 2012), available at <<https://www.federalregister.gov/articles/2012/07/26/2012-17898/examination-guidelines-for-implementing-the-first-inventor-to-file-provisions-of-the-leahy-smith>> (last updated July 26, 2012).

In general, the proposed rules for FITF adopt an applicant-proactive approach by asking applicants to provide within four months of the application filing date: (i) a certified copy of any foreign priority application (Proposed FITF Rules, 77 Fed. Reg. 43742, 43754–55 (proposed July 26, 2012) (to be codified at 37 C.F.R. pt. 1)), (ii) an indication of which law will apply, pre-AIA or AIA, for each claim (*id.* at 43755–56), (iii) copies of any public disclosures that may be used to invoke the FTP grace periods (*id.* at 43755), and (iv) whether the application is eligible for the so-called “team” exception with respect to cases that are commonly assigned. *Id.* at 43757–58. The incentives for these early submissions include according them a presumption of correctness without further substantiation. Applicants will have the ability to later rebut a cited reference in a rejection based on choice of law or invocation of an FTP grace period or team exception provision, but only by submitting a declaration, with supporting evidence about the relationship of the disclosure to the inventors and the public nature of the disclosure. *Id.* at 43755–56. Going forward, Rule 1.130 will be for AIA declarations about FITF cases, and Rule 1.131 will be for pre-AIA declarations about FTI cases.

The USPTO also has proposed a very narrow application of the FTP grace period against others. As proposed, the USPTO would only allow the use of the FTP grace period against others in

situations where there are not even insubstantial or trivial differences in the subject matter used to invoke the FTP grace period and the subject matter of others that was first publicly available during the FTP grace period. David J. Kappos, *Examination Guidelines for Implementing the First-Inventor-to-File Provisions of the Leahy-Smith America Invents Act*, U.S. PATENT & TRADEMARK OFFICE 31 (July 17, 2012), available at <<https://www.federalregister.gov/articles/2012/07/26/2012-17898/examination-guidelines-for-implementing-the-first-inventor-to-file-provisions-of-the-leahy-smith>> (last updated July 26, 2012). This is an issue for which there is likely to be significant comment and debate as the question of whether the FTP grace period should be accorded a narrow or broad interpretation under the AIA has been squarely presented by witnesses testifying to both the House and Senate Judiciary Committees during hearings in May and June 2012. *Implementation of the Leahy-Smith America Invents Act and International Harmonization Efforts Before the S. Comm. on the Judiciary* (June 20, 2012) (statement of David J. Kappos, Secretary of Commerce for Intellectual Property & Director, United States Patent & Trademark Office), available at <http://www.uspto.gov/blog/aia/entry/uspto_testifies_before_senate_judiciary>. The proposed examination guidelines may also create challenges for applicants who have prior publications, as there will be a working presumption that any authors named on a publication that may be exempt under the FTP grace periods will be assumed to be inventors on the corresponding patent application. *Id.* at 26.

Another issue in the recently proposed regulations and guidelines for FITF is whether or not a sale of technology that is not otherwise publicly available (so-called “secret prior art”) should be considered prior art under the AIA. On this issue, the USPTO is seeking comment from the public on whether or not secret prior art based solely on the sale of a product is in fact prior art going forward under the AIA. David J. Kappos, *Examination Guidelines for Implementing the First-Inventor-to-File Provisions of the Leahy-Smith America Invents Act*, U.S. PATENT & TRADEMARK OFFICE 20 (July 17, 2012), available at <<https://www.federalregister.gov/articles/2012/07/26/2012-17898/examination-guidelines-for-implementing-the-first-inventor-to-file-provisions-of-the-leahy-smith>> (last updated July 26, 2012).

All of the new Section 102 provisions require considerable and careful study, including reading and rereading the language many times, before the full import of the changes made in the FITF system can be appreciated. The provisions dealing with the FTP grace period are a good example of how a quick read of the new statutory language can lead to misconceptions about what is being said in these provisions. The language of new 35 U.S.C. § 102(b)(1)(B) uses the terms “disclosed” and “disclosure” four times, but in reference to only two different disclosures—the disclosure of another that is being evaluated for whether the exception applies, and the disclosure by or for the inventor that is required to trigger the start of the FTP grace period. But the language at the end of the subsection about obtained directly or indirectly from the inventor does not apply to the disclosure of another being evaluated; that language only applies to the disclosure by or for the inventor that is required to trigger the start of the FTP grace period.

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The changeover to the new FITF system goes into effect on March 16, 2013. AIA § 3(n)(1). However, given that the FTP grace period can begin up to 12 months before then, an understanding of the new FITF system is already a must for patent professionals and inventors.



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New 35 U.S.C. § 102 that implements FITF is concise, but complex. Practitioners need to spend the time studying and understanding this statute *before* it goes into effect on March 16, 2013. There are many potential pitfalls and complexities for anyone who unknowingly files applications with priority dates that bridge across this cutover date.

B. Fee Setting, But Not Fee Spending, Authority

While the Senate version of the bill would have completely ended what has come to be known as “fee diversion” or the ability for Congress to divert to the general tax fund any monies collected by the USPTO above the appropriated budget in a given fiscal year, the final version of the AIA falls short of giving the USPTO complete control over its funding and spending. The USPTO now has the ability to set its own fees, subject to public hearings and congressional oversight. AIA § 10(a)(1). But any excess monies collected will be deposited in a specific trust account that would require congressional authorization before the USPTO could access those funds. New 35 U.S.C. § 42(c)(2). A sunset provision ends this authority in seven years. AIA § 10(i)(2). The current schedule for the USPTO fee-setting authority to be fully implemented should happen by February 2013.

C. Revamped Processes for Challenging Validity at the USPTO

The AIA phases out existing inter partes reexamination proceedings and, in its place, creates several new post-issuance review proceedings: post-grant review, inter partes review, and the transitional program for covered business method patents. It also gives patent owners a new option to effectively “cleanse” a patent from specific charges of inequitable conduct by requesting a supplemental examination. In addition, the AIA provides a meaningful opportunity for third parties to submit prior art during the entire examination of a patent application, including the ability and requirement to comment on the relevance of the submitted art.

1. New Review Proceedings

Major changes were made by the AIA to the manner in which post-issuance proceedings will be conducted by the USPTO. These changes were primarily in response to a general sense that the decade-long experiment with inter partes reexamination has failed to achieve the ideal of a more efficient and less expensive alternative to patent litigation. To address these concerns, the AIA provides for a new set of “review” proceedings and changes interference proceedings to derivation proceedings.

The new post-issuance review proceedings are designed to provide a more effective option for determining patent validity at the USPTO by imposing a statutory one-year timeline on the “trial” phase of the proceedings and by having them run by an administrative patent judge (APJ) as an adjudication rather than an examination. The adjudication process provides for limited/managed discovery and an oral hearing with a preponderance of the evidence burden of proof applied to the moving party on any motions. The APJs who will run these new kinds of proceedings are part of the Board of Patent Appeals and Interferences (BPAI), which is now renamed the Patent Trial and Appeal Board (PTAB).

Different sections of the AIA show how U.S. patent law will change from the current regime of ex parte reexamination (EPX) and inter partes reexamination (IPX) to a new regime that still includes EPX proceedings, but replaces IPX proceedings with three different kinds of “review” proceedings—post-grant review (PGR) (only for FITF patents and then only in the first nine months after issuance to challenge any issues), inter partes review (IPR) (for all patents regardless of priority date but only after the first nine months from issuance and only based on printed publications or patent owner statements), and covered business method patent review (CBM) (at any time for all patents regardless of priority date, but only by parties charged with infringement to raise any issue on asserted business method patents, including Section 101 issues).

IPR is the most limited of the new review proceedings, similar to the scope of current IPX that can be initiated only after a so-called “first window” of nine months after issuance, and not more than one year into any co-pending litigation. New 35 U.S.C. § 315(b). PGR is a more expansive proceeding that can be initiated only during the first window of nine months after issuance. Any grounds of invalidity can be raised in PGR, and the standard for initiating such a review is higher than for IPR as the petitioner must prove that the invalidity of the patent at issue is more likely than not. New 35 U.S.C. § 324(a). CBM uses the same procedures as PGR, but can be invoked only by someone sued or threatened with a patent covering non-technological aspects of financial transactions. AIA § 18(a)(1)(B).

All of the new review proceedings technically begin one year after enactment of the AIA—on September 16, 2012. AIA § 6(c)(2)(B) (IPR); AIA § 6(f)(2)(A) (PGR); AIA § 18(b)(1)

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(CBM). IPR proceedings will apply to all issued patents, instead of only patents issued after November 1999 like the current IPX proceedings. *See* AIA § 6(c)(2)(A). Because PGR only applies to patents issued under the new FITF patent system that goes into effect on March 16, 2013, the rollout of PGR proceedings will naturally be delayed and more gradual. *See* AIA § 6(f)(2)(A). CBM proceedings will use the same procedures as PGR and likely will form the bulk of the early uses of PGR proceedings until more FITF patents are granted, but CBM proceedings are transitional in nature as there is a sunset provision that repeals CBM proceedings after eight years. AIA § 18(a)(3)(b).

If all of these changes work as envisioned, it should mean that the new review proceedings will become a separate path for challenging patent validity that runs in series with patent litigation to arrive at a single, less expensive resolution; rather than the current approach, which has seen patent reexaminations being used as a simultaneous, parallel-path decision process that sometimes can create different outcomes. Whether demand for these new review proceedings will be a trickle or a torrent is uncertain and may depend on how potential patent infringement defendants view the successes and failures of the early adopters of these proceedings.

Table I presents an overall comparison of the various features of EPX, IPX, IPR, PGR and CBM proceedings with respect to: (i) thresholds for initiating the proceeding, (ii) timing for initiating the proceeding, (iii) patents covered by the proceeding, (iv) scope, grounds and basis for review in the proceeding, and (v) estoppel effect of the proceeding.

	Ex Parte Reexam (EPX)	Inter Partes Reexam (IPX)	Inter Partes Review (IPR)	Post-Grant Review (PGR)	Sec. 18 Proceeding (CBM)
Threshold	<ul style="list-style-type: none"> • 35 U.S.C. § 303(a) (current law): Substantial new question of patentability (SNQ) 	<ul style="list-style-type: none"> • Reasonable likelihood of prevailing (RLP) • SNQ continues to apply to pre-9/16/11 requests 	<ul style="list-style-type: none"> • 35 U.S.C. § 314(a): RLP • 35 U.S.C. § 315(a): Has not "filed" a civil action challenging validity 	<ul style="list-style-type: none"> • 35 U.S.C. § 324(a): "More likely than not" (MLTN) that at least one claim is unpatentable • 35 § 325(a)(1) Must not have filed a civil action challenging validity 	<ul style="list-style-type: none"> • Sec. 18(a)(1)(B): must be sued or charged with infringement • Otherwise same as PGR

	Ex Parte Reexam (EPX)	Inter Partes Reexam (IPX)	Inter Partes Review (IPR)	Post-Grant Review (PGR)	Sec. 18 Proceeding (CBM)
Timing	<ul style="list-style-type: none"> Any time 	<ul style="list-style-type: none"> Any time 	<ul style="list-style-type: none"> 35 U.S.C. § 311(c) After later of: <ul style="list-style-type: none"> Nine months after issuance (reissuance); or PGR is terminated 	<ul style="list-style-type: none"> 35 U.S.C. § 321(c): less than nine months after issuance (or reissuance) 35 U.S.C. § 325(f): No challenge to non-broadened reissue claims after original nine-month PGR period 	<ul style="list-style-type: none"> Sec. 18(a)(1)(B): <ul style="list-style-type: none"> Any time after suit or charge of infringement
Patents Covered	All	Filed post Nov. 1999	All patents	Only FTFG patent issued under the AIA	<ul style="list-style-type: none"> Sec. 18(a)(1)(A)/(d): <ul style="list-style-type: none"> "Covered business method patents" Not "technological inventions"
Scope, Grounds, Basis for Review	<ul style="list-style-type: none"> 35 U.S.C. §§ 302 and 301 (current law): Patents and printed publications 	<ul style="list-style-type: none"> 35 U.S.C. §§ 311(a) and 301 (current law): Patents and printed publications 	<ul style="list-style-type: none"> 35 U.S.C. § 311(b): Patents or printed publications 35 U.S.C. § 312(a)(3)(B): Can be supported by expert opinions, affidavits, etc. 	<ul style="list-style-type: none"> 35 U.S.C. § 321(b): Issues relating to invalidity under § 282(b)(2) or (3) 35 U.S.C. § 324(b): Novel or unsettled question important to other patents or patent applications 	<ul style="list-style-type: none"> Same as PGR
Estoppel: <ul style="list-style-type: none"> <i>Civil actions</i> <i>ITC</i> <i>PTO</i> 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> 35 U.S.C. § 315(c) (current law): "Raised or could have raised" <ul style="list-style-type: none"> Applies to civil actions, <i>not</i> ITC Also not to PTO 	<ul style="list-style-type: none"> 35 U.S.C. § 315(e): <ul style="list-style-type: none"> "Raised or reasonably could have raised" (RORCHR) May not "assert" issue Final written decision Civil actions, ITC & PTO 	<ul style="list-style-type: none"> 35 U.S.C. § 325(e): <ul style="list-style-type: none"> RORCHR May not "assert" issue Final written decision Civil actions, ITC & PTO 	<ul style="list-style-type: none"> Sec. 18(a)(1)(D): <ul style="list-style-type: none"> Any ground "raised" (<i>not</i> RORCHR) Otherwise same as PGR

Table I

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a. Thresholds and Timing for Review Proceedings

It is important to understand the terminology and timing that will be used in these new review proceedings. A typical timeline for a “proceeding” is shown in Figure 3 that includes an initial petition phase (three-six months) and the subsequent trial phase (12 months). A “petitioner” is the party seeking to initiate a review proceeding by filing a “petition,” and the “owner” is the patent owner. An APJ assigned to the case will determine whether the relevant threshold for initiating the review proceeding has been met and decide whether to institute a trial for the proceeding.

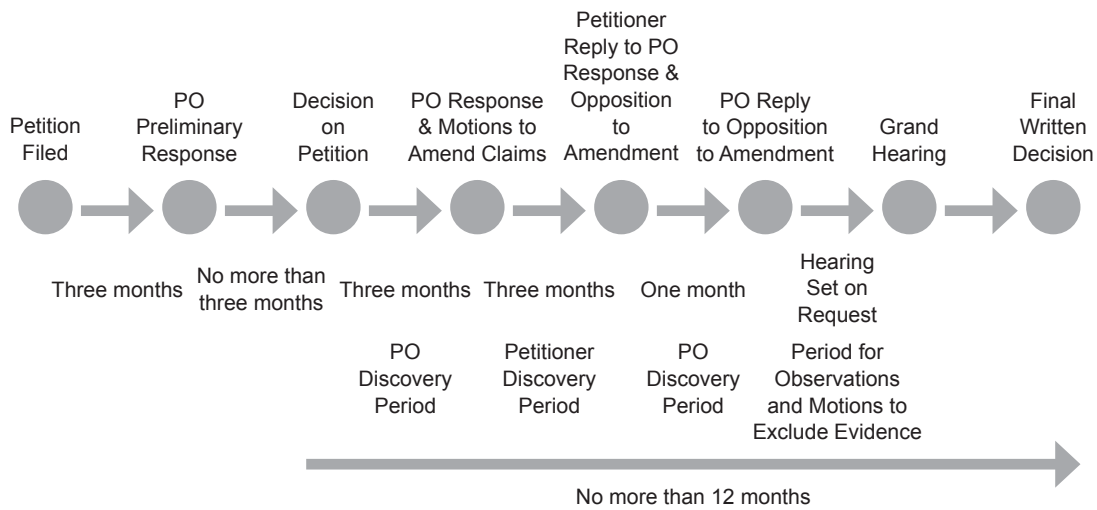


Figure 2 – Petition and Trial Phase

Like current IPX proceedings, an IPR petition can only be based on a ground that could be raised under the provisions of the relevant new or old 35 U.S.C. § 102 or § 103, and only on the basis of prior art consisting of patents or printed publications. New 35 U.S.C. § 311(b); 37 C.F.R. § 42.104(b)(2) (2012); new 35 U.S.C. § 314(a). To meet the threshold to initiate a trial, an IPR petition must demonstrate a reasonable likelihood that the petitioner would prevail as to at least one of the claims challenged. 37 C.F.R. § 42.108(c) (2012).

A PGR proceeding is only available for patents issuing from applications subject to the FITF provisions of the AIA. AIA § 6(f)(2). Unlike an IPR petition, however, PGR may make challenges based on Sections 101, 102, 103, and 112, except best mode. New 35 U.S.C. § 321(b); 37 C.F.R. § 42.204(b)(2) (2012). PGR may only be requested on or prior to the date that is nine months after the grant of a patent or issuance of a reissue patent. New 35 U.S.C. § 321(c); 37 C.F.R. § 42.202(a) (2012). The threshold for a PGR proceeding is whether the PGR petition demonstrates

that it is more likely than not that at least one of the claims challenged in the petition is unpatentable. New 35 U.S.C. § 324.

The only patents eligible for CBM review are certain covered business method patents generally defined in the AIA as a method or corresponding apparatus for performing data processing or other operations for a financial product or service. *See* AIA § 18(d)(1), 37 C.F.R. § 42.301(a) (2012). The business method patent definition excludes patents for technological inventions. *See* AIA § 18(d)(1); 37 C.F.R. § 42.301(b) (2012). Rule section 42.301(b) provides that solely for purposes of CBM review, the following will be considered on a case-by-case basis to determine if a patent is for a technological invention based on whether the claimed subject matter as a whole: (1) recites a technological feature that is novel and unobvious over the prior art; and (2) solves a technical problem using a technical solution. Both FTI and FITF patents are eligible to be challenged. AIA §§ 6(f)(2)(A), 18(a)(1). Most importantly, the petitioner must be sued or charged with infringement of a patent in a manner sufficient to support a filing for declaratory judgment in order to file a petition for CBM review. AIA § 18(a)(1)(B); 37 C.F.R. § 42.302(a) (2012). Otherwise, the threshold and procedures for a CBM proceeding are the same as for a PGR proceeding. AIA § 18(1)(a).

If the appropriate threshold has been met in view of the petition and any owner response filed by the patent owner, then a “trial” will be declared and the parties will receive both a standing order and a case-specific scheduling order that will dictate the manner in which the proceeding will be undertaken. Changes or additions to the standing and case-specific orders, and other matters related to the management of the review proceeding, may be made by filing a “motion” which will be considered by the APJ either as part of a quickly scheduled telephonic hearing, or if more briefing is required, by further motion papers as scheduled by the APJ during the telephonic hearing.

The appropriate threshold for successfully getting a review proceeding initiated was the subject of significant contention during passage of the AIA. In recent congressional hearings, there has been discussion of a possible “technical” amendment to the language for the threshold standard to change from “reasonably could have raised” to just “raised”. *See Implementation of the Leahy-Smith America Invents Act and International Harmonization Efforts Before the S. Comm. on the Judiciary* (June 20, 2012) (statement of David J. Kappos, Secretary of Commerce for Intellectual Property & Director, United States Patent & Trademark Office), *available at* <http://www.uspto.gov/blog/aia/entry/uspto_testifies_before_senate_judiciary>.

b. Rules for the Review Proceedings

The rules for the new review proceedings are found in 37 C.F.R. Part 42, Subparts A, B, C, D, and E. They are intended to represent a reasonable and workable way to conduct the review proceedings in a timely and just manner at a reasonable cost, given the contested nature of

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such proceedings. The rules loosely follow the model of the existing contested-case rules, found in 37 C.F.R. Part 41, Subparts A and D, which, in conjunction with the standing order of the current BPAI for interferences have generally been managed so that the current average pendency from declaration to judgment in less than one year.

Fees - The final rules made some modifications to the ways in which fees for a review proceeding are calculated. While the base fees of \$27,200 for IPR and \$35,800 for PGR reviews stayed the same, additional charges based on the total number of claims challenged are now calculated on a per-claim basis for each claim in excess of 20 at \$600 per claim for IPR and \$800 per claim for PGR. 37 C.F.R. § 42.15(a)-(b) (2012). The fee structure now supports filing of a single petition per patent, instead of multiple petitions per patent as had been suggested in the rules as initially proposed. In its comments to the final rules, the USPTO indicated that further changes to somewhat reduce these fees and possibly allow for small entity discounts may be made once the USPTO formally sets the fees for the review proceedings under its new fee setting authority in February 2013.

Managed Discovery - By imposing a one-year period in which the review is to be conducted (potentially expandable by six months), no matter how complicated the proceeding, Congress has mandated that the USPTO employ expedited proceedings that should improve upon current IPX proceedings. It is expected that the petitioner, in requesting one of these new review proceedings, will place its best foot forward from the start so that the process can be concluded without backtracking and second thoughts.

Congress made clear that discovery in the new review proceedings was to be limited in scope and evinced its concern about the abuse of discovery by specifying that the director was to prescribe sanctions for abuse of discovery. New 35 U.S.C. §§ 316(a)(5)-(6), 326(a)(5)-(6). 37 C.F.R. § 42.12 (2012). Discovery under the rules will be “managed discovery” maintained within limits prescribed by the APJ upon a party’s motion. Experience in interferences has shown that (1) many issues are resolved in a telephone conference with an APJ without a motion actually being filed, and (2) “fishing expedition” kinds of discovery are avoided.

The rules contemplate what the PTAB has termed a “motion-based” proceeding, but the “motions” in such a proceeding are not of the type typically encountered in federal court litigation. In fact these PTAB motions are simply the procedural vehicles for the parties’ presentations of their substantive positions.

The rules allow for two types of discovery: (1) routine discovery, and (2) additional discovery. 37 C.F.R. § 42.51(b)-(c) (2012). The APJ may also authorize live testimony, where critical, to assess credibility. For example, a judge may attend a deposition in appropriate instances. 37 C.F.R. § 42.53(a) (2012). Routine discovery is intended to assist the parties in assessing the merits of their respective positions, to avoid harassment in the proceeding, or to reach settlement. The ob-

litigation on the parties to voluntarily engage in routine discovery is meant to reduce costs to parties by making basic information readily available at the outset of the proceeding. Routine discovery includes: documents cited, cross-examination for submitted testimony, and information inconsistent with positions advanced during the proceeding.

A party must request any discovery beyond routine discovery, which is referred to as additional discovery. A party seeking additional discovery in IPR and derivation must demonstrate that the additional discovery is in the interests of justice. *See, e.g.*, new 35 U.S.C. § 316(a)(5); 37 C.F.R. § 42.51(c) (2012). A party seeking additional discovery in PGR and CBM will be subject to the lower good-cause standard. *See, e.g.*, new 35 U.S.C. § 326(a)(5); 37 C.F.R. § 42.224 (2012).

Claims—Amendment and Construction - Because the new review proceedings are adjudications and not examinations, owner amendments to the claims in a review proceeding are not intended to be limitless. The USPTO will interpret the statutory language of “a reasonable number of substitute claims” that may be proposed under 35 U.S.C. § 316(d)(1)(B) and § 326(d)(1)(B) to be generally about the same total number of claims being amended, or newly presented, in a review proceeding as were initially challenged for the patent. 37 C.F.R. §§ 42.121(a), 42.221(a) (2012). Petitioners are encouraged to propose claim constructions for important claim limitations, and owners are encouraged to respond with their own claim constructions. The APJ will rule on claim constructions using a broadest reasonable interpretation standard similar to the standard currently used in EPX and IPX. 37 C.F.R. §§ 42.100(b), 42.200(b) & 42.300(b).

Time and Page Limits - The rules make clear that the new review proceedings are not meant to be a complete substitute for litigation. The most obvious limits to these new review proceedings are the time-frame limits of 35 U.S.C. §§ 316(a)(11) and 326(a)(11) and the way in which the rules impose page limits on the various filings. The final rules impose fairly strict limits on pages that can only be waived by a separate motion for extra pages – 60 pages for an IPR petition, 80 pages for a PGR petition, and 15 pages for most motions, with equivalent pages for responses to each. 37 C.F.R. § 42.24(a) (2012). Each page must be double spaced in 14-point font. 37 C.F.R. § 42.6(a) (2012). Evidence is expected to be put in by affidavit that will not count toward the page limits, but claim charts are recommended and will count toward pages limits, although the claim chart can be single spaced. 37 C.F.R. § 42.6(a)(2)(iii) (2012). The time-frame and/or page-number limits will, to some extent, hamper at least some patent owners or petitioners, particularly those who have large numbers of claims and/or large numbers of grounds of review. To ameliorate these issues, the comments to the final rules suggest that petitioners may want to group claims to be argued together on the same grounds in a manner similar to grouping claims for purposes of appeal during original prosecution.

Pro Hac Vice Representation - The PTAB may recognize counsel pro hac vice during a proceeding upon a showing of good cause, subject to such conditions as the board may

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impose, such as agreeing to be bound by the USPTO's Code of Professional Responsibility; however, a lead counsel who is a registered patent attorney must be appointed for each review. 37 C.F.R. § 42.10(c) (2012). Similarly, the board may take action to revoke pro hac vice status, taking into account various factors, including incompetence, unwillingness to abide by the UPSTO's Code of Professional Responsibility and incivility. 37 C.F.R. § 42.10 (2012).

Sanctions, Hearings and Settlements - Sanctions are available for abuse of the review proceeding process. The AIA requires the USPTO to prescribe sanctions for abuse of discovery, abuse of process, or any other improper use of the proceeding, such as to harass or cause unnecessary delay or an unnecessary increase in the cost of the proceeding. *See* new 35 U.S.C. §§ 316(a)(6), 326(a)(6); 37 C.F.R. §§ 10-11, 42.12 (2012). Sanctions may include: order holding facts to have been established, order expunging a paper, order excluding evidence, order precluding a party from obtaining/opposing discovery, order providing compensatory expenses, including attorneys' fees; and judgment or dismissal of the petition.

The AIA permits a party to request an oral hearing as part of the review proceeding. *See* new 35 U.S.C. §§ 316(a)(10), 326(a)(10); 37 C.F.R. § 42.70 (2012). The length of the hearing will be set on a case-by-case basis, taking into account the complexity of the case.

The AIA encourages settlement in IPR/PGR/CBM/derivation proceedings. A settlement in IPR/PGR/CMB terminates the review proceeding with respect to the petitioner, and the PTAB may terminate the proceeding or issue a final written decision. *See* new 35 U.S.C. §§ 317, 327; 37 C.F.R. §§ 42.73-42.74 (2012). In a derivation, a settlement will be accepted by the PTAB unless it is inconsistent with the evidence of record. New 35 U.S.C. § 135(e); 37 C.F.R. § 42.73, 42.74 (2012).

The AIA provides that where an IPR/PGR/CBM trial is instituted, and not dismissed, the board shall issue a final written decision. The decision shall address the patentability of any claim challenged and any new claim added. *See* new 35 U.S.C. §§ 318(a), 328(a); 37 C.F.R. § 42.73 (2012). For a derivation, the PTAB shall issue a written decision that states whether an inventor named in an earlier application derived the claimed invention from an inventor named in the petitioner's application without authorization. New 35 U.S.C. § 135(b); 37 C.F.R. § 42.73 (2012).

Estoppel - In terms of estoppel, a petitioner in IPR/PGR/CBM may not request or maintain a proceeding before the USPTO with respect to any claim on any ground that is raised or reasonably could have been raised. *See* new 35 U.S.C. §§ 315(e)(1), 325(e)(1); 37 C.F.R. § 42.73(d)(1) (2012). A petitioner in IPR/PGR/CBM may not assert in district court or the International Trade Commission (ITC) that a claim is invalid on any ground the petitioner raised, and in IPR/PGR, any ground that reasonably could have been raised. *See* new 35 U.S.C. §§ 315(e)(1), 325(e)(2); AIA § 18(a)(1)(D). The Final Rules also implement by rule what can be considered the

equivalent of a prohibition against recapture across any member of a patent family. A patent owner whose claim is cancelled is precluded from taking action inconsistent with the adverse judgment including obtaining in any patent, a claim is not patentably distinct from a finally refused or canceled claim. 37 C.F.R. § 42.73(d)(3) (2012). In a derivation, a losing party who could have moved for relief, but did not so move, may not take action inconsistent with that party's failure to move. Where a party receives a split judgment (wins on one claimed invention, loses on another), estoppel does not attach to the subject matter for which a favorable judgment was obtained. 37 C.F.R. § 42.73(d)(2) (2012).

Appeal - A party dissatisfied with a non-final or final decision may file a request for rehearing with the board. The request must specifically identify all matters the party believes the board misapprehended or overlooked. 37 C.F.R. § 42.71(c) (2012). A party dissatisfied with the final written decision in IPR/PGR/CBM may appeal to the Federal Circuit. *See* new 35 U.S.C. §§ 319, 329. A party dissatisfied with a final decision in a derivation may appeal to the Federal Circuit, 35 U.S.C. § 141(d), or seek remedy through a civil action, 35 U.S.C. § 146. *See* 37 C.F.R. § 90.2 (2012).

c. Derivation Proceedings

The rules for derivation proceedings have clarified two important issues. First, the rules resolve what was a potential ambiguity in the AIA: When can the one-year period for copying start that can otherwise bar a petitioner from invoking a derivation proceeding, the publication of the respondent's claim or the publication of the petitioner's claim? New 35 U.S.C. § 135(a); 37 C.F.R. § 42.403 (2012). The rules limit the one-year time period to the publication of the respondent's claim. This is the better interpretation and is consistent with the current understanding of how the one-year statute of repose in interferences works.

Second, the rules resolve that the standard used for measuring a derivation will not be an "anticipation" style derivation standard where the party alleging derivation has to prove communication of each and every element of the count to the deriver as is currently the law for interferences. *Gambro v. Baxter*, 110 F.3d 1573 (Fed. Cir. 1997). Instead, the rules proscribe the use of the older "obviousness" style derivation standard where the party alleging derivation only has to prove communication of the elements from which the invention would have been obvious as was formerly the law for interferences. *New England Braiding v. Chesteron*, 970 F.2d 878 (Fed. Cir. 1992); *DeGross v. Roth*, 412 F.2d 1401 (CCPA 1969); *Agawam v. Jordon*, 74 U.S. 583 (1868).



PRACTICE TIP

The best advice for the new review proceedings and derivation proceeding is to be prepared. Beyond the newness and uncertainty of these proceedings, the timing and page limits effectively mandate that each party does its homework as early as possible.

2. Supplemental Examination

Effectively, supplemental examination provides a new route into the existing ex parte reexamination that confers additional benefits. Upon submission of the additional materials that need to be cleansed as prior art, the USPTO will determine within three months whether the new material presents a “substantial new question of patentability.” New 35 U.S.C. § 257(a). If so, an ex parte reexamination will be started. Otherwise, a certificate confirming patentability will be issued. New 35 U.S.C. § 257(b). The USPTO will be charged with ensuring that no active fraud has occurred and will also need to promulgate regulations on exactly how the additional materials being reviewed must be presented, along with the fees required for a supplemental examination. New 35 U.S.C. § 257(e). Successfully navigating a supplemental examination proceeding is supposed to protect the patent and the patent owner from charges of inequitable conduct, but not the attorney(s) representing them. The final rules for supplemental examination backed away from what were perceived as onerous requirements initially proposed for this process in response to public comments. As a result, a request for supplemental examination can be filed for a fee of \$5,140 for processing the request that can include up to twelve items of written prior art that will be considered by the USPTO, and a fee of \$16,120 that is refunded if an ex parte reexamination is not ordered. The only substantive requirement on the patent owner is to provide a detailed explanation of the relevance and manner of applying each item of information to each claim for which supplemental reexamination is requested, along with an optional explanation of how the claims patentably distinguish over the items of information. 37 C.F.R. § 1.610(b)-(c) (2012).



PRACTICE TIP

Even with the changes in the final rules, it still seems unlikely that there will be any significant use of the supplemental examination proceeding. Practitioners should watch closely the results and outcomes of any early participants in this process.

3. Third-Party Prior Art Submissions

Under the old patent law, third parties were limited to submitting prior art within a short window after publication of a patent application and were handcuffed in their ability to comment on the art submitted. Under the AIA, in situations where a competitor, for example, is monitoring the progress of a given patent application, that competitor may choose to submit prior art during examination as a way to preempt the issuance of overly broad claims in that patent application.

New 35 U.S.C. § 122(e) provides that any third party may submit for USPTO consideration any patent, published patent application or printed publication of “potential relevance” to the examination of a patent application. The written submission must be made before a notice of allowance or before either six months after first publication or a rejection of any claim, whichever is later. The submission must contain (1) a concise description of relevance, (2) a fee prescribed by the director, and (3) a statement affirming the submission complies with the Section 122. To implement this provision, the final rule creates a new 37 C.F.R. § 1.290, entitled “Submissions by Third Parties in Applications.” The new rule applies to any application filed before, on or after the enactment date, and is effective September 16, 2012. To encourage use of this provision, a relatively small fee of \$180 is required for every 10 documents or fraction thereof submitted, however no fee is required for three or fewer documents filed with a first and only submission. 37 C.F.R. § 1.17(p). Submissions may be made via the electronic filing system, but this is not required, and service on the applicant is not required. The USPTO will notify applicants by email of compliant third-party submissions.

§ 2.3 THE REST OF THE “LITTLE” CHANGES

The AIA also includes many other changes that are of a minor and technical nature in terms of USPTO organization, or relating to investigations and reports that the USPTO will be required to undertake. As for the rest of the changes that will impact both prosecution and litigation of patents under the AIA, the following is a quick summary of some of these “little” changes.

A. Multi-Defendant and Multi-District Litigation

The AIA changed one technical aspect of patent litigation that throws an additional wrinkle into what had been the fastest growing area of patent litigation—infringement suits against multiple, different defendants over the same patents. By limiting joinder of multiple defendants, a patent owner is no longer able to join multiple defendants in the same lawsuit on the same patent. This provision went into effect immediately, and prevents a litigation tactic commonly used by non-practicing entities of filing a single lawsuit against multiple defendants based only on the fact that it is a common patent being infringed. New 35 U.S.C. § 299; AIA § 19(d).

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While each defendant is now assured of its own, separate trial under the AIA, practical joinder of multiple defendants for purposes of consolidated discovery may still be possible under the judicial case management approach of multi-district litigation (MDL). The judicial panel on multi-district litigation (JPML) recently confirmed the use of MDL as a viable option to litigating multiple infringement suits with different defendants over the same patent after the AIA. Under 28 U.S.C. § 1407, MDL can be used to transfer separate patent infringement actions pending in multiple districts for centralized pre-trial proceedings. See *In re Bear Creek Technologies, Inc.*, MDL No. 2344 (J.P.M.L. May 2, 2012).



PRACTICE TIP

Watch the development of MDL decisions in patent cases on what kinds of fact patterns will support joinder of separate patent lawsuits for purposes of centralized pre-trial proceedings.

B. Expanded Prior User Rights

The AIA expands prior user rights as a personal defense to patent infringement based on prior use by that entity. The AIA also expands the scope of the defense from only patents covering computer business method uses to all patents. This expansion of a personalized defense to infringement based on prior use comes as part of the exchange for eliminating secret prior use as a category of “prior art” under the new Section 102. Successfully establishing this defense, however, will not be sufficient to invalidate a patent under Sections 102 or 103. New 35 U.S.C. § 273(g).

Patents owned by universities or tech transfer organizations are subject to an exception from the expanded prior user defense, but this exception does not apply “if any of the activities required to reduce to practice the subject matter of the claimed invention could not have been undertaken using funds provided by the federal government.” New 35 U.S.C. § 273(e)(5)(B). This appears to revive the prior user defense against university patents for inventions related to stem cell research or human cloning, as well as any other inventions in research areas that are prohibited from receiving federal funding.

**PRACTICE TIP**

A prior user defense can now be used by anyone under the AIA who was an actual prior user, but beware the limits on transferability of the prior user defense.

The prior user defense is personal and cannot be transferred in isolation, but can be transferred as part of a larger, good faith sale of the business or line of business “for other reasons.” New 35 U.S.C. § 273(e)(1)(B). Once transferred, assertion of the prior user defense is limited to “sites” where the “uses” occurred before the later of the effective filing date or the date of transfer of the right. New 35 U.S.C. § 273(e)(1)(C). There is also a potential trap for the unwary as the prior user defense lapses for later activities if the prior use was continued for a time, abandoned and then resumed. New 35 U.S.C. § 273(e)(4). Unfortunately, there is little guidance in the statute or case law as to how broadly or narrowly these provisions would be applied.

C. Amended Best Mode

While continuing to remain a technical requirement for a patent application, best mode can no longer be used in litigation as a way to invalidate a patent. The elimination of failure to disclose best mode as a defense took effect immediately and applies to proceedings commenced on or after September 16, 2011. New 35 U.S.C. § 282; AIA § 15. The provision applies to any application filed after the effective date and includes applications claiming priority to applications filed prior to the effective date. The provision does not modify current patent examining practices for application compliance with the best mode requirement of 35 U.S.C. § 112. *See* Memorandum to Patent Examining Corps from Robert W. Bahr, Senior Patent Counsel and Acting Assoc. Comm’r for Patent Examination Policy, U.S. Patent & Trademark Office, *Requirement for a Disclosure of the Best Mode* (Sept. 20, 2011), available at <http://www.uspto.gov/aia_implementation/best-mode-memo.pdf> (last visited June 28, 2012).

**PRACTICE TIP**

Disclosure of the “best mode” will still be a “best practice” in preparing patent applications, even though it can longer be used as a defense in patent litigation.

D. Filing by Assignee

The AIA makes it easier for an assignee to file and prosecute a patent application for any inventors who are under a contractual obligation to assign their inventions. New 35 U.S.C. § 118. The changes will also enable the individual who is under the obligation to effectively execute an oath or declaration within an assignment document. *See* new 35 U.S.C § 115(b). The ability to use a combined oath and assignment will solve some existing issues, such as when an inventor is willing to sign a declaration but not an assignment of authority and legal responsibility to represent the inventor as opposed to the assignee. The final rules also allow an assignee to file a patent application accompanied by appropriate proof of an obligation of the named inventors to assign the application right to the assignee, e.g., an assignment or employment agreement. 37 C.F.R. § 1.46(b) (2012). Assignees can start using these mechanisms after September 16, 2012.

It is expected that employment agreements may be modified to include the language about obligation to assign, preferably in the form of a confirmation of obligation to assign that is a separately executed exhibit or attachment to the employment agreement. This approach would reduce the need for additional consideration in executing the document for existing employees, and may eliminate the need to disclose the entire employment agreement.

One open issue with respect to these new provisions is how the statute and USPTO regulations will deal with the various state statutes imposing certain limits on an employee's obligation to assign, e.g., inventions made outside of regular employment and without use of company resources.



PRACTICE TIP

Consider updating employment agreements to add an exhibit confirming an employee's obligation to assign inventions as a way to take advantage of changes to the oath and declaration requirements.

E. Changes to Marking Requirements—Both False and Virtual

The AIA retroactively changes the requirements for false patent marking lawsuits to significantly limit the flood of qui tam cases that had been filed in recent years. Now, allegations of false marking are limited solely to those raised by actual competitors who can prove actual damage as a result of any mismarking. New 35 U.S.C. § 292. This provision took effect immediately and applies to court cases pending or commenced on or after September 16, 2011. AIA § 16(a)(2), 16(b)(4). In addition to limiting lawsuits for false patent marking to only those filed by actual competitors, the

AIA provides that patent owners may mark their products by using a web page on the Internet. New 35 U.S.C. § 287.

F. Priority Examinations

The AIA provides for a fast track prosecution option known as “Track One” that allows applicants to have their cases be given priority to ensure final disposition (a notice of allowance or final rejection) within one year of the filing date. The only requirements to enter the fast track option are a limit on the number of claims (four independent and 30 total claims that stays in place throughout the prosecution of the application) and an increased fee (\$4,800). AIA § 11(h)(1)(A).

There is an initial limit of 10,000 requests per fiscal year to allow the USPTO to evaluate how this program does, or does not, impact the length of normal prosecution. However, it does not appear that current usage of the fast track option will threaten these initial limits. On December 19, 2011, the USPTO extended the prioritized examination procedure to allow for review of requests for continued examination in existing plant and utility applications. *See Changes to Implement the Prioritized Examination for Requests for Continued Examination*, 76 Fed. Reg. 78,566 (Dec. 19, 2011) (to be codified 37 C.F.R. pt. 1). Statistics for the priority examination proceedings can be found on the USPTO website. *See Patents Examination, available at* <http://www.uspto.gov/aia_implementation/patents.jsp#heading-11> (last modified June 27, 2012).

In addition, the AIA authorizes the USPTO director to promulgate regulations related to priority examination of certain “important” technology areas. The technology-related priority examination is expected to be similar to current regulations for green technologies and goes into effect on September 16, 2012 after final regulations are promulgated. New 35 U.S.C. § 2(b)(2)(G); AIA § 25.



PRACTICE TIP

Consider using the new “fast track” option when clients want quick feedback on an invention, or where the product life cycle is short.

G. The Rest of the Smaller Changes

Easier Opportunities to Correct Patents - In several places throughout the bill, the AIA removes various requirements that a party show lack of deceptive intent in order to seek some type of correction or modification to the patent by reissue, disclaimer or the correcting of the names of inventors on the patent. *See new 35 U.S.C. §§ 116, 251, 253, 256 & 288.*

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No Patenting of Human Organisms - The AIA included a single sentence on patenting human organisms, stating that “[n]otwithstanding any other provision of law, no patent may issue on a claim directed to or encompassing a human organism.” AIA § 33. The provision does not change existing law or longstanding USPTO policy that a claim encompassing a human being is not patentable. The provision merely codifies the existing USPTO policy that human organisms are not patent-eligible subject matter. *Id.* See Memorandum to Patent Examining Corps from Robert W. Bahr, Senior Patent Counsel and Acting Assoc. Comm’r for Patent Examination Policy, U.S. Patent & Trademark Office, *Claims Directed to or Encompassing a Human Organism* (Sept. 20, 2011), available at <http://www.uspto.gov/aia_implementation/human-organism-memo.pdf> (last visited June 28, 2012).

Lower Fees for Micro-Entities - The AIA adds a category for small and start-up patent applicants who would receive a 75-percent reduction in USPTO fees. These newly defined “micro-entities” include higher education organizations. New 35 U.S.C. § 123.

Willful Infringement - The AIA codifies current case law on willful infringement to the extent that the failure to obtain or present advice of counsel shall not be considered as a factor in determining willful infringement. New 35 U.S.C. § 298; AIA § 17(a).

No Patents for Tax Strategies - Any strategy for reducing, avoiding or deferring tax liability is no longer sufficient to differentiate a claimed invention from the prior art whether the strategy was known or unknown at the time of the invention or filing. However, a method, apparatus, technology, computer program, or system is not covered under the new provision if it is (1) used solely for preparation of a tax return or other tax filing, or (2) used solely for financial management to the extent it is severable from any tax strategy and does not restrict the use of the tax strategy by any taxpayer or tax advisor. The effective date for the tax strategies provisions was immediate upon enactment and will apply to patents issued or pending on that date. AIA § 14(e). See Memorandum to Patent Examining Corps from Robert W. Bahr, Senior Patent Counsel and Acting Assoc. Comm’r for Patent Examination Policy, U.S. Patent & Trademark Office, *Tax Strategies Are Deemed to Be Within the Prior Art* (Sept. 20, 2011), available at <http://www.uspto.gov/aia_implementation/tax-strategies-memo.pdf> (last visited June 28, 2012).

§ 2.4 CONCLUSIONS

Although general observations and predictions can be made regarding how the patent community will react to the AIA, there are relatively few hard and fast conclusions. There are rumors of potential technical clarification and/or corrective legislation in store for the AIA, but recent hearings in the House and Senate Judiciary Committees have yet to result in any proposed legislation. There has already been a flurry of rule making, both proposed and final, and future case law will further define elements of the AIA. Certainly, any time the rules of the game change as significantly as they

have been changed under the AIA, there are overhead costs during the transition period associated with educating everyone involved with the patent system about the new rules of the game. Only time will tell how the changes put into effect by the AIA impact our patent system as a whole once the transition period has run its course.