

America invents Act 2011 & Patent Strategy

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Background and Objectives of AIA 2011

1. A Fast Tract Option for Patent Prosecution

- Prioritized Examination

2. Reducing the Current Patent Backlog

- Fee Setting Authority
- Reserve Fund

3. Reducing Litigation

- Post Grant Review
- Marking
- Inter Partes Review
- Civil Action
- Limitation on Joinder of Defendants



Background and Objectives of AIA 2011

4. Increasing Patent Quality

- Post Grant Review
- Inter Partes Review
- Derivation Proceeding
- Supplemental Examination
- Pre-issuance Third Party Submission

5. Increasing the Ability of American Inventors to Protect their IP abroad

- First to File

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PROSECUTION STAGE

First-Inventor-to-File Amendments

- The first inventor to file, subject to a **grace period**, will be entitled to a patent regardless of another's prior invention.
- The first-inventor-to-file regime impacts applications with an effective filing date on or after **March 16, 2013**, eighteen months from the enactment of the Reform Act.

New Definition of Prior Art

Pre-AIA 35 U.S.C. 102

A person shall be entitled to a patent unless —

(a) the invention was known or used by others in this country, or **patented or described in a printed publication** in this or a foreign country, before the invention thereof by the applicant for patent, or

(b) the invention was patented or described in a printed publication in this or a foreign country or **in public use or on sale** in this country, more than one year prior to the date of the application for patent in the United States, or

(e) the invention **was described in — (1) an application for patent, published** under section 122(b), by another filed in the United States before the invention by the applicant for patent **or (2) a patent** granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for the purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language; or

AIA: 35 U.S.C. § 102 (a)

“ A person shall be entitled to a patent unless

(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 of the claimed invention; or

(2) the claimed invention **was described in a patent ..., or in an application for [U.S.] patent published or deemed published** ..., in which the patent or application, as the case may be, names another inventor and was effectively filed before the effective filing date of the claimed invention.”

New Definition of Prior Art

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patent ..., or in an application for [U.S.]
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which the patent or application, as the case
may be, names another inventor and was
effectively filed **before the effective filing
date** of the claimed invention.”

Pre-AIA:
**before the
invention**

What's Different in the New § 102(a)

– What's Different in the New § 102(a)?

- Focus now on “effective filing date”
- Removal of territorial restrictions
 - Public Use or On Sale activities **outside** of United States may now constitute prior art
- Elimination of the *Hilmer* doctrine
 - An application's foreign filing date under § 119 could be used to antedate prior art but **could not be** used as affirmative **prior art under pre-AIA § 102(e)**. *In re Hilmer*, 53 C.C.P.A.1288. (1966)
 - Under AIA, an application is "effectively filed" for the purposes of § 102(a)(2) (analogous to current § 102(e)) on the date of actual filing in the U.S. or on the date that an application under § 119 was filed.
- **Before AIA:** due to the Hilmer doctrine, to maximize the prior art effect → first file a US provisional or concurrently file non-US application and US provisional
- **After AIA:** this complex strategy is no longer needed

Grace Period Prior Art Exception

- Applicable

- Inventor was first to disclose
- Inventor's "disclosure" was within one year of filing date

AIA does not clearly define what "disclosure" means → case law will explain in a few years

- A patentee's disclosures about his or her invention will not act as prior art that potentially invalidates the patent.
- These early disclosures may serve to inoculate the patent from third-party prior art during the period from the disclosure to the patent's effective filing date (up to one full year) – see chart on next slide

NOT prior art due to 102(b)(1)(A)

"(b) EXCEPTIONS.-

"(1) DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION... shall **not** be prior art to the claimed invention under subsection (a)(1) if—

(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

Inventor
disclosed

Inventor filed
application

1 year or less

Avoid hassles
by filing
provisional
before 1st public
disclosure

3rd party's
independent
disclosure of the s/m

Courts will probably be asked
to interpret the new statutory
language in the next few years

NOT prior art due to 102(b)(1)(B)

"(b) EXCEPTIONS.-

"(1) DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION... shall **not** be prior art to the claimed invention under subsection (a)(1) if—

(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.

First-to-Invent **vs.** First-Inventor-to-File



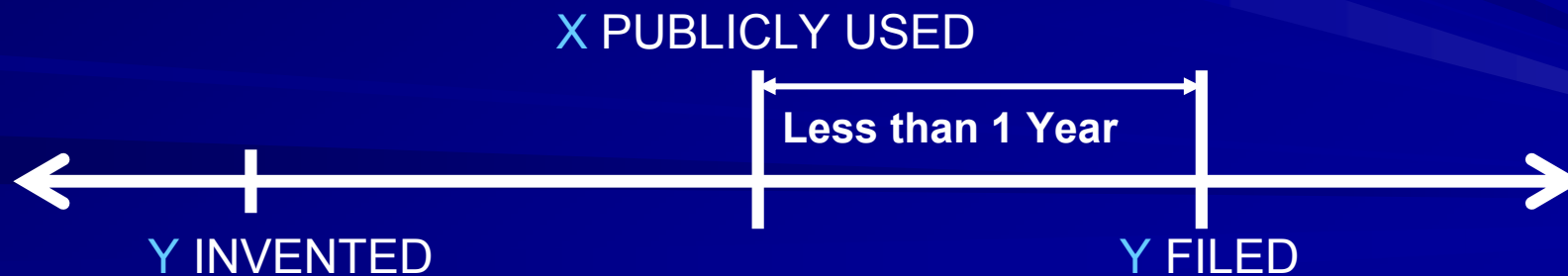
Definition of Prior Art: Scenario 1



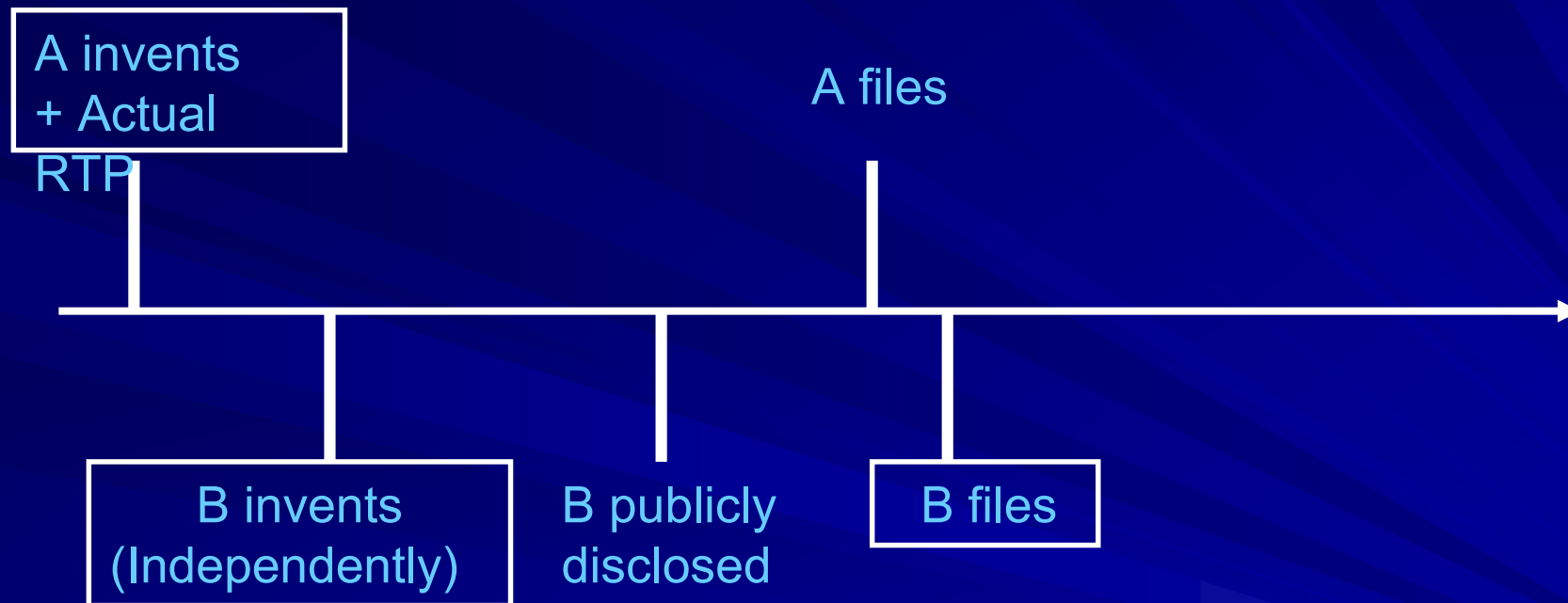
Definition of Prior Art: Scenario 2



Definition of Prior Art: Scenario 3



FTI vs. FITF vs. FTF



Strategies to Develop: First-to-File

- Filing informal **provisional** ASAP
 - Inventor's disclosure is OK, but must be enabling
 - Secures early US (and non-US) filing date
 - Avoids loss of non-US rights if inventor's public disclosure is made instead of provisional
- All applications with priority date on/after 18 mo. from enactment
- Short window to educate inventors about elimination of grace period and **importance of filing application prior to public disclosures**
- Immediately develop **safeguards against inadvertent public disclosures**
- Exceptions to first-to-file provisions, e.g., inventor's **disclosure** less than 1 year before filing, sure to be tested and litigated in USPTO, Fed Cir & District Courts

**“disclosure” is not specifically defined
in AIA → case law**

Derivation Proceedings

- **Effective 18 months after enactment**
- **Petition requirements**
 - Petition must be supported by substantial evidence that the claimed invention was derived from petitioner
 - Petition must be filed within one year of first publication of a claim to an invention that is the same or substantially the same invention as earlier application's claim to the invention, § 135(a)
- **Who may file**
 - Applicant for patent
- **Director's determination whether to institute is final and non-appealable**

Non-Patentable Subject Matters

Human Organisms Ineligible

- Upon enactment
- No patents “directed to or encompassing” a human organism
- USPTO & District Courts
- Includes pending applications and applications filed on or after enactment

Tax Strategy Inventions

- Proposed law includes a specific section intended to prevent the issuance of patents directed to tax strategies
- For purposes of evaluating an invention under sections 102 or 103, any strategy for reducing, avoiding, or deferring tax liability, whether known or unknown at the time of the invention or application for patent, shall be deemed insufficient to differentiate claimed invention from the prior art

Pre-issuance Third Party Submissions

- **Effective Date: September 16, 2012**
 - Applies to any pending application
- **Third party may submit prior art for consideration**
 - Must include **concise explanation** of asserted relevance
 - Before the earlier of
 - First Office Action on the merits or Notice of Allowance OR
 - **Six** months of application publication date

Pre-AIA:
only 2
months
2011/12/2

Pre-AIA: concise explanation is not permitted unless submitted before US publication (difficult to use, because without US publication how can one know that the application actually exists ?)

Pre-AIA tip: redacted copy instead of concise

Micro Entity Status

- Effective Date: **September 26, 2011**
- 75% reduction in applicable fees
- Requirements for micro entity status
 - Small entity
 - Not named on more than 4 previous US applications
 - Gross income in previous year $\leq 3 \times$ median household income
 - Has not transferred and under no obligation to transfer ownership interest to non micro entity
- Public or non-profit Universities are eligible to micro-entity status

Prioritized Examination and Fee “Track 1”

- Effective Date: **September 26, 2011**
- Fee: **\$4,800** in addition to standard filing fees
 - \$2400 for small entity
- Application given “special” status
 - Maximum 4 Independent claims; 30 total claims
 - Maximum of 10,000 requests granted per year
 - No extensions of time allowed during prosecution
 - Subject to change by Director issued regulations
 - At least 18 months after enactment
- USPTO promises to reach a **final disposition** within 12 months

Any of the following: (1) allowance; (2) Final OA; (3) Notice of Appeal; (4) RCE or (5) abandonment

Filing by Assignee

- Effective Date: September 16, 2012
 - Applies to applications filed after that date
 - Apparently regardless of priority date
- “A person to whom the inventor has assigned or is under an obligation to assign the invention may make an application for a patent.”
- USPTO

POST GRANT STAGE

Post Grant & Inter Parte

- Allows a person who is not the patent owner to request to cancel as unpatentable one or more claims of patent by filing a petition with the USPTO to institute:
 - (1) post-grant review **on any ground** that could be raised under specified provisions relating to invalidity of the patent or any claim, and
 - (2) inter partes review (replaces inter partes reexamination procedures) on specified novelty and nonobvious subject matter **grounds based on prior art** consisting of patents and printed publications.

Post Grant & Inter Parte

- Limits the filing of petitions for post-grant review to the nine-month period beginning after the grant of patent or issuance of a reissue patent.
- Requires any petition for inter partes review to be filed after the later of:
 - (1) nine months after the grant or reissue, or
 - (2) the date of termination of a post-grant review.

Post Grant & Inter Parte

- Prohibits the USPTO Director from authorizing:
 - (1) inter partes review unless the petition shows a reasonable likelihood that the petitioner would prevail with respect to at least one of the challenged claims; or
 - (2) post-grant review unless information in the petition, if not rebutted, would demonstrate that it is more likely than not that at least one of the challenged claims is unpatentable, or unless such petition raises a novel or unsettled legal question important to other patents or applications.

Post Grant & Inter Parte

■ Disallows:

- (1) post-grant review and inter partes review if the petitioner (or real party in interest) has filed a related civil action before filing the petition, and
- (2) inter partes review if the petition is filed more than one year after the petitioner is served with a complaint alleging infringement.

- Prohibits the petitioner from asserting claims in certain proceedings before the USPTO and International Trade Commission (ITC) and in specified civil actions if such claims were **raised or reasonably could have been raised** in the respective reviews that result in a final Board decision.

Post-Grant Review V.S. *Inter Partes* Review



	Post-Grant Review	<i>Inter Partes</i> Review
Timing	<u>within</u> 9 months of issuance	<u>after</u> 9 months from issuance or the termination of post-grant review
Available arguments	any basis for invalidity	prior art patents and printed publications
Threshold for institution	It is “more likely than not that at least 1 of the claims challenged” is unpatentable.	“reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims.”
Discovery	evidence directly related to factual assertions	depositions of witnesses, and what is otherwise necessary

Inter Partes Review

Day of Enactment
Sep 16, 2011

One Year
Sep 16, 2012

Four Years
Sep 16, 2016

<i>Inter partes</i> reexamination	<i>Inter partes</i> reexamination	<i>Inter partes</i> review
a “substantial new question of patentability”	“reasonable likelihood that the requester would prevail”	Director may limit the number

Third-Party Challenges: Current

Board of Patent Appeals
Interferences



Filing →

Examining
Corps

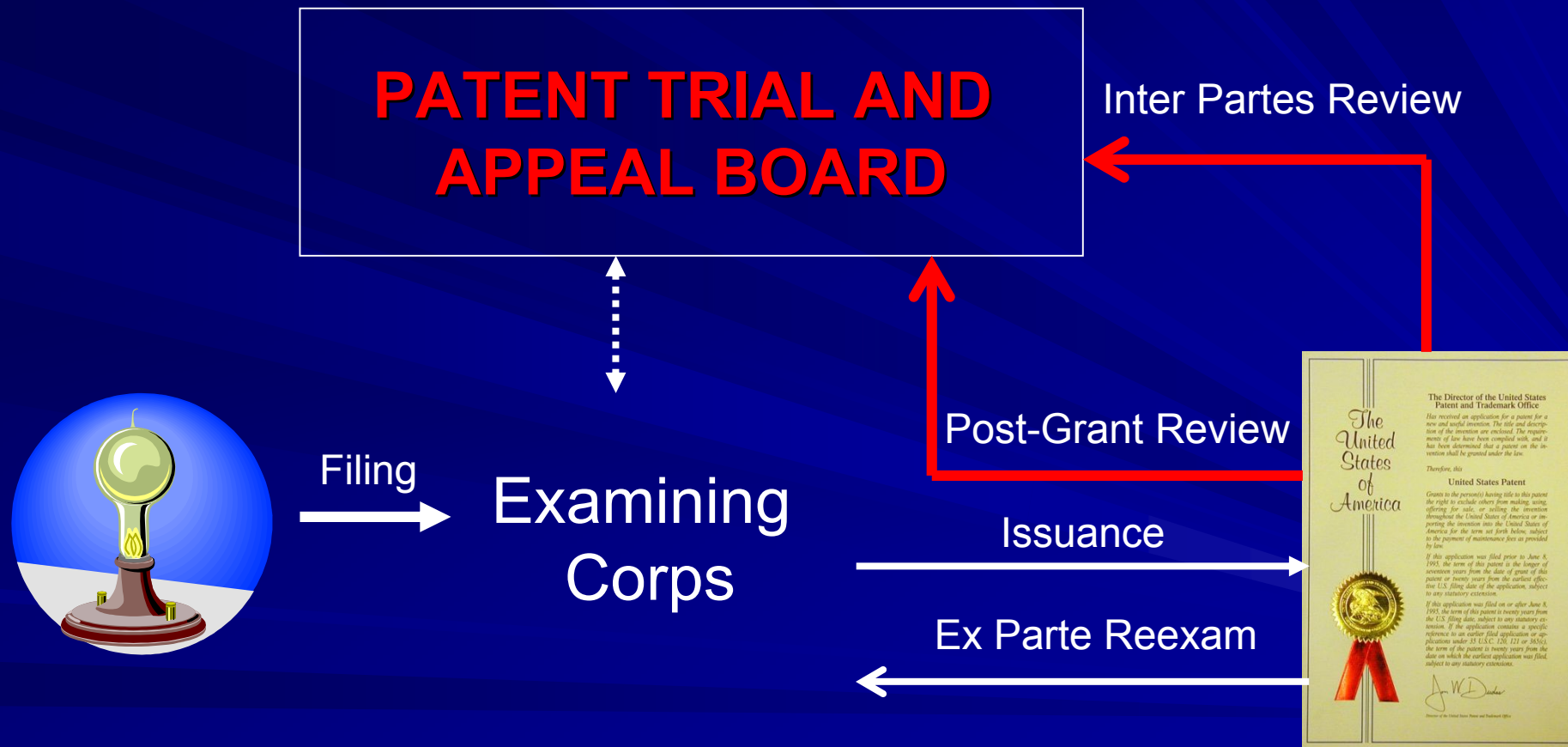
← Inter Partes Reexam

← Ex Parte Reexam

→ Issuance



Third-Party Challenges: **New**



Transitional Post-Grant Review for Business Method Patents

- Effective Date: One year after enactment
- Petition
 - Can only filed if sued for infringement
 - Based only on prior art under 102(a) (no obviousness)
- 8 year sunset clause
- USPTO

Supplemental Examination

- Establishes supplemental examinations to consider, reconsider, and correct information.
 - Requires the Director to order reexamination if a **substantial new question** of patentability is raised by at least one item of information in the request.
- Inoculates a patent against a claim of inequitable conduct



Marking

■ Pre-AIA law allows

- any person to sue
- for a penalty of \$500 for every offense,
- one-half is awarded to the person and one-half to US.

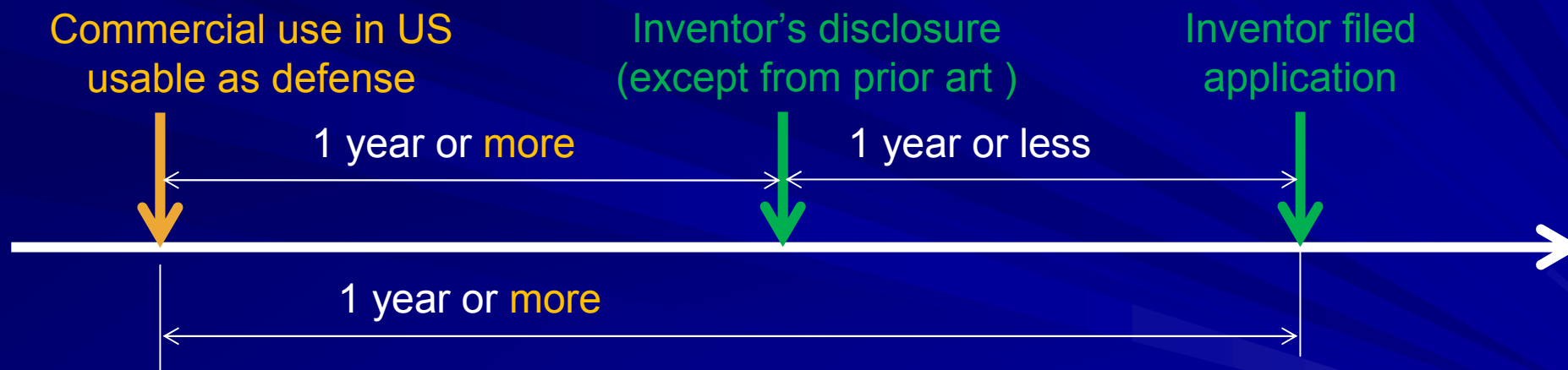
■ AIA:

- Only US can sue
- Only a person who has suffered a competitive injury to file a civil action for recovery of damages adequate to compensate for the injury.
- Allows virtual markings
 - Old way: “Patents Nos. 5,123,456; 6,234,567”
 - New way: “Patents: <http://www.Company.com/patents/Products>”

Prior Commercial Use Defense

■ Requirements :

- Commercial use **in US**
- **at least 1 year before the earlier** of US filing date **or** public disclosure that qualifies for the exception from prior art



- ## ■ Effective Date: applied to any patent issued on or after the date of enactment (Sep 16, 2011)

Best Mode

- Upon enactment
- No best mode to cancel, invalidate or render unenforceable a claim in a patent
- Those involved in proceedings commenced on or after enactment date
- 35 U.S.C. § 112, first paragraph, maintains best mode as a condition for patentability

Advice of Counsel

■ 35 U.S.C. § 298

- Failure of infringer to obtain an opinion of counsel may not be used as proof of willful infringement

■ Effective date

- One year after enactment

■ Practice tip

- Obtaining an opinion is still recommended to defend against a potential charge of willful infringement

Two-step test in finding willfulness

- **Objective assess** – clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent
- **Subjective assess** – this objectively-defined risk was either known or so obvious that it should have been known to the infringer

**In re Seagate, 497
F.3d 1360
(Fed.Cir.2007)**

Civil Action – 35 USC § 145

- Effective date: September 16, 2011
- Appeals of ex partes reexamination to Fed Cir, only. No longer optional appeal to D. Ct. (old cases)
- Renders moot pending litigation in US District Court
- Any ex parte reexamination pending on or after enactment

Limitations on Joinder of Defendants

- Joinder is permitted only for defendants :
 - against which a right to relief is asserted jointly, severally, or in the alternative with respect to or arising out of the same transaction, and
 - for which questions of fact common to all defendants will arise in the action.
- Effective Date: applied to all actions commenced on or after the date of enactment.
- **Practical effect 1**: stops patent trolls from naming countless number of alleged infringers in a law suit.
- **Practical effect 2**: a lot of law suits were filed before the enactment date.

OTHER PROVISIONS

USPTO now has Fee Setting Authority

- USPTO can set new fees at any time **only to recover the aggregate estimated costs to the Office**
- USPTO fees will increase, but expected to be “reasonable”
- Effective Date: Upon enactment

Reserve Fund

- Establish a reserve fund for fees collected in excess of appropriations
- Amounts in fund “may only be used for expenses by the office”
 - Processing patent applications
 - Other activities associated with patents
- USPTO
- Effective Date: October 1, 2011

Patent Term Extension

- Upon enactment
- Time for calculating patent term extension – if transmission of permission occurred after 4:30 PM of a business day, then the transmission is deemed sent the next business day
- USPTO
- WilmerHale (avoids malpractice claims of \$200m by Medicines Company)

Electronic Filing Incentive

- USPTO will impose a surcharge of \$400 (large entity) or \$200 (small entity) on applications **not** e-filed
- LHHB e-files most cases
- Cases with color drawings are filed by mailing or hand carrying → \$400/200 surcharge.
- Effective Date: 60 days after enactment (November 14, 2011)

Elimination of “Deceptive Intent” Requirement

- Effective Date: September 16, 2012
 - Applies to all proceedings commenced on or after that date
- Corrections allowed without averring errors occurred without deceptive intent
 - Errors in inventorship
 - Errors being corrected in reissue applications
 - Failure to obtain foreign filing license
- USPTO

Enactment Timeline

<i>Day of Signing Sep 16, 2011</i>	<i>10 Days Sep 26, 2011</i>	<i>12 Months Sep 16, 2012</i>	<i>18 Months Mar 16, 2012</i>
<ul style="list-style-type: none"> ■ Best mode ■ Marking ■ Changes to Prior Use Defense ■ Civil Action – 35 USC s 145 ■ Limitations on joinder of defendant ■ Various fee provision ■ Human Organisms Ineligible ■ Patent Term Extension 	<ul style="list-style-type: none"> ■ Prioritized Examination - “Track 1” (AIA § 11) ■ 15% transition surcharge fees (AIA § 11) ■ Reserve Fund (AIA § 22) <ul style="list-style-type: none"> - October 1, 2011 ■ Electronic filing incentive (AIA § 10) <ul style="list-style-type: none"> - 60 days after enactment 	<ul style="list-style-type: none"> ■ Revised Ex Parte Reexamination Procedures ■ Inter Partes Review Procedure ■ Transitional Post-Grant Review for Business Method Patents ■ Supplemental Examination ■ Filing by Assignee ■ Elimination of “Deceptive Intent” Requirement ■ Pre-issuance Third Party Prior Art Submissions 	<ul style="list-style-type: none"> ■ First-to-File ■ Post Grant Review ■ Pending Patent Interferences ■ Derivation Proceedings

Patent Prosecution & Litigation Strategies in view of AIA

1. SPEEDY APPLICATION FILING

- Streamline Patent Filing Process
- Set up Efficient Working Relationship with Patent Attorneys
- Set up Time Line before filing Application
- Filing Provisional Application in US before inventor's 1st public disclosure
 - Keeps non-US patent rights alive
 - Obtains early US and non-US filing date
- No Hilmer Rule
- Still need to meet the Specification Requirement (§ 112)



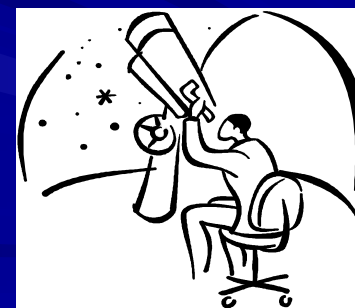
2. COMPLETE PRIOR ART SEARCH BEFORE FILING APPLICATION

- Be Mindful about Festo : Realistic Claim Scope
- Prepare for Third Party's Attack
- Identify KSR-type Prior Art
- File IDS with the Identified art to reduce attack by your Competitors



3. MONITOR YOUR COMPETITOR'S PATENT APPLICATIONS

- Invalidate your Competitor's Patent Applications and Patents Utilizing Third Party Submission, Post Grant Review and Inter Partes Review
- Conduct a Full Prior Art Search
- Strategize which Prior Art to Use in Each Stage



4. EXPEDITED PATENTS FOR EARLY PROTECTION IN THE MARKET

- Utilize Prioritized Examination to secure patents to protect your Patented Product in the Market
- Deposition within 1 year
 - Not necessarily allowance
 - Still, allowance rate is expected to be higher than regular applications
- Utilize Patent Prosecution Highway

Expedited Examination in USPTO

(No guarantee of allowance in all programs)

PPH

- Based on allowed non-US claims
- Prosecution limited to allowed non-US claims only
- No PTO fee
- **Most popular**

Prioritized Examination 3-Track

- Track 3: delay of up to 30 months per applicant
- Track 2: normal current examination
- Track 1: **\$4,800 on top of regular fees**, available 10 days after President enacts new patent law

Accelerated Examination

- Since 08/2006
- Not widely popular
- Applicant searches, analyses prior art
- \$130 PTO fee
- High cost due to search
- **High risk of estoppel, inequitable conduct**

Other Programs

- Green Tech: (wind/solar power, LED), no fee, expires **12/31/2011**
- Applicant's health/age (**65y**), no fee
- Backlog Reduction: extremely unpopular, **must expressly abandon 1 application** to have another application examined faster, no fee
- First Action Interview: **no out-of-turn examination**, only faster (30 days reply period), no fee, expires 5/16/2012

5. ADVICE OF COUNSEL

- Still better to obtain non-infringement Opinion from U.S. Patent Counsel
- Court would look into the alleged infringer's activity after knowing the existence of the patent

6. NEW JOINDER OF PARTIES

- Strike the action against you if you are one of the defendants and there is no liability jointly or severally among the defendants and there is no common question of facts to all defendants

THANK YOU

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