

USPTO Implementation of the America Invents Act



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The Leahy-Smith America Invents Act, P.L. 112-29

- Most significant change in patent law since 1836
- Provisions discussed over the course of five Congresses while:
 - Active discussion in the courts and in industry on what needs to be addressed in real patent reform
 - Significant backlog at the agency and significant efforts to address it



Congressional History of Patent Reform Legislation

- 2011 – Recent Congressional History
 - S. 23
 - Senate bill passed by Senate on March 8, 2011
 - H.R. 1249
 - House bill passed by House on June 23, 2011 (“Leahy-Smith America Invents Act”)
 - Senate votes to invoke cloture on H.R. 1249 on September 6, 2011.
 - H.R. 1249 is passed by Senate without further amendments on September 8, 2011. Bill goes to President w/o going back to the House of Representatives.
 - President Obama signs bill into law on September 16, 2011.



America Invents Act

Goals of Patent Reform Legislation

- Encourage innovation and job creation
- Support USPTO's efforts to improve patent quality and reduce backlog
- Establish secure funding mechanism
- Provide greater certainty for patent rights
- Provide less costly, time-limited administrative alternatives to litigation

Now, the challenge of implementation...



Challenges of Implementation

- Numerous provisions to implement simultaneously
 - Ensure regulations and guidance is complementary and not at odds
- Short time periods
 - Date of enactment, 12 months, 18 months
- Coordination required among various USPTO business units as well as other governmental agencies
 - Patents, BPAI, Finance
 - SBA, U.S. Trade Representative, Secretary of State, and Attorney General, and Secretary of Commerce
- Operational matters, including IT updates, training, and hiring personnel



Progress Report: Rulemakings

- 19 provisions related to USPTO operations to implement
- 7 Group 1 provisions implemented
- 7 Group 2 provisions addressed in Notices of Proposed Rulemaking (NPRMs) to issue in mid- to late January 2012 on 12 Month Timeline
- 2 Group 1 provisions in progress on 17 Month Timeline
- 3 Group 3 provisions to begin work on 18 Month Timeline



Implemented Provisions

(Group 1; Effective on September 16, 2011 or within 60 days)

	AIA Provision	Implementation Documents
1	Change in inter partes reexamination standard	Revision of Standard for Granting an Inter Partes Reexamination Request, 76 Fed. Reg. 59055 (Sept. 23, 2011)
2	Tax strategies are deemed within the prior art	Memo to Examiners, Sept. 20, 2011
3	Best mode	Memo to Examiners, Sept. 20, 2011
4	Human organism prohibition	Memo to Examiners, Sept. 20, 2011
5	Prioritized examination	Changes to Implement Prioritized Examination Track (Track I) of the Enhanced Examination Timing Control Procedures Under the Leahy-Smith America Invents Act, 76 Fed. Reg. 59050 (Sept. 23, 2011)
6	15% transition surcharge	Notice of Availability of Patent Fee Changes Under the Leahy-Smith America Invents Act, 76 Fed. Reg. 59115 (Sept. 23, 2011)
7	Electronic filing incentive	Notice of Availability of Patent Fee Changes Under the Leahy-Smith America Invents Act, 76 Fed. Reg. 59115 (Sept. 23, 2011); and Fee for Filing a Patent Application Other than by the Electronic System, 79 Fed. Reg. 70651 (Nov. 15, 2011)



Prioritized Exam

(as of 11/17/11)

Fiscal Year	Pending	Granted	Dismissed	Total	Allowed
FY2011	222	628	--	850	8
FY2012	419	125	2	546	0



Prioritized Exam

(Effective September 26, 2011)

- Original utility or plant patent application accorded special status for expedited examination if:
 - \$4,800 fee, reduced by 50% for small entity;
 - no more than 4 independent claims, 30 total claims, and no multiple dependent claims; and
 - must file application electronically (utility application)
- Does not apply to international, design, reissue, or provisional applications or in reexamination proceedings
- May be requested for a continuing application



Prioritized Exam (cont.)

- USPTO goal for final disposition (*e.g.*, mailing notice of allowance, mailing final office action) is on average 12 months from date of prioritized status
- USPTO may not accept more than 10,000 requests for prioritized exam per fiscal year, absent regulations to prescribe for conditions for acceptance and limitation on the number of filings



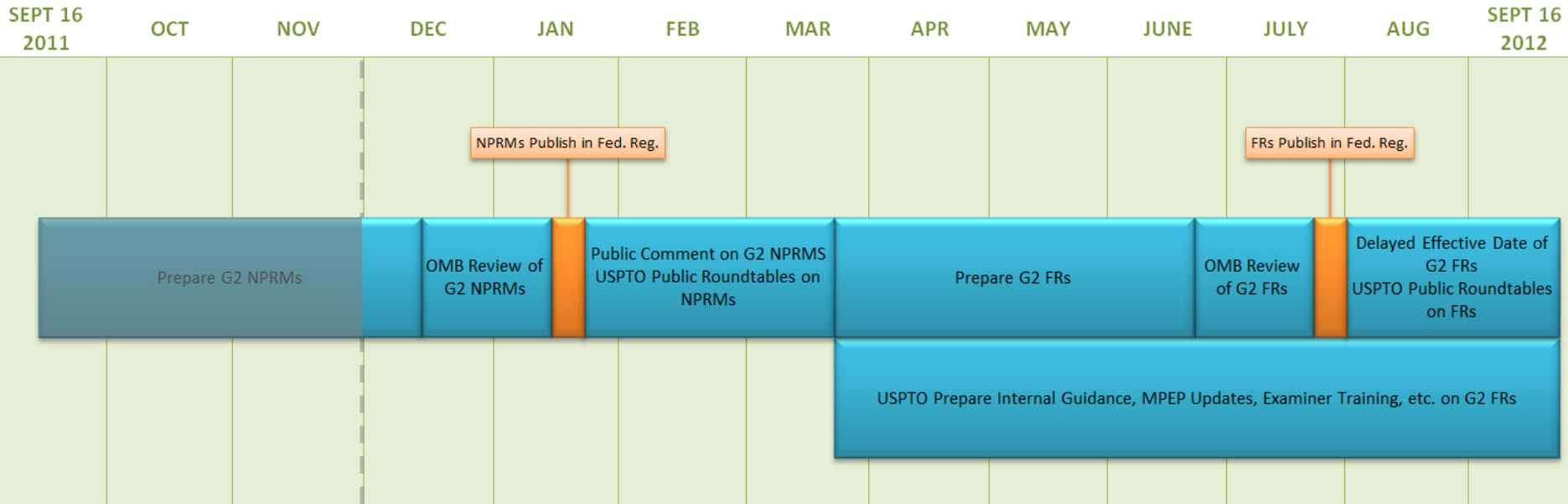
Implementation Ongoing: 12 Month Timeline

(Group 2; Effective on September 16, 2012)

1. Inventor's oath/declaration
2. Third party submission of prior art in a patent application
3. Supplemental examination
4. Citation of prior art in a patent file
5. Inter partes review
6. Post-grant review
7. Transitional program for covered business method patents



12 Month Timeline





Inventorship

AIA Creates no-fault “inventorship” naming; no “misjoinder” invalidity

- Filing permitted by the **assignee as the patent applicant**, not merely the inventor (AIA §4)
- **Inventor’s oath** required, but with “**savings clause**” and **can include in the assignment** (AIA §4)
- **Inventorship correction** irrespective of an original naming involving “deceptive intent.”
- Collection of changes on inventor naming can **remove misjoinder /non-joinder as validity issue** – will merely determine ownership (AIA § §3, 4, 20)



Inventor's Oath/ Declaration

(Effective September 16, 2012)

- Patent granted on application filed by assignee must be to the real party in interest
- Individual under an obligation of assignment may include required statements in executed assignment and need not file a separate oath/declaration
- Applicant's citizenship no longer required
- Deceptive intent eliminated from 35 U.S.C. §§ 116, 251, 253, and 256



Citation of Prior Art in a Patent Application (Effective September 16, 2012)

- Allows third parties to submit printed publications of potential relevance to examination if certain conditions are met:
 - must provide, in writing, an explanation of the relevance of the submitted documents;
 - must pay the associated fees; and
 - must include a statement by the third party making the submission affirming that the submission is being made in compliance with new 35 U.S.C. 122(e)



Citation of Prior Art in Patent Application (cont.)

- Submission must be made before the earlier of:
 - the date a notice of allowance under 35 U.S.C. 151 is given or mailed in the application; or
 - the later of
 - 6 months after the date on which the application is first published; or
 - the date of the first rejection of any claim in the application



Supplemental Examination

(Effective September 16, 2012)

- Patent owner may request **supplemental examination** of a patent to “*consider, reconsider, or correct information*” believed to be relevant to the patent; if a validity issue is raised within 3 months from the request, the USPTO will reexamine the patent.
- Prompt elimination of invalid patent claims.
- **No inequitable conduct allegations** can be based upon the information **considered, reconsidered, or corrected** during a supplemental examination.
- Provides an alternative to having a court consider misconduct and validity issues in a later patent infringement litigation.



Supplemental Exam (cont.)

- *Ex parte* reexamination conducted under 35 U.S.C. chapter 30 and 37 CFR 1.510 et seq. (the *ex parte* reexamination statute and rules), except:
 - Patent owner does not have the right to file a statement; and
 - USPTO will address each “substantial new question of patentability” (SNQ) without regard to whether it is raised by a patent or printed publication



Supplemental Exam (cont.)

- Inequitable conduct inoculation
 - Information considered, reconsidered, or corrected during supplemental examination cannot be the basis for rendering a patent unenforceable so long as the supplemental exam and any ordered ex parte reexamination are finished before the civil action is brought
 - But does not apply to information raised in a civil action brought before supplemental exam sought



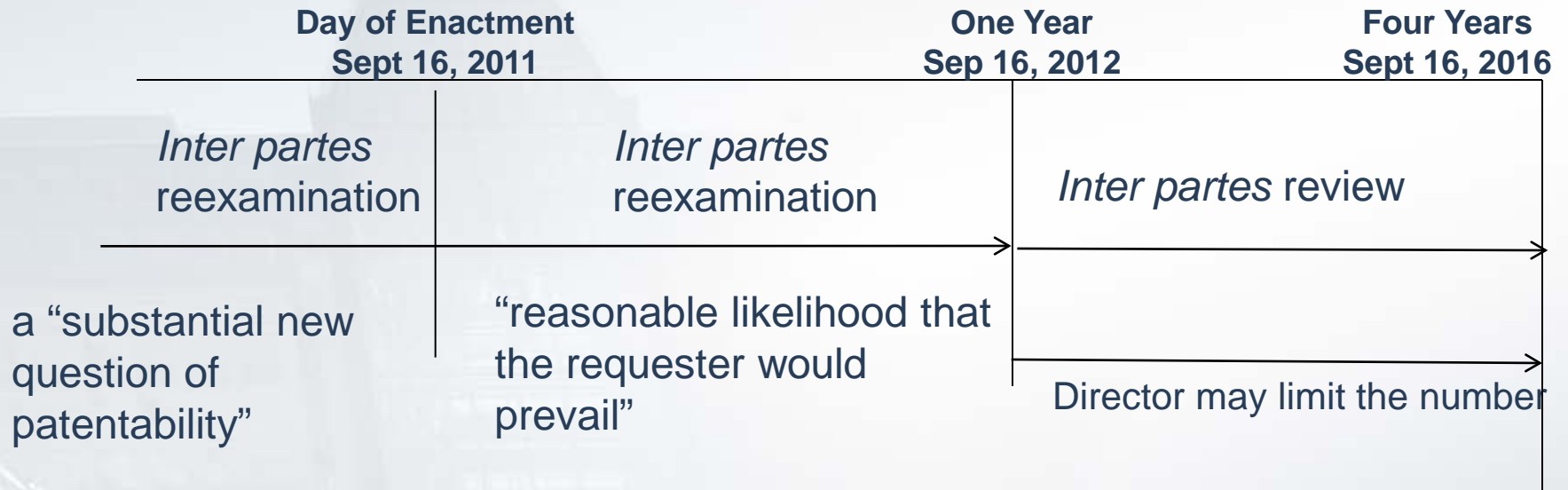
Contested Case Proceedings

(Effective September 16, 2012)

- *Inter partes* reexamination
 - Modified by AIA
 - Phasing out
- *Inter partes* review
 - Will replace *inter partes* reexams, but there will be overlap for years
- Post-grant review (PGR)
- Transitional program for business method patents



Inter Partes Review





Inter Partes Review (cont.)

- Effective September 16, 2012
- New threshold
 - 35 USC §314(a)
 - “Reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the request”
- New estoppel – 35 USC §315(e)
 - “Raised or reasonably could have raised” estoppel applies to:
 - Other USPTO proceedings/ District Court / ITC Action
 - Estoppel attaches only upon final written decision



Post-Grant Review Proceedings

- Creates a nine-month window in which the patentability of a patent can be reviewed.
- Requires a threshold showing that it is “more likely than not” that at least one of the claims challenged is unpatentable.
- Petitioner may raise any ground that may be raised under paragraph (2) or (3) of 35 U.S.C. 282 (b).
- Generally limited to patents for which the first-to-file provisions apply.



Post-Grant Review (cont.)

- Effective September 16, 2012
- Threshold
 - 35 USC §324
 - “More likely than not at least 1 of the claims challenged in the petition is unpatentable”
- Estoppel – 35 USC §325(e)
 - “Raised or reasonably could have raised” estoppel applies to:
 - Other USPTO proceedings/ District Court / ITC Action
 - Estoppel attaches only upon final written decision



Quality: Contested Case Proceedings

(Effective September 16, 2012)

Proceeding	Petitioner	Available	Standard	Basis	Applicable	Estoppel	Timing
Post Grant Review (PGR)	Must identify real party in interest	Patent grant to 9 months from patent grant	More likely than not OR Novel or unsettled legal question important to other patents/ applications	101, 102, 103, 112, double patenting but not best mode	Patent issued under first-to-file	Raised or reasonably could have raised Applied to subsequent USPTO/district court/ITC action	Must complete within 12 months from institution, with 6 months good cause exception possible
Inter Partes Review (IPR)	Must identify real party in interest	10 months from patent grant for life of patent or termination of a PGR; Director may limit number during first 4 years	Reasonable likelihood	102 and 103	Any patent pending on September 16, 2012	Raised or reasonable could have raised Applied to subsequent USPTO/district court/ITC action	Must complete within 12 months from institution, with 6 months good cause exception possible



Contested Cases

Petition Phase

- Initiated by third party petition
- Patentee file preliminary response to petition
- USPTO must decide petition within 3 months from the patentee's response, if any

Review Phase

- Patentee may file response with evidence
- Patentee has 1 motion to amend claims
- Petitioner may file written comments and supplemental information at least 1 time



Contested Cases: Review Phase (cont.)

- Discovery available to both parties
 - IPR: USPTO to set standards for discovery of relevant evidence limited to:
 - Depositions of witnesses submitting affidavits or declarations; and
 - Otherwise necessary in the interest of justice
 - PGR: evidence directly related to factual assertions advanced by either party



Contested Cases: Review Phase (cont.)

- Protective orders possible
- Oral hearing as a right
- Director may join petitioners and consolidate
- May be settled



Contested Cases: Relationship to Parallel Litigation

- If petitioner files a declaratory judgment action:
 - Before PGR/IPR, then no PGR/IPR
 - After PGR/IPR, then automatic stay of litigation
- If patentee sues for patent infringement within 3 months of patent grant, then court may not stay a preliminary injunction motion in view of the PGR
- If petitioner seeks an IPR more than 1 year after being sued for patent infringement, then no IPR



Transitional Program for Covered Business Methods (Effective September 16, 2012)

- Sunsets in 8 years
- Follows paradigm for PGR
- Applies to any covered business method patent pending on September 16, 2012:
 - Not drawn to technological invention; and
 - Asserted in pending litigation



Implementation Ongoing: 17 Month Timeline (Group 1)

- Fee Setting Authority
 - Authority to set or adjust fees became effective on September 16, 2011
 - Authority to be exercised by rulemaking
- Micro-entity
 - Micro-entity status became effective on September 16, 2011
 - 75% discount is not available until USPTO exercises fee setting authority

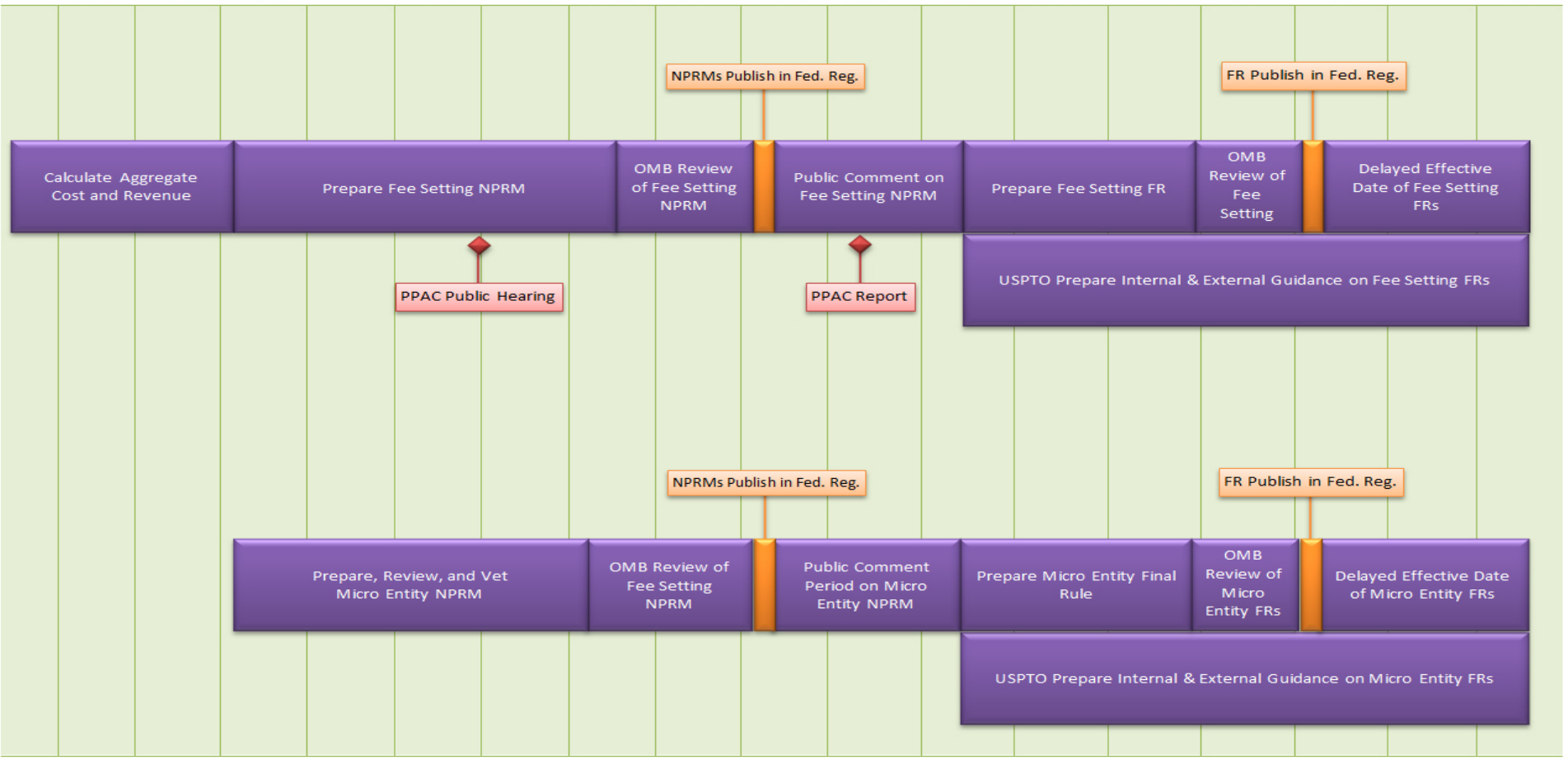


17 Month Timeline

SEPT 16, 2011

JAN 2012

JAN 2013





Fee Setting Authority

(Effective September 16, 2011)

- Allows the USPTO to set or adjust patent and trademark fees by rule
- Sunsets 7 years after enactment
- Patent/trademark fees may be set to recover only the aggregate estimated cost of patent/trademark operations, including administrative costs
- Small entity and micro-entity discounts apply to fees for “filing, searching, examining, issuing, appealing, and maintaining” patent applications/patents

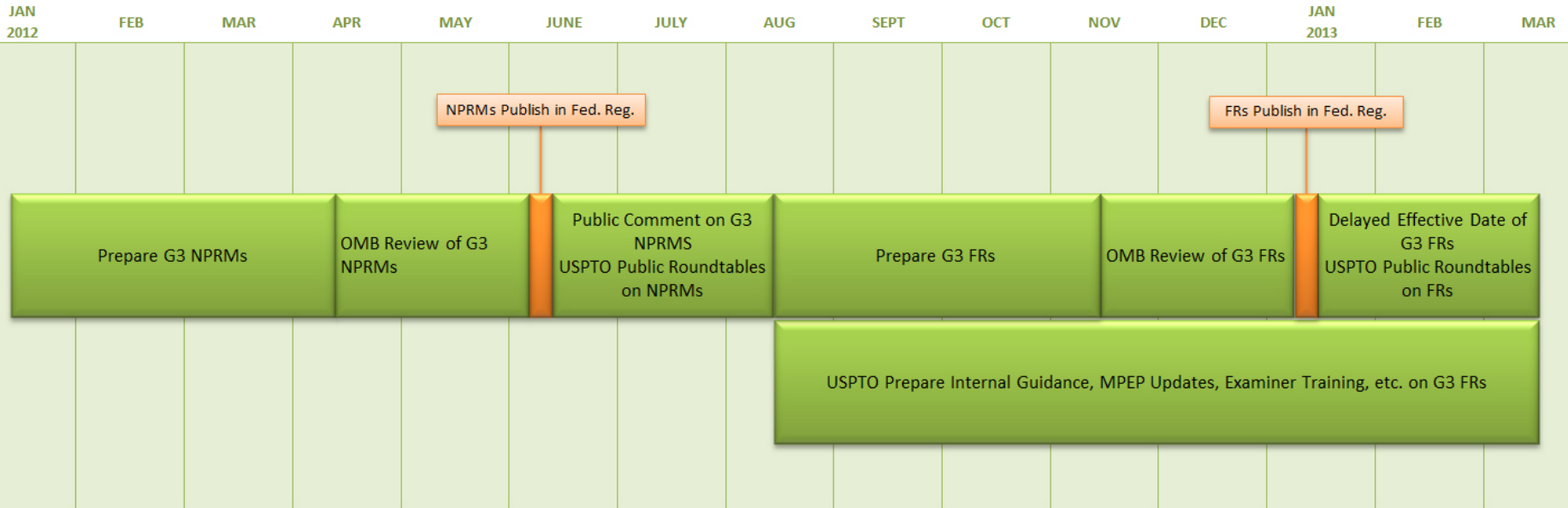


Implementation in Future: 18 Month Timeline* (Group 3; Effective on March 16, 2013)

1. First-Inventor-to-File
2. Derivation proceedings
3. Repeal of Statutory Invention Registration



18 Month Timeline*





First-to-file

(Effective March 16, 2013)

- Transitions the U.S. to a first-to-file patent system while maintaining a 1-year grace period for inventor disclosures
- Prior public use or prior sale anywhere qualifies as prior art (prior public use and sale is no longer limited to the U.S.)
- U.S. patents and patent application publications are effective as prior art as of their priority date (no longer limited to U.S. priority date), provided that the subject matter relied upon is disclosed in the priority application
- Applies to:
 - Claim with an effective filing date on or after March 16, 2013; and
 - Claim for benefit to an application that ever had a claim with an effective filing date on or after March 16, 2013



Derivation Proceedings

- Effective 18 months after enactment
- Apply where another “derived” the invention from an inventor
- 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)



Progress Report: Studies

- 7 studies for USPTO to conduct as lead
- 2 studies in progress

Topic	Due Date from Enactment
International Patent Protection for Small Businesses	4 months
Prior User Rights	4 months
Genetic Testing	9 months
Misconduct Before the Office	Every 2 years
Satellite Offices	3 years
Virtual Marking	3 years
Implementation of AIA	4 years



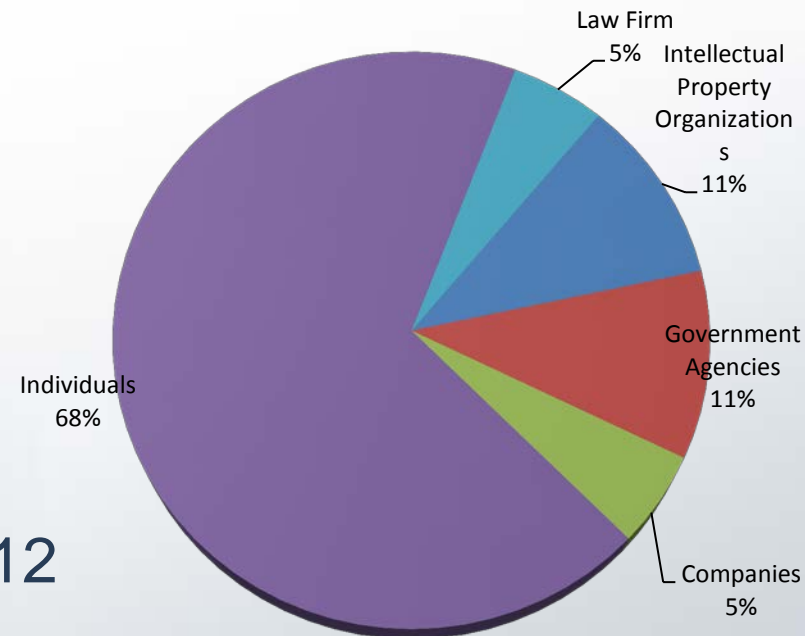
Int'l Patent Protection for Small Businesses Study

- USPTO directed to study how the USPTO and other federal agencies can best financially help small businesses with patent protection overseas
- USPTO consulting with the Department of Commerce and the Small Business Administration



Int'l Protection Study (cont.)

- Request for Comments and Notice of Public Hearings on the Study of International Patent Protection for Small Businesses, 76 Fed. Reg. 62389 (Oct. 7, 2011)
- Public input:
 - 19 written comments
 - 2 public hearings;
 - 12 witnesses
- Report due by January 16, 2012





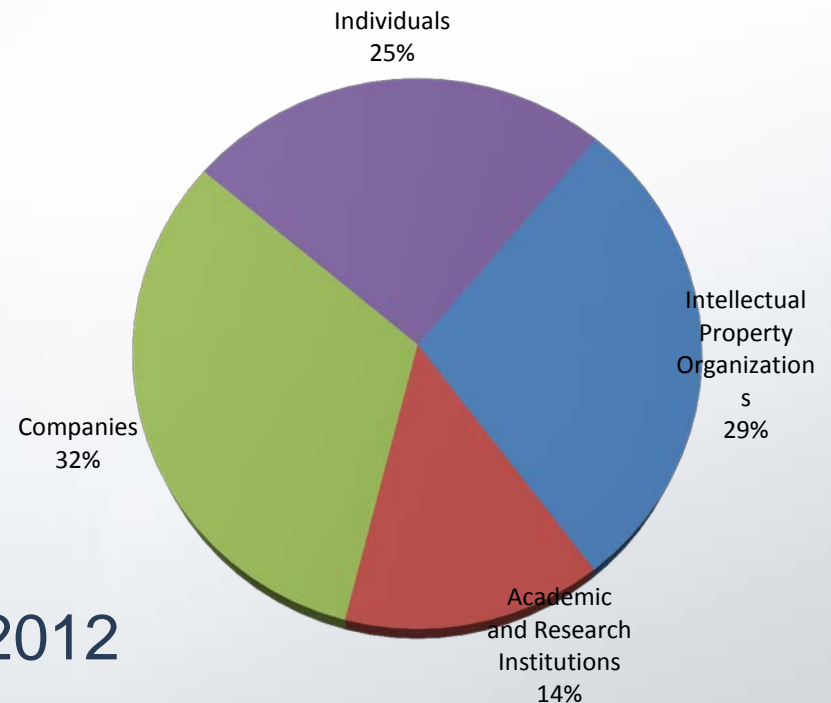
Prior User Rights Study

- USPTO directed to study the operation of prior user rights in other industrialized countries
- USPTO consulting with the United States Trade Representative, the Secretary of State, and the Attorney General



Prior User Rights Study (cont.)

- Request for Comments and Notice of Public Hearings on the Study of Prior User Rights, 76 Fed. Reg. 62388 (Oct. 7, 2011)
- Public input:
 - 28 written comments
 - 1 public hearing;
5 witnesses
- Report due by January 16, 2012





Genetic Testing Study

- USPTO to report on effective ways to provide independent, confirming genetic diagnostic tests where:
 - gene patents; and
 - exclusive licensing for primary genetic diagnostic tests
- Federal Register to issue in late January seeking public comments and announcing hearing dates
 - Hearings: late February/early March
 - Written comments: late January to late March
- Report due by June 16, 2012



Progress Report: Programs

Topic	Due Date from Enactment
Pro Bono	Immediately
Diversity of Applicants	6 months
Patent Ombudsman for Small Businesses	12 months
Satellite Offices	3 years



Pro Bono Program

- Minnesota program running
- Task Force formed to expand the program to other cities; USPTO participating
- First meeting held on October 21, 2011



Satellite Offices

- USPTO is interested in gathering information on potential cities and regions for future satellite offices
- Initial office planned for Detroit; opening 2012
- 2 more offices required
- Request for Comments on Additional USPTO Satellite Offices for the Nationwide Workforce Program, 76 Fed. Reg, 73601 (Nov. 29, 2011)
 - Written comments until January 30, 2012



AIA Micro-Site

The USPTO website devoted to America Invents Act legislation

One-stop shopping for all America Invents Act information.

The full text of the bill and summary documents, including all the legislative history

Implementation plans

Announcements

Contact Information



President Barack Obama signs the America Invents Act, Friday September 16, 2011, at Thomas Jefferson High School for Science and Technology in Alexandria, VA

<http://www.uspto.gov/AmericaInventsAct>



Public Comment Windows

Timing	Type	Significance	Due Date
Post-NPRM	Formal	Build final rules; will be addressed with written responses in FRs	60 day window from NPRM publication (approx. March 2012)
Post-final rules	Formal	Modify final rules	Undecided

Thank You

