

USPTO Implementation of the America Invents Act



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The Leahy-Smith America Invents Act, Pub. Law 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 throughout on what needs to be addressed in real patent reform
 - Significant efforts to address backlog at the agency
 - Uncertain funding levels
- Now, challenge is implementing effectively.



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
- Short time periods for implementation
 - Date of enactment, 10 days after, 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
- Effectively addressing new operational challenges, including IT updates, training, and hiring personnel
- Funding uncertainty during the balance of FY12



Organizing and Prioritizing the Work

The work to be done:

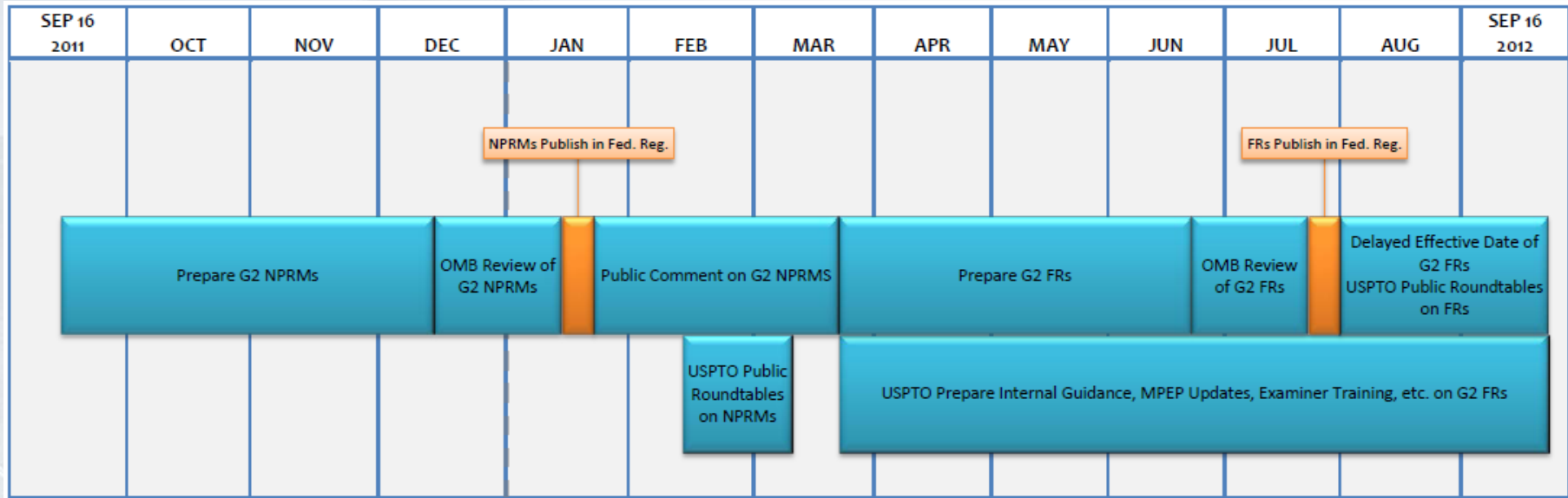
- Three Groupings of Rulemakings and Other Actions
- Studies and other Requirements

How we'll do it:

- Stick to a schedule
- Effectively engage stakeholders
- Solicit public comments
- Continue doing all the things we know are already working to reduce the backlog and pendency
- Ensure we have the resources to get it done

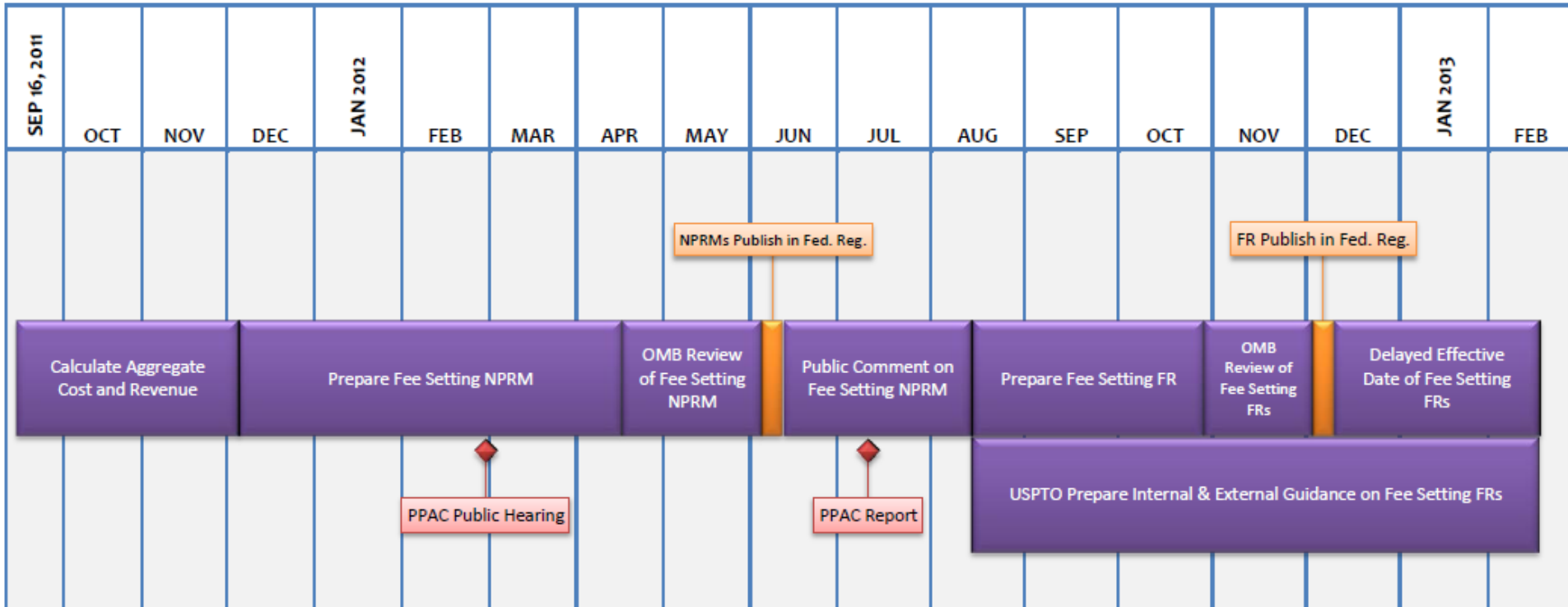


12 Month Timeline for Implementing the Rules





Fee Setting 17 Month Timeline





Major Milestones Thus Far...

- ✓ **September 26, 2011** - *two provisions implemented:*
 - Began accepting applications for our “Track 1” accelerated examination
 - Began collecting 15% surcharge to support backlog reduction efforts
- ✓ **January 6, 2012**, *published first 4 Notices of Proposed Rule Making (NPRMs)*
 - Inventor’s oath and declaration
 - Third party submission of prior art in a patent application
 - Citation of prior art in a patent file
 - OED Statute of Limitations
- ✓ **January 13, 2012** – *Delivered first 2 studies required under the AIA to Congress*
 - Global Patenting for Small Business
 - Prior User Rights Defense (Comparison and Impact Study)
- ✓ **January 25, 2012** – *Published NPRM on Supplemental Examination*
- ✓ **February 9 and 10, 2012** – *published 7 Board NPRMs including*
 - *Inter partes* Review
 - Post Grant Review
 - Transitional Program for Covered Business Method Patents
 - Derivation Proceeding



Overview of New Patent Trials

Four types of proceedings that can be used to challenge the patentability of a patent:

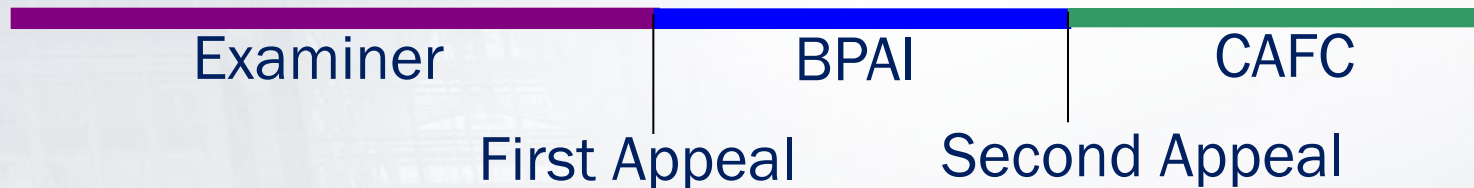
1. *Inter Partes* Review (IPR)
2. Post-Grant Review (PGR)
3. Transitional Program for Covered Business Method Patents (CBM)
4. Derivation



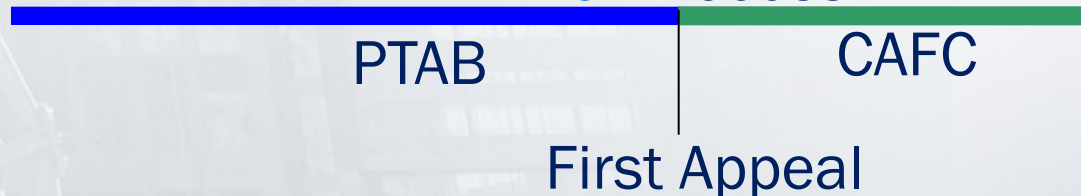
Comparison of Trials to Current Proceedings

- Unlike with reexamination, there is no “Examiner” stage.

Reexamination Process



Trial Process





Deciding to file

- IPR, PGR, CBM or Derivation?
- IPR – effective date 9/16/2012.
 - All patents are eligible – first-to-invent and first-to-file.
 - Patents may be challenged under 35 U.S.C. 102 or 103
 - A person who is not the patent owner and who has not previously filed a civil action challenging the validity of a claim of the patent may file an IPR.
 - Petition cannot be filed until after the later of:
 - 1) 9 months after the grant of a patent or issuance of a reissue of a patent; or
 - 2) the date of termination of any PGR of the patent.



Deciding to file

- PGR – effective date 3/16/2013.
 - With limited exceptions, only those patents issuing from applications subject to first-to-file provisions of the AIA.
 - PGR allows challenges based on 35 U.S.C. §§ 101, 102, 103 and 112, except best mode.
 - A person who is not the patent owner and has not previously filed a civil action challenging the validity of a claim of the patent may file an IPR.
 - PGR may only be requested on or prior to the date that is 9 months after the grant of a patent or issuance of a reissue patent.



Deciding to file

- **CBM** — generally employs PGR procedures and standards.
 - Cannot file CBM during time a PGR could be filed, i.e., 9 months after issuance of a patent.
 - Petitioner must be sued or charged with infringement.
 - Patent must be a covered business method patent.
 - CBM patents do not include patents directed to technological inventions.
 - Both first-to-invent and first-to-file patents are eligible.
 - Prior Art is limited when challenging a first-to-invent patent.



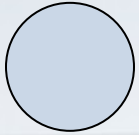
Deciding to file

- **Derivation** — differs from IPR, PGR and CBM.
 - Only an applicant for patent may file a petition to institute a derivation proceeding.
 - Applicant must file petition within 1 year of date of first publication of a claim to an invention that is the same or substantially the same as the earlier application's claim to the invention.
 - The petition must set forth with particularity the basis for finding that an inventor named in an earlier application or patent derived the claimed invention.



Stages of Proceeding

Petition
Filed



Proceeding begins with the filing of a **petition** which must include:

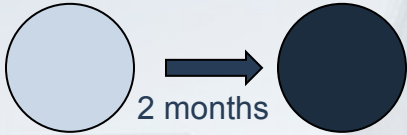
- Fee
- Real Parties in Interest
- Explanation of the validity challenge
- All evidence relied upon
- Claim construction



Stages of Proceeding

Petition
Filed

Preliminary
Response



2 months after the grant of a filing date for the Petition, the Patentee can file a **preliminary response**.

Preliminary response may present evidence other than testimonial evidence. Testimonial evidence and discovery may be provided where necessary (case-by-case basis). For example, to demonstrate that petitioner's real party in interest is estopped from challenging patent claims.



Stages of Proceeding



Has the **Petitioner** met the necessary threshold?

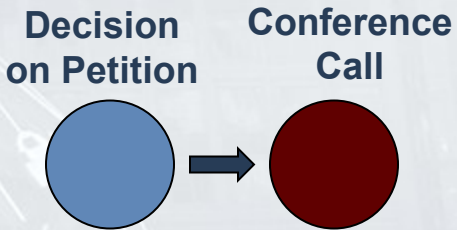
3 months after the due date for the Preliminary Response, the USPTO must issue a **Decision**.

Decision is whether to proceed by instituting a Trial. Where standards are met, the Board will institute the trial on:

- 1) claim-by-claim basis; and
- 2) ground-by-ground basis.



Stages of Proceeding



Scheduling Order concurrent with a decision to institute the trial. **Conference call** with Judge about one month from institution. (See Practice Guide).

The Order would set due dates taking into account the complexity of the proceeding.

Discovery issues will be discussed at this time.



Discovery

- Testimony and document production are permitted.
 - AIA authorizes the Office to set standards and procedures for the taking of discovery.
 - The proposed rules allow for two types of discovery: “routine discovery” and “additional discovery.”



Routine Discovery

- Reduces costs to parties by making basic information readily available at the outset of the proceeding. Routine discovery may assist the parties to assess the merits of their respective positions, to avoid harassment in the proceeding, or to reach settlement.
- Includes:
 - documents cited,
 - cross-examination for submitted testimony, and
 - information inconsistent with positions advanced during the proceeding.



Additional Discovery

- A party must request any discovery beyond routine discovery.
- A party seeking additional discovery in IPR and derivation must demonstrate that the additional discovery is in the “interests of justice.”
- A party seeking additional discovery in PGR and CBM will be subject to the lower good cause standard.
- Live testimony – the Board may authorize, where critical, to assess credibility. For example, a Judge may attend a deposition in appropriate instances.



Stages of Proceeding



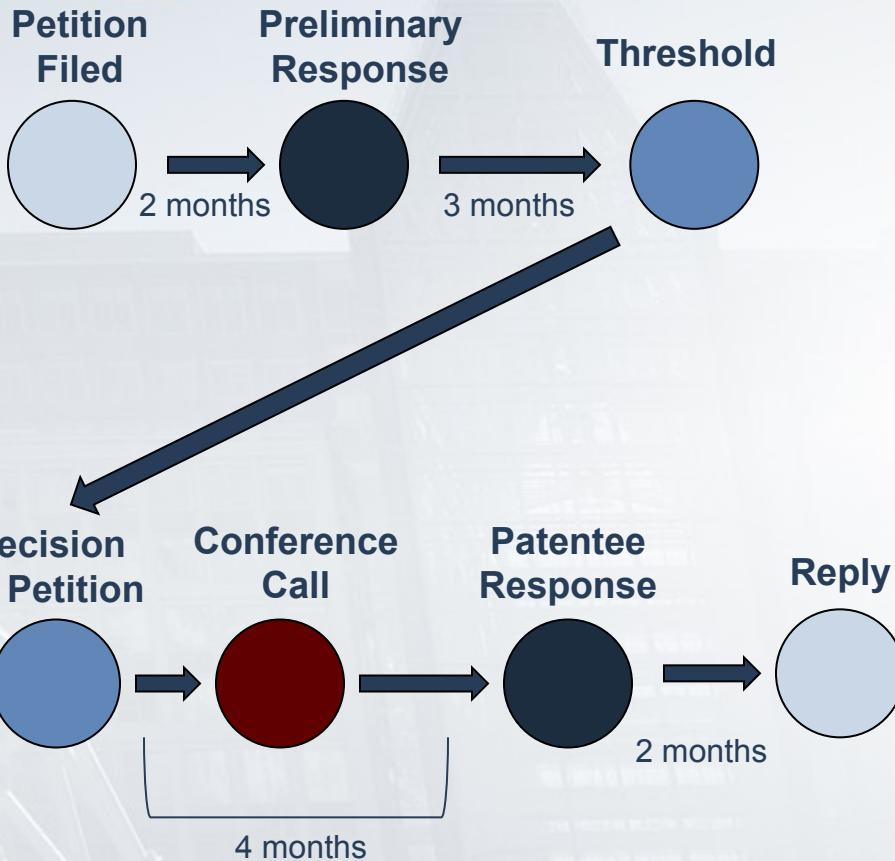
4 months after the Decision, the Patentee must file a **Response**

- The response must include all evidence that the Patentee will rely on as part of the trial.
- The response can include a motion to amend the claims.





Stages of Proceeding



Within 2 months, the Petitioner can file a **Reply** (together with an opposition to a motion to amend).

During the 2 months, the Petitioner can take limited discovery.

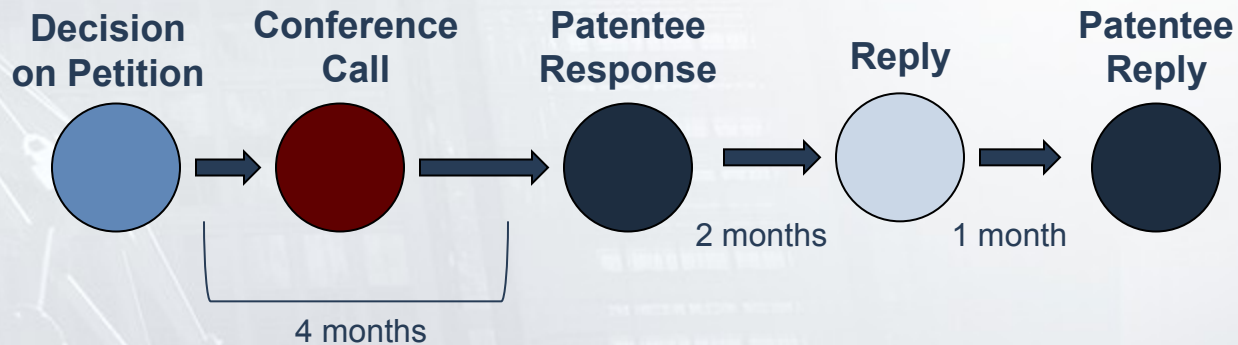


Stages of Proceeding



Within 1 month, the Patentee can file a **Reply** to Petitioner's opposition to amend.

Limited to discussion of claim amendments.



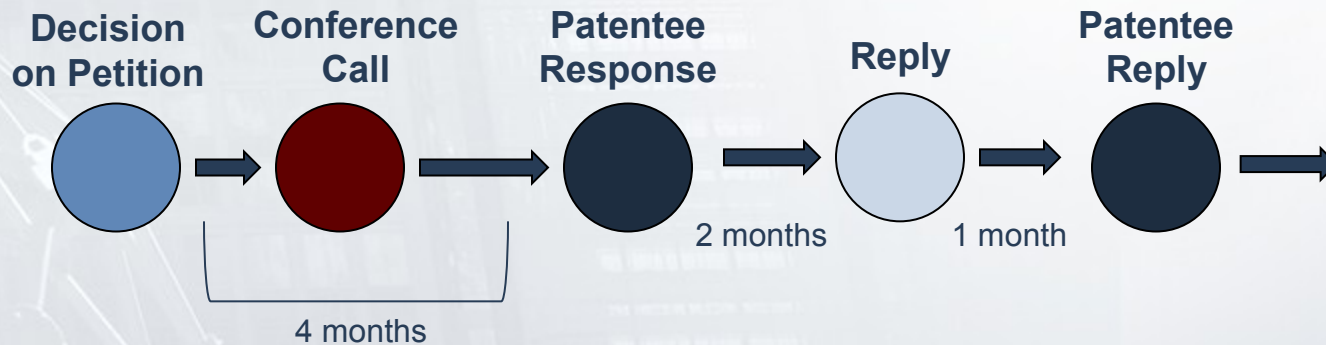


Stages of Proceeding



After the Patentee Reply, there is a motions period.

- Primarily motions to exclude evidence
- 3 weeks to file motions to exclude, 2 weeks to oppose, 1 week to reply



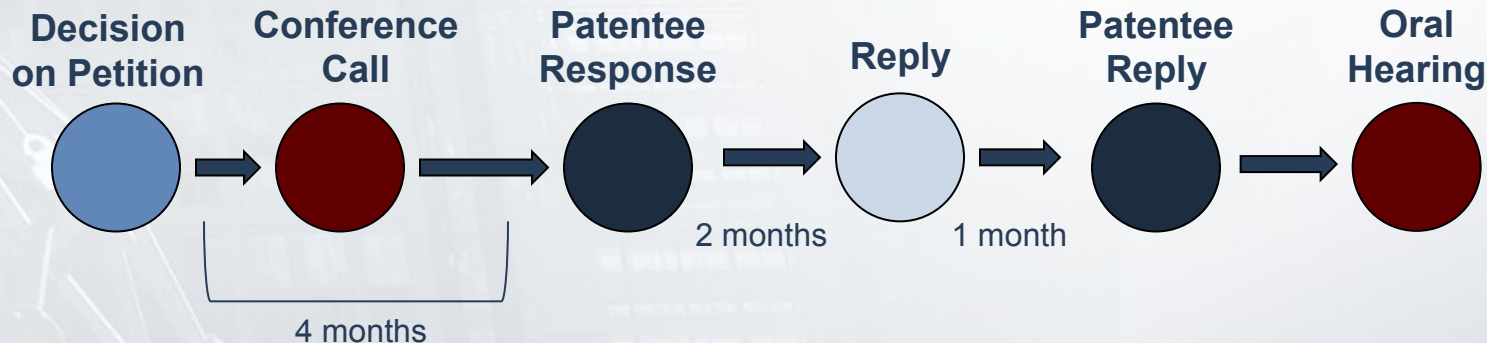


Stages of Proceeding



The parties are allowed to present their case in an oral hearing.

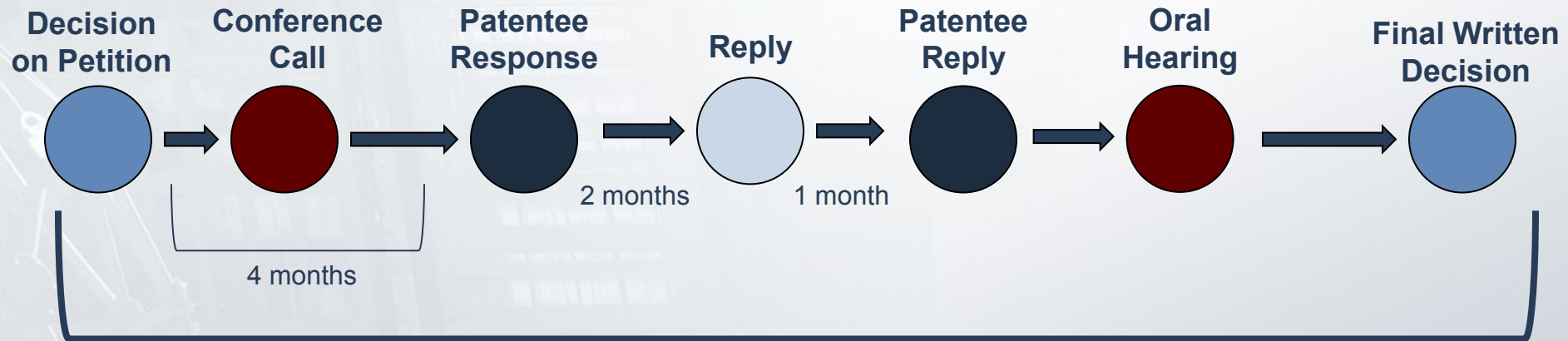
An oral hearing must be requested.



The Board will enter a “final written decision” explaining the outcome.



Contested Case Proceedings under the America Invents Act



No more than 12 months



Estoppel

- Petitioner Estoppels After Final Written Decision
 - A petitioner in an IPR/PGR/CBM may not request or maintain a proceeding before the Office with respect to any claim on any ground raised or reasonably could have been raised.
 - A petitioner in an IPR/PGR may not assert in district court or the ITC that a claim is invalid on any ground petitioner raised, and in IPR/PGR, any ground that reasonably could have been raised. (For CBM, Estoppel is limited to any claim on any ground actually raised.)



Estoppel

- Patent Owner Estoppel
 - A patent owner whose claim is cancelled is precluded from taking action inconsistent with the adverse judgment including obtaining in any patent a claim to substantially the same invention.
- Derivation Specific Estoppel
 - 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.

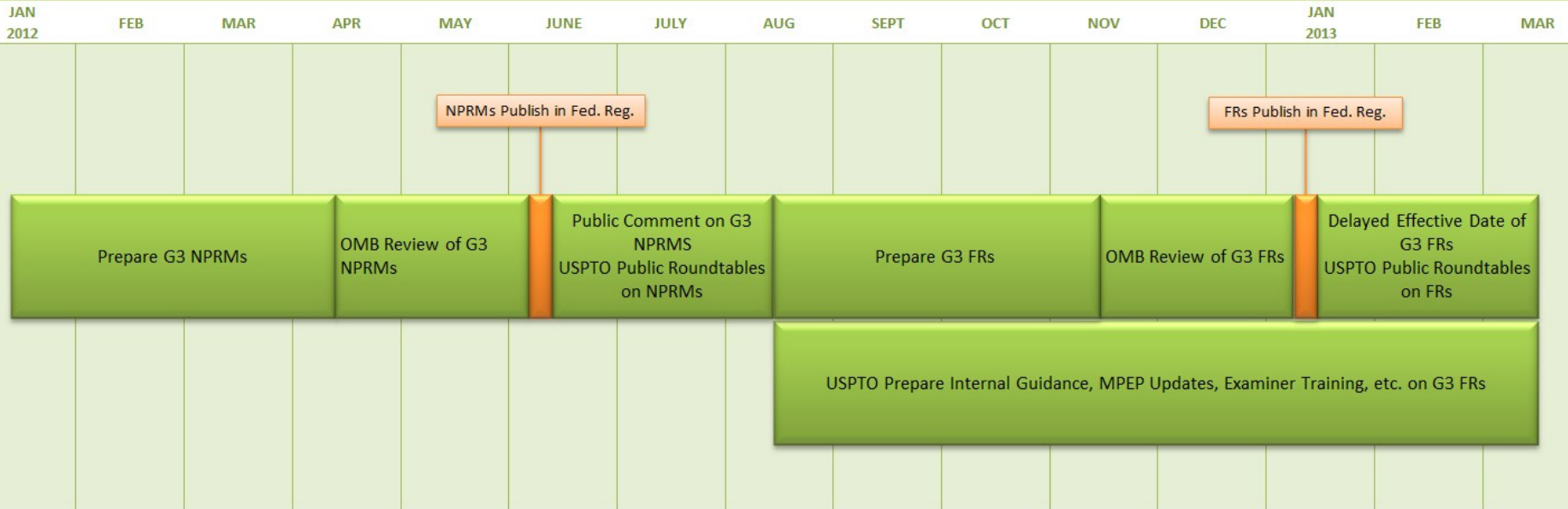


Implementation in Future: 18 Month Timeline (Effective on March 16, 2013)

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



18 Month Timeline





First-to-file

will be effective March 16, 2013

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

Thank You

