

The America Invents Act of 2011

What it means for USPTO and the Challenge Ahead

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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 throughout on what needs to be addressed in real patent reform
 - Significant backlog at the agency and significant efforts to address it
 - Uncertain funding levels
- Now, the challenge of implementation.



Congressional History of Patent Reform Legislation

108th Congress (2003-2004)

- Federal Trade Commission (FTC) and National Academies of Sciences (NAS) Reports issued
- House hold hearings on "Committee Print" (Rep. Smith, April 2004)

109th Congress (2005-2006)

- Senate introduces S.3818 (Sen. Hatch); hearings held
- House introduces H.R.2795 (Rep. Smith); hearings held
- H.R.5096, PDQ Act introduced (Rep. Berman) – *inc.* Post Grant, Willfulness, Venue and Injunctions

110th Congress (2007-2008)

- Senate holds hearings on S.1145; Committee adopts bill but it is never considered on the Floor
- House passes H.R. 1908 (Rep. Berman) on 9/7/2007 by a vote of 220 – 175.

111th Congress (2009-2010)

- S.515 and H.R.1260 introduced at Joint Press Conference (March 2009)
- Senate Judiciary Committee Amends and Reports out S.515 (April 2009)
- Administration submits "views letter" supporting much of S.515 (Oct. 2010)

3



Patent Reform Legislation – "America Invents Act"

Goals of Patent Reform Legislation

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

4



Patent Reform Legislation – “America Invents Act”

The Leahy-Smith America Invents Act of 2011, signed by the President on September 16, 2011 as P.L. 112-29 (H.R.1249)



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



Patent Reform Legislation – “America Invents Act”

Key Provisions of the Act:

- Transition to First-Inventor-to-File
- Provide USPTO Fee-Setting Authority
- Establish Post-Grant and *Inter Partes* Review Procedures
- Post-Grant Review of Business Method Patents
- Supplemental Examination Procedure
- 3rd Party Submissions of Prior Art
- Priority Examination for Important Technologies
- Limits False Marking Litigation
- Expansion of the Existing Prior User Defense

Significantly, earlier this week, we implemented two provisions:

- Began accepting applications for our “Track 1” accelerated examination
- Began collecting a 15% surcharge on patent fees to support backlog reduction efforts



*Preparing for Implementation
..and getting most of it done in the first year!
The “Leahy Smith America Invents Act*

The image shows the official seal of the United States Patent and Trademark Office (USPTO) on the left. The seal features an eagle with wings spread, holding a shield with the American flag's stars and stripes. The text around the seal reads "UNITED STATES PATENT AND TRADEMARK OFFICE" and "DEPARTMENT OF COMMERCE". The background is a faded image of a large, classical-style building, likely the USPTO headquarters.

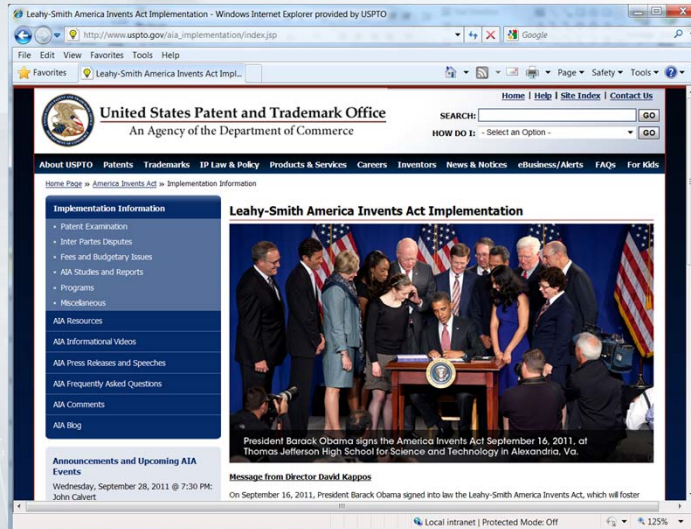
Patent Reform Legislation – “America Invents Act”

Implementation of AIA

Step 1: A website: aia_implementation@uspto.gov

- Details/Updates USPTO actions to implement AIA provisions
- Lists outreach/educational events conducted by USPTO staff
- Receive preliminary input and comments from stakeholders

8



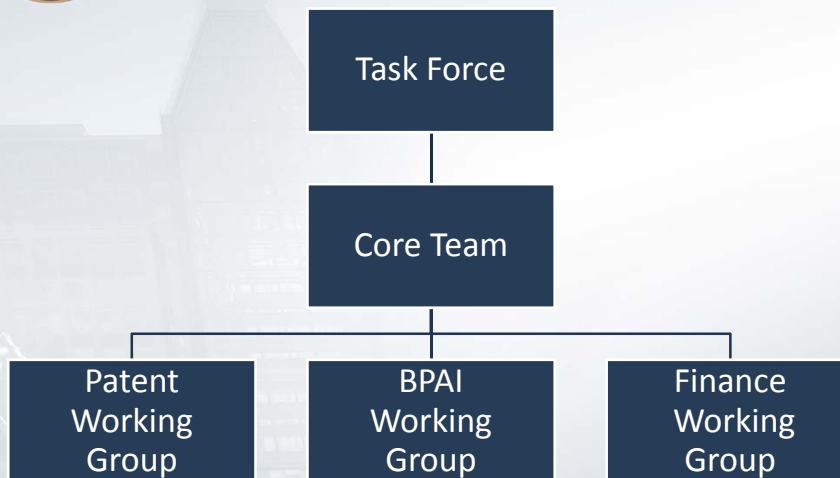
Challenges of Implementation

Step 2: The Challenge of implementation...

- Numerous provisions to implement simultaneously
 - Challenge: Ensure that regulations and/or guidance are complementary.
- Short time periods for implementation
 - Date of enactment, 10 days after, 12 months, 18 months.
- Coordination within USPTO and with other governmental agencies:
 - Including: U.S. Small Business Association, U.S. Trade Representative, Secretary of State, Attorney General, and Secretary of Commerce.
- Effectively addressing new operational challenges (for example, IT updates, training, hiring personnel).
- Funding uncertainty during a Continuing Resolution.



USPTO's AIA Implementation Task Force



Group 1 Rulemakings and Other Actions

(60 Day and Under Effective Dates)

| Date of Enactment (Sept. 16, 2011) | 10 Days After Date of Enactment (Sept. 26, 2011) | 60 Days After Date of Enactment (Nov. 16, 2011) | October 1, 2011 (beginning of the new Fiscal Year) |
|---|---|--|---|
| <ul style="list-style-type: none"> Reexamination transition for threshold Tax strategies are deemed within the prior art Best mode Human organism prohibition Patent term extension for drugs Virtual and false marking Venue change from DDC to EDVA for suits brought under 35 U.S.C. §§ 32, 145, 146, 154 (b)(4)(A), and 293 OED Statute of Limitations Fee Setting Authority (Sec. 10) Establishment of micro-entity (effective after Sec. 10 rulemaking completed) | <ul style="list-style-type: none"> Prioritized examination 15% transition surcharge | Electronic filing incentive | Reserve fund |



Group 2 Rulemakings

(12 Month Effective Date)

- Inventor's oath/declaration
- Third party submission of prior art for patent application
- Supplemental examination
- Citation of prior art in a patent file
- Priority examination for important technologies
- *Inter partes* review
- Post-grant review
- Transitional post-grant review program for covered business method patents

9/29/2011

13



Group 3 Rulemakings and Other Actions

(18 Month Effective Date)

- First-Inventor-to-File
- Derivation proceedings
- Repeal of Statutory Invention Registration

9/29/2011

14



Studies: USPTO as Lead Agency

| Topic | Objective | Due Date from Enactment |
|---|---|-------------------------|
| International Protection for Small Businesses | Report on how to help small businesses with international patent protection, including a revolving fund loan or grant program to defray costs | 4 months |
| Prior User Rights | Report on the operation of prior user rights in other industrialized countries | 4 months |
| Genetic Testing | Report on providing second opinion genetic diagnostic testing | 9 months |
| Misconduct Before the Office | Report on impact of new statute of limitations provisions barring disciplinary action in response to substantial evidence of misconduct before the Office | Every 2 years |
| Satellite Offices | Report on the rationale for selecting the location of satellite offices, progress in establishment, and achieving identified purposes | 3 years |
| Virtual Marking | Report on the effectiveness of the virtual marking as an alternative to physical marking articles | 3 years |
| Implementation of AIA | Report on how AIA is being implemented by the USPTO and its effect on innovation, competitiveness, and small business access to capital | 4 years |

9/29/2011

15



Studies: USPTO as Consultant

| Topic | Lead Agency | Objective | Due Date from Enactment |
|---|-------------------------------|--|-------------------------|
| Effects of First-Inventor-to-File on Small Business | Small Business Administration | Report on effects of small businesses switching to a first-inventor-to-file system | 1 year |
| Patent Litigation | General Accountability Office | Report on impact of patent infringement litigation by non-practicing entities | 1 year |

9/29/2011

16



Programs: USPTO to Establish

| Topic | Objective | Due Date from Enactment |
|---------------------------------------|--|-------------------------|
| Pro Bono | Directs USPTO to work with IP law associations to establish pro bono programs to assist financially under-resourced independent inventors and small businesses | Immediately |
| Diversity of Applicants | Requires USPTO to establish methods for studying diversity of patent applicants | 6 months |
| Patent Ombudsman for Small Businesses | Requires USPTO to establish and maintain a Patent Ombudsman Program to provide support and services to small business concerns and independent inventors | 12 months |
| Satellite Offices | Requires USPTO to establish 3 or more satellite offices in the U.S. | 3 years |

9/29/2011

17



Thank you.

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18