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Top 10 Provisions Of The America Invents Act

Law360, New York (October 12, 2011, 1:16 PM ET) -- On Sept. 16, 2011, President Obama signed into law the America Invents Act of 2011 (the "AIA"). The AIA makes a number of changes to U.S. patent law, and those changes will take effect on various dates.

The wisdom of the AIA and its effect on U.S. patent applicants and owners, including U.S. businesses, ultimately can be assessed only after the U.S. Patent and Trademark Office and U.S. courts apply the amended and new laws to various circumstances and disputes.

Nevertheless, there are 10 AIA provisions that this author currently expects to noticeably impact the U.S. patent landscape. Those "Top 10" provisions, in no particular order, are:

1) The U.S. patent system will change from a first-to-invent system to a first-inventor-to-file system.

As of March 16, 2013, the right to a U.S. patent depends on who first files his or her patent application with the PTO and no longer depends on who first invents the claimed invention(s). AIA § 3(b), (n); 35 U.S.C. § 102(a).[1] In other words, as of that date, an application or resulting patent that contains, or at any time contained, a claimed invention with an effective filing date of or after March 16, 2013, or a corresponding priority reference, is subject to the new first-inventor-to-file rule. *Id.* In short, an applicant will need to be more diligent in filing an application(s) with the PTO, as any delay in filing could result in a loss of patent rights.

2) There will be a revamped system to challenge applications and patents at the PTO, with interference proceedings (i.e., proceedings to determine who first invented the claimed invention(s)) being phased out and the revamped system to include:

Derivation Proceedings

"Derivation proceedings" are new PTO proceedings. As of March 16, 2013, derivation proceedings allow a person to correct the named inventor(s) on an application or patent. AIA § 3(i), (n); 35 U.S.C. § 135(b). That is, an applicant, i.e., petitioner, can correct the named inventor(s) if it can establish that "an inventor named in an earlier application derived the claimed invention from an inventor named in the petitioner's application and, without authorization, the earlier application claiming such invention was filed." AIA § 3(i); 35 U.S.C. § 135(a).

As of March 16, 2013, an application or resulting patent that contains, or at any time contained, a claimed invention with an effective filing date of or after March 16, 2013, or a corresponding priority reference, is subject to a possible derivation proceeding. AIA § 3(i), (n); 35 U.S.C. § 135(a). Importantly, a petitioner must seek to institute a derivation proceeding "within the 1-year period beginning on the date of the 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[.]" AIA § 3(i); 35 U.S.C. § 135(a);

Post-Grant Review

"Post-grant review" is a new type of PTO review. As of Sept. 16, 2012, post-grant review allows a person who is not the owner of a patent to seek "to cancel as unpatentable 1 or more claims of [the] patent[.]" AIA § 6(d), (f)(2); 35 U.S.C. § 321(a), (b).

More specifically, within nine months after the patent is granted or reissued, that person can argue that the PTO should invalidate the challenged claim(s) because, for example, it is anticipated (i.e., not novel), obvious, indefinite or not properly supported by the patent specification. AIA § 6(d); 35 U.S.C.

§ 321. In a post-grant review, invalidity can be established through, for example, patents, printed publications and affidavits or declarations of supporting factual evidence or expert opinions, and the standard of proof is preponderance of the evidence. AIA § 6(d); 35 U.S.C. §§ 322(a), 326(e);[2] and

Inter Partes Review

"Inter partes review," which is technically a new type of PTO review. That is, inter partes review is the same or similar in some respects to inter partes reexamination, which is being phased out. As of Sept. 16, 2012, inter partes review allows a person who is not the owner of a patent to seek "to cancel as unpatentable 1 or more claims of [the] patent[.]" AIA § 6(a), (c); 35 U.S.C. § 311(a), (b).

More specifically, after the later of (a) the date that is nine months after the patent is granted or reissued or (b) the date of termination of a post-grant review (if instituted), that person can argue that the PTO should invalidate the challenged claim(s) because it is anticipated or obvious. AIA § 6(a); 35 U.S.C. § 311. In an inter partes review, anticipation or obviousness can be established through only prior art patents or printed publications, and the standard of proof is preponderance of the evidence, i.e., more likely than not. AIA § 6(a); 35 U.S.C. §§ 311(b), 316(e).[3]

3) A patent owner will be able to request that the PTO conduct a supplemental examination of its patent.

As of Sept. 16, 2012, "[a] patent owner may request supplemental examination of a patent in the [PTO] to consider, reconsider, or correct information believed to be relevant to the patent[.]" AIA § 12(a), (c); 35 U.S.C. § 257(a), (c). Through supplemental examination, a patent owner can attempt to eliminate issues that could render the patent unenforceable in a lawsuit, i.e., civil action. AIA § 12(a); 35 U.S.C. § 257(c)(1).

However, if an accused infringer alleges unenforceability of the patent in a civil action before the patent owner has requested supplemental examination, then the patent owner cannot use supplemental examination to eliminate the accused infringer's bases for the unenforceability allegations. AIA § 12(a); 35 U.S.C. § 257(c)(2)(A).

Also, the patent owner cannot use supplemental examination to eliminate the bases for an accused infringer's unenforceability allegations if the patent owner commences a patent infringement lawsuit against the accused infringer before the supplemental examination and any resulting reexamination of the patent are concluded. AIA § 12(a); 35 U.S.C. § 257(c)(2)(B). In short, before a patent owner asserts its patent in a lawsuit, it should carefully consider whether a supplemental examination of its patent could eliminate issues that could render the patent unenforceable, i.e., issues that arose during the patent prosecution, i.e., application, process.

4) An accused infringer's "prior commercial use" defense to patent infringement is now broader.

For a patent issued on or after September 16, 2011, an accused infringer may be able to assert, as a defense to infringement, its prior commercial use of the patented subject matter in the United States, i.e., its prior domestic use "in connection with an internal commercial use or an actual arm's length sale or other arm's length commercial transfer of a useful end result of such commercial use[.]" AIA § 5(a), (c); 35 U.S.C. § 273(a).

Whereas this defense was previously potentially available only where the accused subject matter was a method, now this defense may be available where the accused subject matter consists of a process (including a method), or consists of a machine, manufacture or composition of matter used in a manufacturing or other commercial process. AIA § 5(a); 35 U.S.C. §§ 100(b), 273(a).

5) Virtual patent marking is now available. In order to preserve the right to recover available damages in a patent infringement lawsuit, a patent owner may now give notice of its patent via the Internet. AIA § 16(a); 35 U.S.C. § 287(a).

That is, as of Sept. 16, 2011, a patented product may be marked "by fixing thereon the word 'patent' or the abbreviation 'pat.' together with an address of a posting on the Internet, accessible to the public without charge for accessing the address, that associates the patented article with the number of the patent[.]" AIA § 16(a)(1), (2); 35 U.S.C. § 287(a). This change in the law should make it easier for companies to mark patented products and ensure the accuracy of any such marking, and this change may also reduce certain manufacturing and tooling costs previously incurred in connection with marking patented products.

6) False marking lawsuits are now seriously curtailed.

As of Sept. 16, 2011, only the United States or “[a] person who has suffered a competitive injury” because of false patent marking may bring a false patent marking lawsuit. AIA § 16(b)(1), (2), (4); 35 U.S.C. § 292(a), (b). Previously, “any person” was entitled to bring a false patent marking lawsuit. 35 U.S.C. § 292(b) (former). Also, if a product is marked with a patent that previously covered the product, but has expired, such circumstances do not constitute false marking. AIA § 16(b)(3); 35 U.S.C. § 292(c).

7) An accused infringer’s failure to obtain or present an attorney’s advice will have minimized evidentiary consequences.

As of Sept. 16, 2012, “[t]he failure of an infringer to obtain the advice of counsel with respect to any allegedly infringed patent, or the failure of the infringer to present such advice to the court or jury, may not be used to prove that the accused infringer willfully infringed the patent or that the infringer intended to induce infringement of the patent.” AIA §§ 17(a), 35; 35 U.S.C. § 298. Nevertheless, obtaining or presenting an attorney’s advice (e.g., an opinion letter) on patent matters still is or may be appropriate in many circumstances.

8) From now on, the number of patent infringement lawsuits with multiple defendants and the number of defendants in patent infringement lawsuits should be reduced.

Generally speaking, for a patent infringement lawsuit commenced on or after Sept, 16, 2011, multiple accused infringers may be joined as defendants in the lawsuit only if (a) the patent owner seeks to hold the defendants jointly or severally liable, or relief from the defendants is sought with respect to the same transaction(s) or occurrence(s) relating to alleged acts of infringement involving the same accused product(s) or process(es), and (b) questions of fact common to all accused infringers will arise in the lawsuit. AIA § 19(d)(1), (e); 35 U.S.C. § 299(a).

9) Failure to disclose the best mode shall not result in a loss of patent rights.

The U.S. Patent Act requires a patent applicant to disclose “the best mode contemplated by the inventor of carrying out his invention.” 35 U.S.C. §112. However, in a lawsuit commenced on or after Sept. 16, 2011, “the failure to disclose the best mode shall not be a basis on which any claim of a patent may be canceled or held invalid or otherwise unenforceable[.]” AIA § 15(a), (c); 35 U.S.C. § 282. As such, an accused infringer now has one less defense to patent infringement.

10) Are nonpracticing entities, a.k.a. patent trolls, an endangered species?

Pursuant to the AIA, the Comptroller General of the United States “shall conduct a study of the consequences of litigation by nonpracticing entities, or by patent assertion entities[.]” AIA, § 34(a). By Sept. 16, 2012, the Comptroller General shall “submit to the Committee on the Judiciary of the House of Representatives and the Committee on the Judiciary of the Senate a report on the results of the study[.]” and that report will include “recommendations for any changes to laws and regulations that will minimize any negative impact of patent litigation that was the subject of such study.” AIA, § 34(c).

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[1] Citations to the U.S. Patent Act include citations to amended or new sections of that act.

[2] In contrast, an accused patent infringer must meet a higher evidentiary standard in a lawsuit. In a lawsuit, the accused infringer must prove invalidity of a patent claim by clear and convincing evidence. See *Microsoft Corp. v. i4i Ltd. Partnership*, 131 S.Ct. 2238, 2242, 2244 (2011).

[3] See note 2, *supra*.