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## America Invents Act Brings Sweeping Change to the Patent Laws and Rules Part 1: Patent Office Changes

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On September 8, 2011, the U.S. Senate passed the America Invents Act (AIA), and President Obama signed the Act into law on September 16, 2011. This Act made significant changes to the patent law and rules. Below is a brief summary of some of the more significant prosecution-related provisions of the Act.

**First-to-File.** The Act converts the present “first-to-invent” system to a system in which the first inventor to file a patent application on the invention would have priority. The date of invention will no longer be considered in determining what is prior art against future inventions. This change brings the U.S. in line with most of the rest of the world.

An applicant will still be allowed a one year grace period to file an application in the U.S. after any disclosures made by the applicant. However, as before, disclosure of the invention prior to filing will still be a bar to filing patent applications in most countries. The first to file provision is set to take effect on March 16, 2013. As a result, the U.S. Patent and Trademark Office will most likely see a flurry of patent applications prior to this provision’s effective date. Companies and inventors will need to reevaluate their invention disclosure and patent filings procedures to emphasize prompt submissions of disclosures and filings of patent applications.

**Interference.** Another provision set to begin on March 16, 2013 is the replacement of the interference proceeding with a “derivative proceeding” to determine whether an inventor of a first-filed patent application derived the claimed subject matter without authorization from an inventor named in a later-filed application. The derivative hearing must be filed within a one-year period beginning on the date of the first publication of a claim in the earlier filed application.

**Assignment.** In the case where an inventor has assigned an invention, the Act allows the assignee to file the application for the patent.

**Preissuance and Post-Grant Proceedings.** Beginning on September 16, 2012, new rules will be put in place to challenge the validity of a patent.

**Preissuance.** The Act allows a third party to submit relevant prior art publications for the patent examiner to consider. The period for submission will be lengthened from two months after publication to the earlier of: (i) the issuance of a Notice of Allowance or (ii) six months after publication or the issuance of a first Office Action on the merits, whichever is later. In comparison to the current procedure, which disallows any explanation by the third party regarding the submitted reference, the new procedure allows a third party to add a description concerning the relevance of the submitted prior art.

**Post-Grant Inter Partes Review.** Inter Partes Review may be granted on specified novelty and non-obvious subject matter grounds. The review must be requested within nine months after grant or reissue or after the date of termination of post-grant review. Prior art submissions are limited to patents and printed publications. The petitioner must show that there is a reasonable likelihood of prevailing on at least one claim for the review to be granted.

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**Post Grant Review.** The post grant review permits allegations of invalidity on any ground in the statute, and must be requested within nine months of grant or reissue. The PTO will consider any ground of invalidity with the thresholds being: (1) more likely than not that at least one challenged claim is unpatentable, or (2) the petition raises a novel or unsettled legal question that is important to other patents or applications. Petitioners must take care when considering whether to file for a post grant review, as the petitioner is estopped from raising with courts, the International Trade Commission (ITC) or the PTO “any ground that petitioner raised or reasonably could have raised during the review.”

**Supplemental Examination.** The Act establishes a system of supplemental examinations for a patent owner “to consider, reconsider, and correct information believed to be relevant to the patent.” This examination may be used to “cure” what might be inequitable conduct in the original prosecution. In the event that the Director becomes aware of “material fraud” on the PTO in connection with a patent during a supplemental examination or reexamination proceeding, the Director is required to confidentially refer the case to the Attorney General.

**Review of Business Method Patents.** The Act requires the Director to establish an eight-year transitional post-grant review proceeding for review of the validity of covered business method patents. The term “covered business method patent” is defined as “a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.”

**Patent Office Funding.** The Act creates a separate fund into which all fees collected in excess of the amount appropriated for the Patent Office will be deposited. Those funds are to be appropriated subsequently for use by the Patent Office only. The ability of the PTO to use these funds is intended to lead to an increase in hiring of patent examiners and thus a decrease in patent application pendency.

**Higher Fees.** Beginning on September 26, 2011, patent filers will pay a 15% surcharge on all patent fees.

**Non-electronic Filing Fee.** A new \$400 fee must be paid by those applicants who do not file utility patent applications electronically.

**Priority Filing Fee.** There is a \$4,800 fee for filing a prioritized application. Small entities pay \$2,400.

**Micro Entity.** The Act creates a “micro entity” fee structure. A “micro entity” is any small entity that has filed no more than four applications, and has an income that is less than certain specified limits. Micro entities are charged significantly lower fees (e.g., \$250 for filing, examination and search fees).

**Tax Strategies.** The Act directs the USPTO to stop granting patents for strategies to reduce, avoid or defer tax liability.

**Virtual Marking.** Virtual marking - the process of using a publicly accessible website to provide a link between a patented invention and its patent number - shall be considered as sufficiently providing public notice for that patent. This change takes effect immediately and will apply to all cases pending as well.

**Next > Part 2: Litigation-Related Effects of the AIA.**