

Intellectual Property Alert: Ten Features of the New Patent Law Patent Applicants Should Know

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On September 16, 2011, President Obama signed into law the Leahy-Smith America Invents Act (the "AIA"). The law makes the most sweeping reform of the United States patent system in at least 60 years. The changes under the AIA will be phased in over the next eighteen months. While a number of significant changes will not take effect until late 2012 and early 2013, patent applicants can optimize their positions under the new law by taking certain steps now:

1. **Budget for increased fees:** A 15% surcharge on all Patent Office fees went into effect on September 26, 2011. The Patent Office has continuing discretion to increase fees to meet rising costs.
2. **Consider prioritized examination:** Also starting on September 26, 2011, the Patent Office began accepting applications for prioritized examination upon the payment of a \$4,800 surcharge (\$2,400 for Small Entities). Prioritized applications are expected to receive a final result (i.e., allowance or final rejection) within one year of filing. The Patent Office will grant up to 10,000 requests for prioritized examination per fiscal year.
3. **Forget about patenting tax strategies:** The law expressly deems all strategies for reducing, avoiding, or deferring tax liability as unpatentable over the prior art. Tax return preparation and financial management systems are excluded from this blanket disqualification.
4. **File patent applications electronically:** As of November 15, 2011, the Patent Office will impose a \$400 surcharge on a nonprovisional utility patent application filed by mail or other non-electronic means.
5. **Remember – best mode is not dead:** Although the AIA eliminates the failure to disclose the best mode as a basis for invalidating a claim in litigation or post-grant review, the best mode requirement remains part of the patent statute; therefore, a patent examiner may reject a claim or deny a priority claim for failure to satisfy the best mode requirement.
6. **Beware of patenting an invention "directed to" a human organism:** The law expressly forbids the issuance of a patent on a claim "directed to or encompassing" a human organism. Claims encompassing a human organism have long been held ineligible for patenting, and this provision at least creates a statutory expression of that doctrine.
7. **Virtually mark your patented products:** Patentees should continue to mark patented products with the word "patent" and relevant patent numbers in order to maximize damages recoverable in litigation. The law further

authorizes "virtual marking" whereby a product is marked with the word "patent" together with an Internet address at which the patented product is associated with the relevant patent number. The law also sharply limits the circumstances under which damages can be recovered for false marking.

8. **File patent applications early and often:** Applications effectively filed on or after March 16, 2013 will be subject to the new "first inventor to file" standard, rather than the present "first to invent" standard. Applicants should therefore strive to file patent applications as quickly as they can after an invention is made, because they lose the ability to show that an invention was made prior to a third-party disclosure. The well-known one-year "grace period" for filing a U.S. patent application after a public disclosure is retained but curtailed: it is available only after a disclosure traceable to an inventor and cannot be used to overcome a disclosure by a third party unless there was an earlier disclosure within the grace period that is traceable to an inventor.
9. **Prepare for a new definition of prior art:** The new definition of prior art in the AIA is complex and nuanced, but for applicants intending to seek worldwide patent protection, the practical rule on prior art remains simple: any disclosure before the filing date destroys novelty and can be used to establish obviousness. The residual "grace period" in the US excuses certain pre-filing disclosures, but most non-US patent rights would be destroyed, so worldwide applicants should continue to avoid any pre-filing disclosure.
10. **Brace yourself for more potential challenges to patent validity:** As of September 16, 2012, patents will become subject to new post-grant review proceedings by which third parties can challenge their validity. Third parties will also have expanded rights to submit information during application pendency. Although review mechanisms already exist, the law generally expands their scope and gives third-party challengers increased opportunities to challenge patents through administrative proceedings.