



MBHB *snippets* Alert

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Patent Reform: What Has Already Changed?

By Paula S. Fritsch, Ph.D.

The Leahy-Smith America Invents Act of 2011 (“AIA”) was signed into law by President Obama on September 16, 2011. The first significant overhaul of the U.S. patent system in nearly 60 years, this new patent reform measure ushers in considerable changes in how companies and individuals may obtain and enforce patents in the United States. This is the second in a series of articles on the AIA. The first article, which discussed the fee surcharge implemented on September 26, 2011, can be accessed [here](#). This article describes the other changes that have already been implemented. Future articles will address changes that will take effect in the coming months and years.

The default effective date of the AIA is one year after enactment, i.e., September 16, 2012, but a number of the provisions took effect upon enactment, or shortly thereafter, by virtue of specifically designated effective dates for those sections. The recently implemented provisions impact both pre- and post-grant procedures, and include:

- **Expanded Prior User Rights** – Pre-AIA, this infringement defense based on prior commercial use (embodied in 35 U.S.C. § 273) was limited to business method patents. Section 5 of the AIA expands the defense under § 273 to include non-business method processes as well as machines, manufacture, or compositions of matter used in manufacturing or other commercial processes, provided that the prior commercial use (a) was done in good faith, and (b) occurred within certain time constraints. Some noncommercial activities are explicitly included within the definition of “commercial use,” including premarket regulatory review activities and noncommercial uses by nonprofit entities, such as nonprofit laboratories, universities, and hospitals. The defense is unavailable if the subject matter was derived from the patentee. The expanded defense is a personal defense and must be shown by clear and convincing evidence. An unreasonable assertion of the defense leaves the defendant open to liability for attorney fees. Note that this defense only applies to patents issued on or after September 16, 2011, and supplements existing prior art invalidity defenses under §§ 102 and 103.
- **Venue for Appeals from the Patent and Trademark Office** - Section 9 of the AIA changes the venue for appeals of various PTO decisions (most notably, civil actions to obtain a patent as an appeal from a decision of the Board of Patent Appeals and

Interferences) from the District of Columbia to the Eastern District of Virginia. This provision applies to all actions commenced on or after September 16, 2011.

- **Creation of Micro Entities** – Section 10 of the AIA establishes a new category of “micro entity” applicants for those who can certify that they (a) qualify for small entity status, (b) have not been named as an inventor on more than 4 previously filed patent applications (with limitations on which applications count towards the count of 4), (c) do not exceed gross income limitations, and (d) have not assigned, nor are they under an obligation to assign, the application to an entity that exceeds the gross income limitations. A notable exception to the 4 application limit is applications that the applicant assigned (or was under an obligation to assign) to the applicant’s previous employer. Micro entities will be entitled to a 75% reduction in the fees for filing, searching, examining, issuing, appealing, and maintaining patent applications and patents. One caveat: the reduced fees for micro entities are not yet in place, as the fee adjustment must be implemented by the Director according to the fee setting authority, also described in Section 10.
- **Fee Surcharge** – Section 11 of the AIA implements a 15% surcharge on most patent-related fees, including filing and basic national fees, and fees for excess claims, examination, issuance, disclaimers, appeals, revival, extensions, maintenance, and searches. The current fee schedule, reflecting these surcharges, is available [here](#).
- **Prioritized Examination** – Section 11 of the AIA also ushers in a new prioritized examination track, which came into effect on September 26, 2011. The payment of a \$4,800 fee for filing a request for Prioritized Examination (which is in addition to the filing, search, examination, and other fees) entitles the application to examination on a prioritized schedule, with a goal of a 12 month pendency. Applications on the Prioritized Examination track are limited to 4 independent claims and 30 total claims, and there is a limit of 10,000 requests for Prioritized Examination per fiscal year. Certain actions by the applicant, such as filing a request for continued examination (RCE), seeking an extension of time, suspending the action, and submitting amendments that cause the claims to exceed the limits set for Prioritized Examination, will terminate the prioritized examination of the application. This program is in addition to the existing Accelerated Examination program, and does not require the applicant to submit a pre-examination search document and an accelerated examination support document, as is required in the Accelerated Examination program.
- **Tax Strategies Deemed Prior Art** – Section 14 of the AIA establishes that strategies for reducing, avoiding, or deferring tax liability are insufficient to differentiate a claimed invention from the prior art. This section applies to any patent application pending on, or filed on or after, September 16, 2011, and any patent issued on or after that date.
- **Elimination of the Best Mode Defense** – Section 15 of the AIA eliminates the failure to comply with the best mode requirements of 35 U.S.C. § 112 as a basis for invalidating a patent or rendering it unenforceable, but does not change the requirements of 35 U.S.C. § 112. This section only applies to proceedings commenced on or after September 16, 2011.

- **Patent Marking** – The changes implemented by Section 16 of the AIA relating to patent marking apply to all cases pending on or commenced on or after September 16, 2011.
 - **Virtual Patent Marking** – Section 16(a) revises the marking requirements to allow for marking with the word “patent” or “pat.,” together with an Internet address accessible without charge that associates the patented article with the number(s) of the relevant patent(s).
 - **Limits on False Marking** – Section 16(b) revises the requirements for actions for false marking. Section 16(b) specifies that: (i) marking with an expired patent is not an act of false marking; (ii) only the United States can collect the civil penalty for false marking; and (iii) actions for damages for false marking can only be brought by a person who has suffered a competitive injury.

- **Jurisdiction and Procedural Matters** – The changes implemented in Section 19 of the AIA apply to all cases commenced on or after September 16, 2011.
 - **Jurisdiction** – Sections 19(a)-(c) clarify federal court jurisdiction and contain a new removal section for patent, plant variety protection, and copyright claims.
 - **Restrictions on Joinder of Defendants** – With the exception of cases brought for infringement under 35 U.S.C. § 271(e)(2) (i.e., cases based on the filing of an Abbreviated New Drug Application), Section 19(d) restricts joinder of defendants in a single action, or consolidation of actions for trial, to those instances where the relief is sought from the defendants jointly, severally, or with respect to the same transaction or occurrence, and where questions of fact common to all defendants will arise. Joinder is no longer permitted where the sole basis for joinder is that each defendant is alleged to have infringed the patent(s) in suit.

- **Prohibition on Patent Claims “Directed to or Encompassing a Human Organism”** – Section 33 of the AIA bars such claims. This section applies to applications that are pending on, or filed on or after, September 16, 2011. This prohibition does not affect the validity of any patent issued from an application to which this prohibition does not apply.

- **Adjustment to the Calculation of the Period for Applications for Patent Term Extension** – Section 37 of the AIA clarifies how the date on which a product that is subject to regulatory review receives permission to be commercially marketed or used is determined for the purpose of filing a request for patent term extension.

There is one additional provision that will go into effect shortly. Starting on November 15, 2011, most applications will be subject to an additional \$400 fee if the application is not filed electronically. This fee will not be assessed for design, plant, or provisional applications.

Paula S. Fritsch, Ph.D., is an MBHB partner whose practice focuses primarily on enforcement of intellectual property rights. She has experience representing clients in federal district and appellate courts, as well as before the International Trade Commission. Her litigation experience

encompasses a wide range of high-tech industries including pharmaceuticals, medical diagnostic equipment, medical devices, and packaging. fritsch@mbhb.com

MBHB attorneys are well versed on the Leahy-Smith America Invents Act patent law changes and how the changes will impact prosecuting and enforcing patents in the U.S. Please contact an MBHB attorney should you have any questions about the Act or to arrange an in-house seminar about the Leahy-Smith America Invents Act.

For more general information about the Act, and its impact on the patent laws, [view our most recent edition of *snippets*](#).