

BACK STORY

AMERICA INVENTS ACT

How the Passage of the Most Sweeping Changes in Patent Law Will Affect Your Clients

BY SEATON J. CURRAN, ESQ.

On September 16, 2011, President Obama signed into law the Leahy-Smith America Invents Act,¹ which brings about the most sweeping changes to the patent laws since the 1952 Patent Act. Congress believes the patent system should continue to promote the development of new technologies that spur growth and create jobs, and protect the rights of small businesses and inventors from predatory behavior that could result in the cutting off of innovation.² To that end, the act has made significant changes in the areas of patentability, patent prosecution and patent litigation that will affect the current and future development of your client's patent portfolio.

Patentability

The most notable change in the act transforms the patent system from the current "first-to-invent" system to a "first-to-file" system, which moves the U.S. Patent system closer to a majority of foreign countries that currently follow similar "first-to-file" systems. The act replaces the current Sections 102 and 103 pertaining to conditions of novelty and nonobviousness, and broadens the scope of prior art to include any publication or use, anywhere in the world, prior to the filing date of an application. Specifically, the amended Section 102 entitles inventors to a grant of patent unless "the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public *before the effective filing date* of the claimed invention."³

This change in patentability considers novelty and obviousness as of the "effective filing date"⁴ of the patent application, rather than "at the time the invention was made."⁵ The former system tied the scope of prior art to the date the invention was conceived, which allowed inventors to eliminate certain publications from prior art by establishing conception of the invention prior to these publications. This shift to a "first-to-file" system is intended to promote certainty in the patent system by placing greater emphasis on filing patent applications, and by focusing on the date of filing in determining the scope of prior art.

The act also affects the patentability of tax strategies and business methods. For example, strategies for reducing, avoiding or deferring tax liability are now insufficient to distinguish pending claims from prior art.⁶ In addition, the United States Patent and Trademark Office (USPTO) is directed to establish an eight-year transitional program⁷ to re-examine certain business-method patents in view of the U.S. Supreme Court's decision in *Bilski v. Kappos*.⁸

Patent Prosecution

The act also provides for enhanced examination procedures, as well as accelerated examinations for qualifying applications. Under the act, an accelerated examination process⁹ will be available to applications that are important to the national economy for an additional \$4,800 fee.¹⁰

In addition, enhanced examination procedures, including third-party submissions during application examinations, and two new post-grant challenges, are provided. Third parties may now submit prior art publications, including an explanation of the relevance of such publications, to the USPTO during examination of pending applications.¹¹

Moreover, a post-grant review may be requested based on any invalidity ground within the first nine months after a patent issues or reissues, and an inter partes review may be initiated after the completion of the post-grant review to address challenges raised under section 102 or 103.¹²

Patent Litigation

The most significant change to patent litigation is eliminating the ability for anyone to bring a false marking lawsuit under 35 U.S.C. Section 292 by awarding damages only to the United States and those who can prove competitive injury.¹³

In addition, the prior commercial use defense to infringement is broadened to extend to commercial use of any subject matter under the act at least one year before the effective filing date of the patent application.¹⁴

Inventor Outreach and Further Development

Finally, in an endeavor to assist small business and inventors, the act creates a "micro-entity" filing status that is entitled to a 75 percent reduction in USPTO fees.¹⁵ In addition, the act requires the USPTO to establish pro bono programs¹⁶ designed to assist small businesses, and to conduct a number of studies on the impacts of the "first-to-file" system on small businesses and innovation.¹⁷

Overall, the America Invents Act brings about several significant changes to the current U.S. patent system. Over the next several months, as the provisions of the act take effect, practitioners, patent holders, the courts, and the USPTO will begin to implement changes resulting in a major shift in the U.S. patent system. ■



SEATON CURRAN is a patent attorney in the Armstrong Teasdale Intellectual Property Group, where his practice includes preparation and prosecution of U.S. and foreign patent applications, patent infringement analysis, patentability opinions and patent enforcement strategies. He can be reached at (702) 415-2946, or via e-mail at scurran@armstrongteasdale.com.

- 1 H.R. 1249, *Leahy-Smith America Invents Act*.
- 2 *Id.* at Sec. 30. Sense of Congress.
- 3 *Id.* at Sec. 3 - First inventor to file, amending 35 U.S.C. §102.
- 4 *Id.* at Sec. 3 - First inventor to file.
- 5 35 U.S.C. §102.
- 6 *H.R. 1249*, Sec. 14. - Tax strategies deemed within the prior art.
- 7 *H.R. 1249*, Sec 18. - Transitional program for covered business method patents.
- 8 *Bilski v. Kappos*, U.S. 130 S. Ct. 3218 (2010).
- 9 *H.R. 1249*, Sec. 25 - Priority examination for important technologies.
- 10 *Id.* at Sec. 11 - Fees for patent services.
- 11 *Id.* at Sec. 8 - Preissuance submissions by third parties.
- 12 *Id.* at Sec. 6 - Post-grant review proceedings.
- 13 *Id.* at Sec. 16 - Marking.
- 14 *Id.* at SEC. 6 - Post-grant review proceedings.
- 15 *Id.* at Sec. 11 - Fees for patent services.
- 16 *Id.* at SEC. 32 - Pro bono program.
- 17 *Id.* at SEC. 26 - Study on implementation.