

# Inventors Should File Patent Applications As Soon As Possible

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The U.S. patent system will transition from a "first-to-invent" system to a "first-to-file" system on March 16, 2013. This is the most significant change brought by the Leahy-Smith America Invents Act of September 2011.

In a first-to-file system, patents are granted to the applicant who files a patent application first rather than to the applicant who was first to invent.

The new law is intended to simplify and reduce expenses associated with obtaining patents. It also conforms U.S. law more closely to the patent laws of other countries.

Some have criticized the first-to-file system as providing inventors with the incentive to rush to file patents on every new idea. The rushed filing of patent applications may cause a significant increase in the total number of patent applications in the U.S. Patent and Trademark Office. In effect, the patent application backlog will be increased, and this may result in a longer process for obtaining a patent.

In order to accommodate those who seek quick action on their patent applications, the act provides for prioritized examination procedures. The new procedures require payment of a hefty fee of \$4,800 above the usual patent office fees with a 50 percent reduction offered for small entities.

Some have criticized the first-to-file system as disfavoring inventors and companies with limited financial resources.

In the first-to-file system, applicants are no longer able to rely upon the fact that they were first to invent. Some argue this will have a significant impact on the ability of inventors who have limited financial resources and/or knowledge of patent law to obtain patents.

However, the new law could also provide an advantage to more nimble start-up companies that are quick to act on new ideas.

Notably, the AIA provides a one-year grace period to file a patent application from the time of the inventor's own public disclosure of the invention. The grace period is

intended to limit the likelihood that an inventor's own work will disqualify him from patent protection. A similar grace period is available when the disclosure is by someone who obtained the idea from the inventor.

While these grace periods offer some protection when an invention is prematurely disclosed to the public, it is generally considered the better practice to file a patent application before such disclosures take place.

### **Re-examination Changes**

In addition to implementing a first-to-file system, the AIA changes a number of other provisions in U.S. patent law. For example, it expands the scope of the prior-user defense, which prevents enforcement of patents against others who can show they were using the invention at least one year before the effective filing date of the patent or pre-filing disclosure.

The AIA also broadens the bases upon which patent owners can request re-examination of an issued patent when they later discover information believed to be relevant to the question of patentability.

Third parties also can use new procedures to challenge patents. For example, anyone other than the patent owner can request review of a patent within nine months of the patent-issue date. Such requests must show it is more likely than not that at least one of the claims of the challenged patent is in fact unpatentable.

After the nine-month period, the validity of a patent can still be challenged using re-examination procedures but on a more limited basis. In a re-examination proceeding, the patent office may reject the patent claims as being unpatentable, thereby making them unavailable to assert in litigation. As such, patent challengers may find the new procedures worthy of consideration as an alternative to federal court litigation.

Another feature of the new law is that it creates a special reduced-fee schedule for those who qualify as a "micro-entity." The U.S. Patent Office has traditionally offered a 50 percent discount for companies that qualify as a small entity, but the new classification for micro-entities provides even greater discounts.

To summarize, the AIA provides an incentive for inventors to file patent applications and/or publish content describing their inventions shortly after their conception. It also provides: fee reductions and pro-bono programs for independent inventors so their patent rights will be unaffected by limited financial resources; ways to ensure that people will not be able to take advantage of the first-to-file system where an idea is

obtained from the inventor, and procedures for resolving patent disputes as alternatives to litigation proceedings.

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