

# New Patent Laws!

On September 16, 2011, the President signed the Leahy-Smith America Invents Act (AIA) into law. While less comprehensive than many in the legal community might have hoped, the new legislation nevertheless represents the most significant overhaul of the American patent system in 60 years.

Though most businesses will not be greatly impacted by the measures now in place, there are some changes in the law that are noteworthy. Here, we have summarized the changes scheduled to go into effect over the next 18 months.

## Effective Immediately



### » **Reduced fees for micro-entities**

- Independent inventors that meet new “micro-entity” qualifications are now entitled to a 75% reduction in USPTO fees.

### » **Best mode and invalidity**

- Failure to disclose a best mode for accomplishing an invention is no longer a basis for invalidating an issued patent or rendering it unenforceable.

### » **Joinder of parties**

- Restrictions are now in place preventing the practice of including multiple parties as defendants in a single infringement suit. This should end the practice of entities suing large groups of companies in a single case based on commonality of allegedly infringed patents. Instead, they would need to sue each accused infringer in a separate case.

### » **Elimination of human organism and tax strategy patents**

- Claims “directed to or encompassing a human organism” as well as all “strategies for reducing, avoiding, or deferring tax liability” are now excluded from patent protection.

### » **Assignee of invention may file a patent application**

- Anyone to whom the inventor has assigned, or is obligated to assign, the invention disclosed in the application can now apply for a patent in the name of an unavailable, incapacitated, or unwilling inventor.

### » **Virtual marking and elimination of qui tam false marking cases**

- “Virtual marking” (whereby a patentee can mark products with reference to a website that provides information about the product’s patent protection, instead of marking the product with the patent number) is now permitted.
- False marking or “qui tam” lawsuits are now limited so that only the United States or a person who has suffered a competitive injury may file a false marking suit.

### » **Defense of infringement based on prior commercial use**

- The prior commercial use defense to patent infringement is expanded to cover any process “or machine, manufacture, or composition of matter used in manufacturing or other commercial process.”

## Taking effect over the next 60 days

### » **USPTO's fee setting authority**

- USPTO will have the authority to set its own fees. Additionally, as of September 26, many fees, including filing fees, maintenance fees and extension of time fees will be increased by 15%.

### » **End of fee diversion**

- As of October 1, 2011, fees gathered in excess of the amount appropriated will be made available to the USPTO to cover administrative costs relating to patent and trademark prosecution, not diverted for other government use.

### » **Electronic payment incentive**

- Effective November 15, a \$400 surcharge will be added on all applications which are not filed through the USPTO website.

### » **Prioritized examination**

- Effective as of September 26, Applicants for non-provisional, non-reissued utility or plant patent applications may pay an additional fee of \$4,800 to have examination of their application expedited.

## Effective as of September 16, 2012

### » **Pre-issuance submissions by third parties**

- Third parties will have the option of providing pre-issuance submissions of prior art to the USPTO in connection with a pending application.

### » **Supplemental examinations**

- New procedure will allow a patent owner to request that the USPTO perform a supplemental examination to "consider, reconsider, or correct information believed to be relevant" to a patent. In practice, this could prevent a patent from being "held unenforceable on the basis of conduct" relating to this information.

### » **Transitional program for covered business method patents**

- Establishes transitional post-grant review proceeding for review of the validity of "covered business method patents."

## Effective as of March 16, 2013

### » **Transition to first-to-file**

- Changes U.S. Patent law from a "first-to-invent" system to a "first-to-file" system. This change will bring U.S. patent law more in accord with the patent laws of most other countries throughout the world.
- The "first-to-file" system grants patent protection to an inventor who files a patent application in the U.S. Patent Office before any other application is filed claiming the same subject matter.

### » **Post-grant review**

- A person who is not an owner of a patent will be able to file a petition for post grant review of the patent within 9 months of the grant of the patent or reissue patent.

### » **Revised one year grace period**

- Under the current U.S. patent system, an inventor can file a patent for an invention up to one year after it is first published, publicly used, offered for sale, or sold in the U.S. While in the past, anyone could have "published, publically used, offered for sale or sold" the invention, under the new law the grace period applies only to the inventor's own disclosure, or a disclosure derived from his or her invention—not a third party's.