




The New U.S. Patent Law and Other Recent Developments in Patents and Investor Perspective in Global IP Management

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The 2011 US Patent Law:
The America Invents Act, Publ. L. 112-29
Immediate, Important Changes


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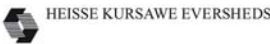
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Agenda


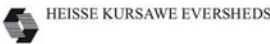
- Overview
- Inter Partes Review
- “First to Publicize”/ “First to File”
- Supplemental examination
- Prioritized examination
- New joint inventor definition/ease of inventorship correction
- Litigation provisions
- Four Take Home Messages

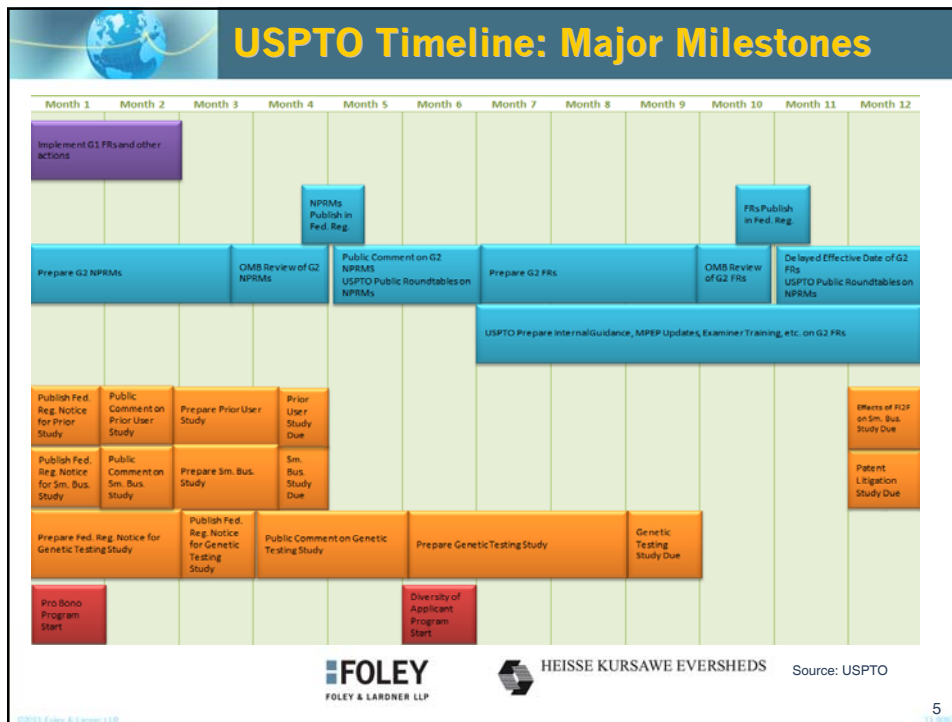


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Trigger Dates At a Glance (where strategy change is needed)

Area	Immediately	Within 60 Days	One Year	18 Months
Patent Application	Patent Term Extension Ban on tax strategy patents Ban on human organism patents	Track I program	Pre-issuance of third party prior art submissions (R)	First to File
USPTO Fees	USPTO Fee Setting Authority	15% surcharge for all (10 d) \$400 surcharge for non-electronic (60 d)		
Contentious Proceedings	Changes of <i>inter partes</i> reexam standard Pending <i>ex parte</i> reexam appeals (CAFC) (R)		New <i>inter partes</i> review (R) Revised <i>ex parte</i> review (R) Transition program for BMP	Post Grant Review Interference -> Derivation procdngs
Litigation	False marking actions (R) Joinder defense Elimination of best mode Expanded prior use defense	(R) = With retroactive effect	Supplemental examination Willful infringement (R)	



Overview

- Two AIA-created earthshaking changes to patent law and practice are the focus of this presentation:
- (1) “Inter Partes Review” (replacing Inter Partes Reexamination)
- (2) “First to Publicize”/ “First to File”, the new Prior Art Regime.

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Overview

- (1) “Inter Partes Review” is of *immediate* impact because it will be **retroactively** available against **all patents now in force** as from September 16, 2012 (even those currently not eligible for *inter partes* reexam).
- Draconian procedure far superior to and **quicker than** Inter Partes Reexamination


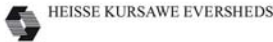
 

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Overview

- (2) “First to Publicize” / “First to File” only applies to new applications with a priority date *after* March 15, 2013.
- But, the changes are so massive that “first inventor” practitioners need every minute of the transition to adapt to the new practice.

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Overview


Many Other Changes include:

Patent Trial and Appeal Board (PTAB) (old “Board of Patent Appeals and Interferences”) is overwhelmed by its current 25,000 *ex parte* appeal backlog coupled with new AIA trial level responsibilities under “Inter Partes Reexamination”.

- Increased backlog for present cases.
- Expect truncated procedures for *ex parte* appeals to deal with new workload.


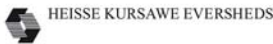
 

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Overview

- **“Post Grant Review”** will ***eventually*** become very important to challenge freshly minted patents but not today:
- Only patents with a ***priority date*** after March 15, 2013 will be covered.
- (Exception: “Covered business methods” under SEC. 18 and possibly the subject of pending interferences, if rulemaking permits.)



 


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 **Overview**

Inter Partes Reexamination under old law as from September 16, 2011, has threshold of “reasonable likelihood” that a claim will be denied (replacing “substantial new question”).


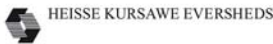
- Current cases will continue but new cases will be barred after September 15, 2012.
- Much slower procedure than *Inter Partes Review* because only *Inter Partes Review* starts at the PTAB, ***bypassing Examiner level consideration.***


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 **Overview**

Supplemental Examination to cite “information” including non-publication prior art and section 112 issues which, if they raise a “substantial new question” are basis for a Director-ordered *ex parte* reexamination.



- Statute is amended to supersede law limiting *ex parte* reexamination to issues keyed to printed publications and patents.


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 **Overview**

Prior User Rights under 35 USC § 273 are retroactively in force against already granted patents based upon *domestic* “good faith[] commercial[] use” if established more than one year before effective filing date or the first grace period eligible disclosure.


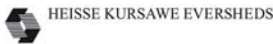
- Currently US prior user rights can only be applied against business method patents


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 **Overview**


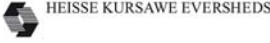
Supplemental Examination to cite “information” including non-publication prior art and section 112 issues which, if they raise a “substantial new question” are basis for a Director-ordered *ex parte* reexamination.


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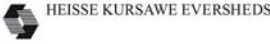
 **Overview**


- **Third Party Comments** may be submitted as “Preissuance Submissions” to analyze already prior art (including “old” prior art cited by the applicant): Even if the Examiner dismisses the arguments, they can be raised **again** in an Inter Partes Review that **bypasses** the Examiner and starts at the Board level.

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 **Overview**


- **Best Mode** remains a requirement of 35 USC § 112(a) but is no longer a defense to patent infringement.
- A best mode violation may be cured by filing a continuation-in-part **adding** the best mode: 35 USC § 120 requires that parent application be compliant with 35 USC § 112(a) only with requirements **other than** best mode.


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 (1) “Inter Partes Review”


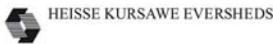
Inter Partes Review replaces *Inter Partes Reexamination*.


The major flaw of the current proceeding has been its very slow pace. *Inter Partes Review* will be a ***statutorily mandated*** prompt procedure:

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 (1) “Inter Partes Review”



“Director ***shall*** prescribe regulations ... ***requiring that the final determination in an inter partes review be issued not later than 1 year*** after the date on which the Director notices the institution of a review under this chapter, except that the Director may, for good cause shown, extend the 1-year period by not more than 6 months...[.]” 35 USC 316(a)(11).


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 (1) “Inter Partes Review”

Inter Partes Review is available as from September 16, 2012, and is **retroactively** applicable against all patents still in force.



- Patents once thought to be safe from challenge because of a filing date before November 29, 1999, now are open to challenge:
- Law is now open to challenge patents prior to the November 29, 1999, enactment date of Inter Partes Reexamination (which precluded challenges to patents with a filing date before enactment).


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 (1) “Inter Partes Review”

Inter partes reexamination is applicable to *new* patents only nine months after grant.



- This meshes with the Post Grant Review system applicable to patent challenges *only during* this nine month period.
- When Post Grant Review is operational, no Inter Partes Review may be initiated during the pendency of any Post Grant Review.

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(1) “Inter Partes Review”

- Inter Partes Review *starts* at the **Patent Trial and Appeal Board (PTAB)** and will provide a fast, one year procedure from start to finish.
- Procedure bypasses altogether Examiner consideration as in the current Inter Partes Reexamination.


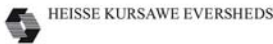
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(1) “Inter Partes Review”

“Reasonable likelihood” standard to institute proceeding is **higher threshold** than “substantial new question”:

“The Director may not authorize an inter partes review to be instituted unless the Director determines that the [petition] shows that there is **a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.**” 35 USC § 314(a).

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(1) “Inter Partes Review”

Expert affidavits/declarations will be a critical aspect of inter partes review petition.

- Challenger must carefully amass **evidence** showing *KSR* standards of patentability to help defeat the patentee’s claims:
- Naked testimony of the expert will be relatively meaningless.

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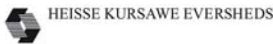


(1) “Inter Partes Review”


Specific provision is made for discovery relating to expert affidavits:

“Director shall prescribe regulations ... setting forth standards and procedures for discovery of relevant evidence, including that such discovery shall be limited to--

- (A) **the deposition of witnesses submitting affidavits or declarations;** and
- (B) what is otherwise necessary in the interest of justice[.]” 35 USC 316(a).


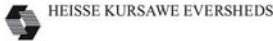
 

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 (1) “Inter Partes Review”

Patentee must be prepared to respond to Challenger’s expert evidence:

Either party may take testimony to challenge expert testimony.


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 (1) “Inter Partes Review”

Patentee will have **at least one** chance to amend the claims under same standards as Inter Partes Reexamination:



- Amendment cannot enlarge the scope of the claims.
- Amended claims are subject to the same intervening rights provision.

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(1) “Inter Partes Review”

- There is **no** opportunity for the presentation of additional evidence after the PTAB has made its decision:
-
- There is **no** provision for a trial de novo under 35 USC § 145.


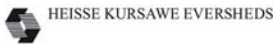
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(1) “Inter Partes Review”

Appeal to the Federal Circuit on fact-based obviousness issues is under “substantial evidence” standard:



- Thus, if there is **some** evidence to support the position of the winning party (“more than a scintilla” of evidence), the Federal Circuit *must* affirm the PTAB.


 

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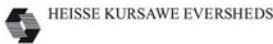
 (1) “Inter Partes Review”


- Estoppel at the Patent Office bars relitigation by challenger “with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that post-grant review.” 35 USC 325(e)(1)
- Estoppel applies only “in a post-grant review of a claim in a patent under this chapter that results in a **final written decision** under [35 USC § 328(a)]”

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 (1) “Inter Partes Review”

- Parallel estoppel provision applies for a civil action. 35 USC § 315(e)(2)


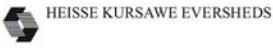
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 (1) “Inter Partes Review”


Settlement:

Parties have an absolute right to settle and **terminate** an inter partes review prior to a merits decision by the Office:

“An inter partes review instituted under this chapter shall be terminated with respect to any petitioner upon the joint request of the petitioner and the patent owner, unless the Office has decided the merits of the proceeding before the request for termination is filed.” 35 USC § 317(a).



 

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 (1) “Inter Partes Review”

No estoppel applies with such a settlement:

“If the inter partes review is terminated with respect to a petitioner under this section, no estoppel under section 315(e) shall attach to the petitioner, or to the real party in interest or privy of the petitioner, on the basis of that petitioner's institution of that inter partes review.” 35 USC § 317(a).


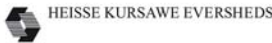
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(1) “Inter Partes Review”

Settlements must be filed with the Office:

- “Any agreement or understanding between the patent owner and a petitioner, including any collateral agreements referred to in such agreement or understanding, made in connection with, or in contemplation of, the termination of an inter partes review under this section shall be in writing and a true copy of such agreement or understanding shall be filed in the Office before the termination of the inter partes review as between the parties.” 35 USC § 317(b).
- Settlement Confidentiality is possible. 35 USC § 317(a).

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“First to Publicize”/ “First to File”


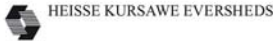
- The new U.S. patent law is *neither* a “first inventor” nor true “first to file” system – nor a mere “first inventor to file” system, but instead is a *sui generis* system perhaps best described by Professor Paul Janicke as a “first to publicize” system.


 

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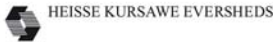
 **Patent-Defeating Events – Printed Publication**


- **Current Law:** “[P]rinted publication” is the principal patent-defeating category for any public dissemination of the invention encompassing, e.g., internet disclosure, posterboard at convention, etc.; with no geographic restriction.
- **Change from Current Law:** None.
- **Grace Period:** “[P]rinted publication” is a grace period “disclosure”

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 **Patent-Defeating Events – Public Use**



- **New Law:** “in public use ... before the effective filing date of the claimed invention”.
- **Current Law:** “in public use ...in this country, more than one year prior to the [filing] date”.
- “Public use” bar started with *Pennock v. Dialogue*, 27 U.S. (2 Pet.) 1 (1829).


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 **Patent-Defeating Events – Public Use**


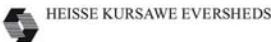
Changes:

- (1) immediate bar (vs. current one year)
- (2) no geographic limitation (vs. current domestic only)
- **Grace Period:** Is “public use” a grace period “disclosure”?
Open Question!

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 **Patent-Defeating Events – Public Use**

- ***Secret Commercialization*** by the Inventor bars the Inventor: Secret commercialization anywhere in the world by the inventor is a patent-defeating event versus the inventor.
- Test case to determine continued viability of secret commercialization as prior art.
- ***Change from Current Law:*** Secret commercialization has no geographic limit (versus current domestic restriction)

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 **Patent-Defeating Events – “On Sale”**

- **New Law:** “on sale... before the effective filing date of the claimed invention”
- **Current Law:** on sale in this country, more than one year prior to [filing]”


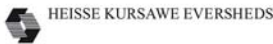
Changes:


- (1) immediate bar (vs. one year)
- (2) no geographic limitation (vs. domestic only)
- **Grace Period:** Is “on sale” a grace period “disclosure”?

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 **Patent-Defeating Events – “On Sale”**



- “On Sale” basis to deny patent started with 1837 law.
- Long history of case law which will be used to interpret meaning of “on sale” under the new law.
- “On Sale” does *not* require a sale; “on sale” bar requires only commercial *offer* of sale, not completed transaction.

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Patent-Defeating Events – “On Sale”

- Invention can be “on sale” even *before reduction to practice*.
- Requires look at “totality of the circumstances.”
- Supreme Court has said bar happens if invention is “ready for patenting”. *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55 (1998).
- “Ready for patenting” means sufficient disclosure, drawings, to write a valid patent for the invention.


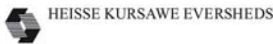
 

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Patent-Defeating Events – “Patented”



- **Current Law:** “[P]atented... in this or a foreign country....”
- **Change from Current Law:** None.
- **Grace Period:** “[P]atented” is a grace period “disclosure”


 

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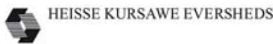
 **Patent-Defeating Events – “Patented”**


- “Patented” is largely meaningless as a prior art category because any “patented” invention will also be prior art as a “printed publication”.
- “Patented” is narrower than “printed publication” because “patented” bar relates only to what is *claimed* (versus what is *disclosed*) in the document.

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 **Patent-Defeating Events – “Otherwise Available”**


- New Law bars patent if “claimed invention ***was...otherwise available to the public*** before the effective filing date of the claimed invention.”
- No counterpart in current law.

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 **Patent-Defeating Events –
“Otherwise Available”**


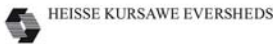
- This provision is largely redundant in view of broad interpretation given to “printed publication.”
- This provision is added as a safeguard against new forms of making invention available to the public.


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 **Earlier Filed Application as Prior Art**

35 USC § 102(a)(2)


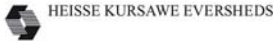
- *New Law:* “described ... in a [published] applicationnam[ing] another inventor”
- *Current Law:* ““described in...[a published] application... by another”


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 **Earlier Filed Application as Prior Art**

Hilmer Overruled


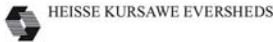
- Patent-defeating date is foreign priority date under new law, 35 USC §102(d)(2).
- This legislatively overrules old law established in *In re Hilmer*, 359 F.2d 859 (CCPA 1966)(Rich, J.).


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 **Earlier Filed Application as Prior Art**

Obviousness Effect



- In United States patent-defeating date as of the effective filing date is for *novelty and obviousness* determinations.
- In Europe and Japan, patent-defeating date retroactive to filing date is only for novelty purposes.


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 **Earlier Filed Application as Prior Art
Six Exceptions**

No. (1):



- No patent-defeating effect for prior-filed later-published application for disclosure “obtained directly or indirectly **from the inventor.**” § 102(b)(2)(A)


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 **Earlier Filed Application as Prior Art
Six Exceptions**

No. (2):



- There is no patent-defeating effect for prior-filed later-published application for disclosure “obtained directly or indirectly **from a joint inventor.**” § 102(b)(2)(A)


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 **Earlier Filed Application as Prior Art
Six Exceptions**

No. (3):



- There is no patent-defeating effect for prior-filed later-published application for disclosure “publicly disclosed by ... ***another who obtained the subject matter*** disclosed directly or indirectly from the ***inventor.***”
§ 102(b)(2)(B)


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 **Earlier Filed Application as Prior Art
Six Exceptions**

No. (4):


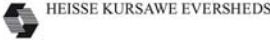
- There is no patent-defeating effect for prior-filed later-published application for disclosure “publicly disclosed by ... ***another who obtained the subject matter*** disclosed directly or indirectly from ...a ***joint inventor.***”
§ 102(b)(2)(B)


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 **Earlier Filed Application as Prior Art
Six Exceptions**

No. (5):


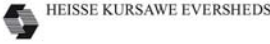
- There is no patent-defeating effect for prior-filed later-published application where “subject matter and the claimed invention, not later than the effective filing date of the claimed invention... [were] ***owned by the same person....***” § 102(b)(2)(C)


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 **Earlier Filed Application as Prior Art
Six Exceptions**

No. (6):



- There is no patent-defeating effect for prior-filed later-published application where subject matter was “made by... parties to a ***joint research agreement*** ... in effect [by] the effective filing date.”§ 102(c)(1)


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Supplemental Examination


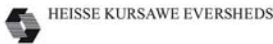
- Patentee may request supplemental examination to consider, reconsider or correct information relevant to patent.
- Information not limited to prior art patents and publications (e.g., can include on-sale bar issues).
 - Unlike current reexam scheme.
- USPTO will order reexam if 1 or more items of info raise a SNQ of patentability.
- May immunize against holding of unenforceability based on same info (unless prior allegation in civil suit pled with particularity)


 




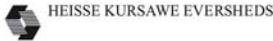
Prioritized Examination


- The application must contain no more than **four (4) independent claims**, no more than **thirty (30) total claims**, and **no (0) multiple dependent claims**.
- Fee of \$4800 (\$2400 small entity)
- No search/analysis of art required (as is the case for accelerated examination), but no guarantee of quick disposition
- Now 3 expedited procedures in US: PPH, accelerated examination, and prioritized examination (petitions to make special still exist for niche situations)


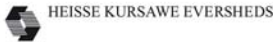
 **“Joint Inventor” Status to Avoid Prior Art**


- The statute permits avoidance of prior art under 35 USC § 102(a)(1) if the inventor of *related* subject matter is named as a “joint inventor.”

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 **“Joint Inventor” Status to Avoid Prior Art**



- If claims and disclosure of a second inventor are added to the application the second inventor becomes a “joint inventor” under the provisions of 35 USC §§ 100(f), 100(g), 116(a)(1), 116(a)(3).
- After initial filing without “joint inventor” continuation-in-part can be filed to combine full disclosures of both applications and claims of both applications and with inventor nomination of both.


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 **“Joint Inventor” New Definitions**

(1) “The term ‘inventor’ means the individual or, if a joint invention, the individuals collectively who invented or discovered the subject matter of the invention.” § 100(f)


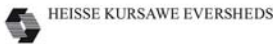
(2) “The terms ‘joint inventor’ and ‘coinventor’ mean any 1 of the individuals who invented or discovered the subject matter of a joint invention.” § 100(g)

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 **“Joint Inventor” New Definitions**

Current law *without* definition of joint inventorship says joint inventors must have “**some quantum of collaboration.**” *Kimberly-Clark Corp. v. Procter & Gamble Distributing Co., Inc.*, 973 F.2d 911, 917 (Fed. Cir. 1992)(Lourie, J.).

“There is ‘**no explicit lower limit on the quantum...**’” *Vanderbilt University v. ICOS Corp.*, 601 F.3d 1297, 610 (Fed. Cir. 2010)(Clevenger, J.).

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“Joint Inventor” New Definitions

Current law (*maintained* in new law) says nothing about the “quantum” of cooperation:

“Inventors may apply for a patent jointly even though ... they did not physically work together or at the same time.” § 116(a)(1)

“Inventors may apply for a patent jointly even though ...each did not make a contribution to the subject matter of every claim of the patent.” § 116(a)(3)



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Relaxed Inventorship Correction

- No statement of “without deceptive intent” is required to make inventorship corrections
- Caveat: care should still be taken to avoid inequitable conduct concerning inventorship (for example, fraudulent change of inventorship to avoid prior art reference)



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Expanded Prior User Defense

WHEN: may be used against any patent granted **on or after the date of enactment (previously limited as defense only against business method patents)**

IMPACT: If a defendant commercially used subject matter covered by the plaintiff's patent more than a year before the patent was filed, this new defense may completely eliminate patent infringement liability, if certain conditions are satisfied. Defense specifically includes pre-marketing regulatory review activities within the definition of "commercially used."



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Restrictions On Joinder Of Defendants

- Harder to combine defendants in one suit where different products are accused of infringing
- Joinder possible only for "infringement arising out of the same transaction, occurrence or series of transactions or occurrences."
- Merely having common issues of claim construction or infringement of same patent not enough
- Makes enforcement more costly for non-practicing entities





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 **Four Take Home Messages**

(1) Patent litigation is moving more and more away from the Courts and into the Patent Office:

Patent litigators should become members of the patent bar.

Some change in Office Regulations may be necessary for practice by non-technically trained litigators.

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 **Four Take Home Messages**

(2) “First to file” is a coming reality that ***must*** be the norm for all American practice:

- It is too uncertain a fate to await test cases determining the degree of proof needed to overcome a prior publication that is “indirectly” derived from the inventor.
- Domestic applicants are at a tremendous disadvantage because global applicants ***already*** practice under strict “first to file” rules.

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Four Take Home Messages

(3) Prepare for Inter Partes Review, Part (I): Key competitors' patent portfolios should be screened in the immediate future to determine *which* of their patents are important and vulnerable to an Inter Partes Review, while using the months before September 16, 2012 to prepare an attack to be used if necessary.



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Four Take Home Messages

(4) Prepare for Inter Partes Review, Part (II): The patentee's own portfolio must be carefully screened for coverage of its most important products and licensed patents to "bulletproof" this intellectual property against a third party attack, collecting *KSR*-based evidence and experts in the event of a third party attack.



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Thanks for your attention!
Questions?

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