

Top 10 Lies About Patent Reform

Law360, New York (October 26, 2011, 12:00 AM ET) -- The Patent Reform Act of 2011 has been said to be the greatest overhaul of the U.S. patent system since 1952. While this may be true, we offer here a list of what we believe to be the top 10 misconceptions about patent reform.

1) The U.S. will have a first-to-file system.

When the changes to 35 USC § 102 take effect on March 16, 2013, the effective filing date for a claimed invention will be important, but it will not always be the deciding factor. The new § 102 includes a one-year grace period for the inventor's own disclosure, and even provides that an inventor's prior disclosure can shield an application filed within the grace period from an intervening third-party disclosure.

2) Inventors should publish before they file to get the most out of the new grace period.

Some commentators have suggested that inventors should make a public disclosure close to one year before they file their applications in order to get the most out of the new grace period. This strategy could be fatal to foreign patent protection, particularly in Europe where there is no grace period. This strategy also overlooks the uncertainty created by any difference in scope between the inventor's disclosure and the claimed subject matter. If the inventor is in a position to publically disclose the full invention, he or she should file a patent application to secure an early effective filing date.

3) Companies can stop documenting their research activities in laboratory notebooks.

The new § 102 no longer keys the definition of prior art to the date of invention, and interference proceedings will become a thing of the past at some point, but the new law provides new reasons to keep good records of internal activities, such as laboratory notebooks. A third-party disclosure is not prior art to a later-filed application if the subject matter disclosed was obtained from the inventor of the later-filed application. Maintaining records of your own activities may be useful to establish that your disclosure was independent, and so qualifies as prior art against a competitor's application.

Such records also may be useful in a derivation proceeding to defend against a charge that the invention in your earlier-filed application was derived from another with a later-filed application. Beyond inventive activities, the new law includes an expanded "prior commercial use" defense to allegations of infringement. Such a defense may apply if you can show by clear and convincing evidence that, for example, you were using the claimed subject matter commercially at least one year before the asserted patent application was filed. Good records of such prior commercial use could save you from liability for patent infringement.

4) Applicants don't have to worry about the first-to-file provisions until March 16, 2013.

Although the changes to § 102 don't take effect until March 16, 2013, applicants who wait until then to adopt their policies and procedures could find themselves facing additional prior art. This is because the changes impact the scope of the one year grace period and eliminate the current broad ability to swear behind third party publications with proof of an earlier date of invention. Third-party publications made on or after March 16, 2012, could be prior art against applications filed under the new law, even if the inventor would have been able to swear behind them under the current law.

5) Companies that file internationally won't be impacted by the U.S. first-to-file changes.

While many other countries do have a first-to-file system, the U.S. first-to-file system will give the "secret prior art" embodied in patent applications a broader reach. In most countries, patent applications that were filed but not published before the application under examination was filed can be cited as of their filing date only if they defeat novelty. Under the U.S. system, however, such applications will be citable to establish obviousness as well. Because most applications are published 18 months after their earliest filing date, this means that an additional 18 months worth of applications could be used to establish obviousness in the U.S. This difference, coupled with the KSR standard of obviousness, may make it harder to obtain a patent in the U.S., even when the same applications qualify as prior art in other countries.

6) Applicants don't need to file new applications before March 16, 2013.

Even if applicants are used to other first-to-file systems, the changes to § 102 give applicants a reason to file new patent applications before March 16, 2013, such as to retain the ability to swear behind third party prior art and to avoid the broader definition of prior art. Additionally, the new post-grant review proceedings only will be available against patents granted on applications with effective filing dates on or after March 16, 2013 (except for patents encompassed by the transitional business method patents provisions). Thus, applications filed before March 16, 2013, will be subject to less prior art and will be more difficult to challenge than applications with later effective filing dates.

7) Applicants should file all continuation and divisional applications before March 16, 2013.

Although there are reasons to file new applications (and continuation-in-part applications) before March 16, 2013, those same reasons do not apply for continuation or divisional applications. The effective dates for the first-to-file and post-grant review provisions are keyed to the effective filing date of the claims presented in the application. A continuation or divisional application filed after March 16, 2013, with claims that are supported by an application filed before March 16, 2013, will be subject to the current "first-to-invent" definition of prior art, and the resulting patent will not be subject to post-grant review. Thus, we should not see a rush to the Patent Office of the same magnitude that occurred before June 8, 1995, when the GATT-related changes to patent term were on the horizon.

8) Applicants can delay inventorship determinations until the end of examination.

The new law offers the possibility of filing a patent application in the name of the assignee rather than the inventors, but the Patent Office is not permitted to issue a Notice of Allowance until the inventor(s) are named and executed inventor oaths are filed. Delaying inventorship determinations until a late stage of examination could complicate prosecution if there are any relevant publications made during the grace period, such that their status as prior art depends on whether the authors are inventors, or whether the authors might have obtained the subject matter they disclosed from the inventor(s).

9) Patent reform resolves the Patent Office's budget woes.

Although the Patent Office raised its fees ten days after patent reform was enacted, the Patent Office has no more money to spend now than it did before. This is because the new law did not solve the main problem facing the Patent Office — the diversion of its fees to the general fund of the U.S. Treasury and the requirement for congressional appropriation of the Patent Office budget.

Thus, while the new law requires the Patent Office to implement new programs and procedures, it does not guarantee that the Patent Office will have the resources it will need to carry out those mandates. Indeed, the Patent Office already is facing a shortfall under the continuing resolution that is funding government operations until a new budget is passed for the fiscal year that starts Oct. 1, 2011. Without being able to spend all of the fees it collects, the Patent Office will be faced with having to do more with less, and may have to draw resources from the examining corps in order to carry out its new statutory responsibilities.

10) Patent reform will streamline patent prosecution and reduce the application backlog.

Although many are hopeful that the first-to-file provisions will simplify patent prosecution, it may take some time to realize these benefits. The sweeping changes to § 102 will directly impact patent prosecution whenever there is a question about the prior art effect of a publication made during the grace period. It will take years before we have a body of Supreme Court jurisprudence to guide the interpretation and application of this key statute.

Until then, there will be uncertainty (if not confusion) over what the different terms mean, and how they apply to different circumstances. For impacted applications, this may lead to prolonged prosecution, an increase in appeals to the (newly named) Patent Trial and Appeal Board, and an increase in appeals to the Federal Circuit. All this is further complicated by the case-by-case implementation of the first-to-file provisions, which means that applications under the first-to-invent laws will continue to be filed and pending for many years after the first-to-file laws take effect.

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