

## Intellectual Property and Technology Law Update

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### Ten Things You Should Know About Patent Reform

The America Invents Act H.R.1249, passed the Senate on September 8, 2011, by an overwhelming vote of 89-9. It is long and complex, and will create significant changes to the U.S. patent system, which will have a wide ranging impact on both U.S. and foreign businesses. President Obama is expected to sign the bill into law as part of his recently announced job-creation initiative. The law is designed to encourage investment in leading edge technology and spur the formation and growth of existing and new enterprises. Changes in the law encompass “first to file” priority for inventions, methods to block the granting of a patent, streamlined challenges to existing patents, modified aspects of lengthy and expensive patent infringement disputes to specialized administrative tribunals, and other issues. Below is an easy-to-follow “top 10 list” of what you need to know about the new law.

- 1. First-Inventor-to-File System.** The legislation switched the U.S. patent system from a “first-to-invent” system to a “first-inventor-to-file” system, bringing it more into harmony with other nations. It replaced patent interferences with derivation proceedings to ensure that a patent applicant does not derive the invention from another person.
- 2. Post-Grant Review.** Provides for a new post-grant review (“PGR”) proceeding during which a third party can petition for cancellation of a patent claim based on any ground for invalidity, e.g., lack of enablement, lack of written description or prior art. The petition must be filed within nine months after issuance of the patent or issuance of a broadening reissue patent. PGR will be adjudicated by administrative patent judges. The parties may settle and terminate a PGR before a final decision is rendered. The legislation also provides a transitional program for instituting PGR of business method patents.
- 3. Inter Partes Review.** Replaces inter partes reexaminations with inter partes review (“IPR”) proceedings that will be adjudicated by administrative patent judges. IPR may first be requested after nine months following issuance of a patent or after termination of PGR, whichever is later. IPR must be based on prior art patents or printed publications. A patentee may file a preliminary response to a petition for IPR, explaining why it should not be instituted. Unlike reexaminations, the standard for instituting IPR will be whether there is a reasonable likelihood that the petitioner would prevail with respect to at least one challenged claim. Reexaminations filed before IPR provisions become effective also would immediately be subject to the “reasonable likelihood of prevailing” standard.
- 4. Preissuance Submissions and Comment.** Allows third parties unilaterally to submit any patent, published patent application or other printed publication of potential relevance to the examination of an application to the Patent and Trademark Office (“PTO”). The submission must be made before the earlier of: (a) a notice of allowance, or (b) the later of: (i) six months after publication, or (ii) the first rejection of any claim being examined. The submission must include a concise description of the asserted relevance of each submitted document.

**5. Supplemental Examination.** Supplemental examination will permit a patent owner to request that the PTO consider, reconsider or correct information believed to be relevant to the patent. If such information raises a substantial new question of patentability, the PTO will order reexamination. Conduct relating to information provided in supplemental examination may not form the basis for later finding the patent unenforceable, unless such allegation was set forth with particularity in a civil action or notice letter prior to the request for supplemental examination.

**6. Prior Art.** Provides a one-year grace period for disclosures made by the inventor(s) or one who obtained the disclosed subject matter from the inventor(s). Redefines prior art to include subject matter that is “otherwise available to the public.” Also, a sale or public use occurring abroad will have the same effect as a sale or public use occurring in the U.S.

**7. Prior Commercial Use.** Expands the defense of prior commercial use beyond business method patents. Such a use must have occurred in the U.S., either in connection with an internal commercial use or an arm’s length sale or transfer. The use must have occurred at least one year before the earlier of: (a) the effective filing date of the claimed invention, or (b) the date on which the claimed invention was disclosed to the public. The defense is available with respect to subject matter consisting of a process or consisting of a machine, manufacturer, or composition of matter used in a manufacturing or other commercial process that would otherwise infringe a claimed invention.

**8. Best Mode.** Failure to comply with the best mode requirement will no longer be a basis for cancelling a patent claim or holding it invalid or otherwise unenforceable.

**9. Marking.** Permit suits alleging false marking to be filed only by the Attorney General or those who have suffered a “competitive injury.” Limits the recovery of damages to “adequate[ly] compensate for the injury.” It also permits “virtual marking” of a product via use of the Internet.

**10. Immediate Effect.** Many provisions of the Patent Reform Act will take effect a year or more after enactment including, e.g., post-grant review proceedings (one year after date of enactment) and a change to a first-inventor-to-file system (18 months after date of enactment). However, certain changes will take effect immediately upon or soon after enactment, e.g., provisions relating to various fees or to the standard for ordering inter partes reexamination.

**For more information, please contact the Intellectual Property and Technology Practice Group at Lane Powell: [IPGroup@lanepowell.com](mailto:IPGroup@lanepowell.com)**

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