



## “America Invents Act” Patent Law Overhaul: The Benefits and the Drawbacks

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*“A good idea is never lost. Even though its originator or possessor may die without publicizing it, it will someday be reborn in the mind of another.” ~ Thomas Edison*

As any inventor or innovator will tell you, an invention will never work without proper timing. This means that society has to be prepared to accept it, technology must be in place to be able to accommodate it, and the economic climate needs to be just right for it to move forward past the idea phase. However, securing a patent for that invention is all about timing, too, and inventors need to be aware of some recent drastic changes.

The Leahy-Smith America Invents Act (AIA) was *signed into law by President Obama on September 16, 2011 and it constitutes the most significant overhaul of the U.S. patent system in decades.* The provisions discussed go into effect on March 16, 2013; other provisions of the AIA start sooner.

**With these changes, the U.S. has created two paths to winning the patent race:**

**One** - Be the first to file a patent application (assuming nobody makes a public disclosure of the invention before you file the application).



**Two** - Be the first to publicly disclose the invention (assuming nobody files an application on the invention before your public disclosure). Of course, filing a patent application takes time and costs money, whereas making a public disclosure of the invention can be done quickly at no cost.

## Conversion to “First-to-File System”

The AIA changes the U.S. from a “first-to-invent” system to a “first-to-file” system similar to the system used in most other countries but with a significant U.S. twist. Under this provision of the AIA, which takes effect in 18 months (i.e., on March 16, 2013), an inventor may win the race to create an invention but lose the race to file a patent application on the invention, thereby being unable to patent his invention despite being the first to invent.

The US original “first-to-invent” system protected the first inventor. It allowed the applicant of a later-filed patent application to antedate or “swear behind” another inventor’s application by proving that the applicant conceived of his invention before the invention conception date of the other inventor. In contrast, the “first-to-file” system used in most other countries simply awards the patent to the applicant with the earliest filing date.

## Expectations from the changes:

- Whoever files a patent application on an invention first will be entitled to a patent over another inventor who later files an application on the same invention, regardless of who was first to make the invention. *This applies to the situation where multiple inventors independently invent the same invention.*
- The “first-to-file” system eliminates patent interferences, a type of proceeding before the Patent Office to determine who among multiple applicants claiming the same invention invented first. The “first-to-invent” system often made it very difficult to know who had the valid patent rights between two pending applications on the same invention without engaging in an expensive interference proceeding conducted by the Patent Office.
- Determining whether the inventor of a patent alleged to be infringed was the first inventor could also be decided by the court as an invalidity defense in an infringement action since prior invention by another was sufficient to invalidate a patent. No longer will this defense be available.
- Questions of conception, diligence, reduction to practice, abandonment, suppression, and concealment will no longer need to be answered, thus simplifying the determination of which of multiple inventors should hold valid patent rights and make the determination less expensive.
- Eliminating the first-to-invent system also eliminates the ability of an inventor to swear his invention behind a prior art reference with an effective date no more than one year earlier. The invention date simply has no significance under the AIA.



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## A Hybrid System

While the AIA has described the changes as an attempt to harmonize U.S. patent laws with those of most other countries, in actuality, the AIA created a new system unique to the United States. Some of the unique features are:

- **“Absolute novelty standard” versus grace period** - Most countries have an “absolute novelty standard” (i.e., if the invention is rolled out to the public prior to the patent application date it is unpatentable), whereas the U.S. continues to provide inventors with a one-year grace period for public disclosures by the inventor.
- **Prior art exception** - When an inventor makes the first public disclosure of an invention, for a one-year period afterward public disclosures and patent applications filed by others for the same invention are not considered to be prior art.
- **First impact of the first public disclosure** – The first public disclosure prevents a subsequent disclosure of the invention by another true inventor from being prior art for one year against the subsequently filed application of the inventor who made the first public disclosure.
- **Second impact of the first public disclosure** - Even if another true inventor files a patent application before the first-to-disclose inventor files his application, and thus is the first-to-file inventor, the first filed application is not prior art against the second filed application by the first-to-disclose inventor for one year.
- **Getting There First** – Effectively, by making the first public disclosure of the invention, the first-to-disclose inventor gets a one year grace period in which to file his application without his own public disclosure being prior art against him, without another inventor being able to block him by filing the first application on the invention and without a subsequent public disclosure by another inventor being prior art.

## Things to Watch Out For

One downside to using the “first-to-disclose” approach is the impact on foreign patent rights. As noted, in most countries a public disclosure before filing a patent application immediately results in loss of patent rights in that country, most times without regard to where the public disclosure occurred. When foreign patent rights are not of concern, being first to publicly disclose an invention can be a winning strategy and is particularly attractive for a start-up or any company short on cash. If the first-to-disclose approach is used, it is suggested that a provisional patent application also be filed at the same time, particularly if the public disclosure is a sale or disclosure of a product which may not include all invention details or alternative implementations which are desired to be protected.



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Another potential downside is that the first-to-disclose inventor may find another person has derived/copied the invention and filed his own application before the first-to-disclose inventor files his application. This puts the first-to-disclose inventor under the burden of identifying such an application exists and proving the other person copied, or seeking to invalidate in a court the patent that results if it has already issued. This can be costly, and if a patent does issue to another inventor, it could create serious problems with potential investors and customers.

The window for such challenges is limited. If timely action is not taken, the opportunity to make the challenge will be lost and the first-to-disclose inventor may find his patent application blocked by the application or patent of the first-to-file inventor who derived/copied the invention from the public disclosure made by the first-to-disclose inventor.

**George Rondeau – DWT Partner** - *practices intellectual property (IP) law, including domestic and international patent and trademark procurement, patentability and trademark registrability opinions, infringement and validity studies, infringement avoidance and due diligence reviews, portfolio analysis, and licensing of patents, trademarks and technology. He also counsels clients on IP strategic planning and dispute resolution and enforcement. In addition, George provides ongoing strategy and analysis support in patent litigation matters. His patent practice covers electrical, mechanical, and computer software/hardware inventions.*

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