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Obtaining Patents Under the America Invents Act (Patent Reform)

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Originally proposed in 2005, the America Invents Act ("AIA"), colloquially known as the "patent reform bill," was signed into law on September 16, 2011. This represents the most dramatic change to the U.S. patent law since the 1952 revision. A spur to Congress to pass the bill and to the President to sign it into law was a perception that "reform" of the patent system has an important role to play in stimulating the economy, creating jobs, and promoting U.S. global competitiveness. The passage of time and retrospective analysis is necessary to identify to what degree the AIA has had the intended positive effects. However, the AIA undeniably has changed the foundations of U.S. patent law, so that those who adapt to this change may benefit, and those who do not will suffer.

The AIA affects decisions on what should be patented, when a patent application should be filed, and how a patent application should be filed. Patent applicants must be aware of the provisions in the new law in order to optimize patent protection for the intended business purpose and avoid pitfalls. Furthermore, the AIA includes a complex transition regime; that is, different provisions of the Act will replace corresponding provisions under the prior law at different times in the future. Although the provisions of the AIA will generally be implemented within the next 18 months, for certain cases, provisions of the prior law may apply for many years. Thus, for the immediate term, a patent applicant must synthesize clear business objectives with a detailed understanding of provisions under both the AIA and the prior law in order to maximize the value of technical innovations. This article considers only a few of the changes to the U.S. patent law affected by the AIA, specifically, those that are understood to clearly impact the procurement of patents. However, the aspects of the AIA that are important depend on the facts and circumstances relevant to a given applicant.

A substantial change under the AIA is the effective evisceration of the "best mode" requirement. Under the prior law, an applicant was required to include a description of the "best mode contemplated by the inventor of carrying out his invention." Most other countries do not have such a requirement; one intent of effectively eliminating the "best mode" requirement was to render the U.S. patent law more "harmonious" with that of other countries. Although the AIA leaves the text of this "best mode" requirement in the law, it amends another section to state that "failure to disclose the best mode shall not be a basis on which any claim of a patent may be canceled or held invalid or otherwise unenforceable." Thus, although the "best mode" requirement is nominally still present, it is rendered "toothless" in that there appears to be no penalty for not satisfying it. However, it may remain for the courts to clarify the intent Congress may have had in leaving the "best mode" requirement nominally present, and to determine whether it has any remaining practical effect. A prudent applicant will thus consider that some risk may be born in not conforming to the nominal "best mode" requirement. The provisions of the AIA pertaining to the removal of the "best mode" requirement came into effect on September 16.

Perhaps the most dramatic change is the transformation of the U.S. patent law from a "first to invent" to a "first to file" regime. Under the prior law, an inventor who was not the first to file a patent application could, in some circumstances, assert through an "interference proceeding" that he or she was nevertheless entitled to a patent, by virtue of having been the first to invent the claimed subject matter. Although only a small fraction of patents and applications were contested under the "first to invent" provision, it was criticized for adding to the uncertainty born by patent applicants, complicating the process of obtaining a patent, and being "inharmonious" with the law of other countries. On the other hand, the "first to file" system is perceived as being skewed toward favoring corporations, which have the sophistication and resources to ensure that patent applications are promptly filed for potentially valuable innovations, over individual inventors and small businesses. The AIA does provide for a "derivation proceeding" by which an inventor who believes that another "derived" his invention and filed for a patent can seek relief. However, the time for a filing a derivation proceeding is limited to one year from the issuance of the patent being contested, or, if the contesting inventor has also filed a

patent application, one year from the first publication of the contested claim.

The AIA makes significant changes to the tests imposed to determine whether a claimed invention is "novel." Under the prior law, an invention being "known or used by others" in the United States, would preclude the issuance of a patent, but such knowledge or use in foreign countries would not be a disqualifying event. The AIA makes no such distinction between domestic and foreign events, stating that the claimed invention being "patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date" precludes the issuance of a patent. The AIA does retain a "grace period" under which "disclosures" made by the inventor (or one having obtained the subject matter disclosed from the inventor) one year or less before the effective filing date of the application are not disqualifying events. However, ambiguity remains, for example, as to whether a "sale" or an offer for sale from the inventor to another, not otherwise disclosed to the general public, constitutes a "disclosure" entitled to the one-year grace period. Numerous such interpretative issues are expected to arise for later resolution by the courts. An important feature of the AIA is that by "disclosing," for example, through publication, his or her invention, the inventor not only has a one-year "grace period" to file an application, but also, is protected against being disqualified by another who "discloses" thereafter. This has led some to comment that the AIA has effectively established a "first to publish" regime. Entities intending to seek protection for their innovations internationally, should, however, continue to bear in mind that the terms of and conditions for "grace periods" vary greatly among jurisdictions, with some, such as Europe, providing for no or only a very limited grace period. Thus, if there is any possibility that protection outside the United States may be sought, prudent practice is to file an application for patent before any disclosure.

The AIA stipulates that the "first to file" regime and associated changes to the tests for "novelty" will take effect for claimed inventions having an effective filing date on or after 18 months from enactment of the Act, that is, March 16, 2013. However, this means that the prior law may continue to apply for continuation applications that claim the benefit of priority of an application filed 18 months prior to enactment of the Act. Thus, a dual regime is likely to persist for years, with the prior law applying to continuations and chains of continuations claiming such benefit of priority.

A provision of the AIA that is relatively separate from other aspects of the patent law is the implementation of a "prioritized examination" track, which became effective on September 26, 2011. Under this track, an applicant can pay the substantial filing fee of \$4,800 and submit a claim set not to exceed four independent and 30 total claims, so that the U.S. Patent and Trademark Office ("USPTO") will expedite examination. The extent of the advantage afforded by "prioritized examination" remains to be seen as it is implemented by the USPTO. Ultimately, whether it is worthwhile to pay the fee will depend on the applicant's business objectives and circumstances.

The AIA dramatically alters the "playing field" for obtaining patents. While the full space of strategic variants is vast and important aspects will become apparent as the courts interpret provisions of the Act in coming years, a few possibilities can be considered.

For example, an applicant may consider filing a patent application that does not disclose the invention's "best mode invention." In some cases, it may be advantageous to seek patent protection on general aspects of an invention, while maintaining the "best mode" as a trade secret. A patent application might be filed on the "best mode" at a later time. Such an approach could stagger patent terms, and effectively extend patent protection on the "best mode" beyond 20 years from the effective filing date of the invention's general aspect application. However, in adopting such an approach, the applicant may take several risks. First, another person might be the "first to file" on the "best mode." Second, the commercial application of a "best mode" process that is maintained as a trade secret, but of which the resultant product is sold may continue to be considered a "public use" that disqualifies a patent. Finally, the courts assign practical consequences to not complying with the vestigial "best mode" requirement of the law.

As another example, an applicant that intends to only seek patent protection in the United States may publish the invention to prevent another from filing a patent application on it, wait the full one-year "grace period," file a provisional application, wait the full one-year life of the provisional application, and then file a nonprovisional application. Under the prior law an inventor could publish, and then have the one-year "grace period" to file a patent application during which the inventor's own publication would not be considered prior art. The act of publication did not preclude another from filing a patent application. Rather, who was entitled to the patent would ultimately be resolved under the "first to invent" standard. By contrast, under the AIA, if an inventor knows he or she is the first to publish, there is certainty that only he or she may receive a patent.

In summary, those concerned with the patent protection of innovations should seek understanding of key provisions of the AIA, monitor forthcoming implementation by the USPTO and interpretation by the courts of provisions, consider strategic implications, and be prepared to reconsider general conclusions of effects of the Act in light of specific facts and circumstances.