



The America Invents Act:  
Key Provisions Affecting Inventors, Patent Owners,  
Accused Infringers and Attorneys

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After many years of debate, patent reform has finally arrived with President Obama's signing of the Leahy-Smith America Invents Act (AIA) on September 16, 2011. The AIA has both been praised as a new model for patent systems across the world and criticized as a job killer. While commentators disagree over the Act's merits, it is clear that the AIA will have far-reaching implications both in the PTO and the courts.

Some of the Act's key provisions include:

- **First to File (AIA § 3)** – the Act adopts a "first to file" approach whereby the "effective filing date" of a patent application is the actual filing date / this eliminates the ability to "swear behind" references;
- **New PTO Proceedings (AIA §§ 6 and 12)** – the Act includes important sections addressing:
  - Post-Grant Review
  - Inter Partes Review
  - Supplemental Review proceedings
- **Joinder (AIA § 19)** – the Act precludes patent holders from joining multiple defendants in a single action solely because they are alleged to have infringed the same patent
- **Best Mode Defense (AIA § 15)** – has been eliminated.
- **Failure To Obtain Advice of Counsel (AIA § 17)** – can no longer be used to prove that the accused infringer willfully infringed the patent or intended to induce infringement of the patent.
- **False Patent Marking (AIA § 16(b))** – the Act potentially eliminates false patent marking actions from district court dockets by removing the qui tam provision. Now, only the United States and persons who have suffered a competitive injury may recover damages for false patent marking;

Several controversial measures did not make it into the final law (including hotly debated legislation addressing patent law damages), but the Act does contain many important provisions that will change the rules and strategies for both patent prosecution and litigation.

## A SECTION BY SECTION ANALYSIS OF THE AIA

### **I. Post-Grant Review (AIA § 6)**

- a. **Overview:** Third party may challenge patent after issuance. Hearing is before the newly created PTAB. Patentee may file a response. Decision to grant or deny review is not appealable. Challengers need not meet Article 3 standing requirements; any third party may challenge. Discovery is limited to factual assertions made by either party during review.
- b. **Expanded Grounds for Challenge:** Challenger may assert not only prior art but any grounds for invalidity, including: non-statutory subject matter; lack of enablement, written description or utility; prior public use or sale.
- c. **New Grounds for Challenge:** A challenger may assert that the patent should be reviewed because of a novel or unsettled question of law. Many questions remain: What is the burden of proof? What claim construction standards will be followed? Should the PTO decide the issue even if the parties settle?
- d. **Standard:** More likely than not that at least one of the challenged claims is unpatentable.
- e. **Timing:**
  - i. May challenge any time within 9 months of grant or reissuance.
  - ii. Decisions issued within one year, which may be extended for six months on showing of good cause.
- f. **Effective Date:**
  - i. May first be filed 9/16/12, but only for business method patents and patents involved in interference as of 9/16/12.
  - ii. May be filed against any patent as of 3/16/13.
- g. **Claim Amendments:** Patentee may move to amend claims once by right, but may not automatically do so. May not enlarge the scope or add new material.
- h. **Estoppel:** Petitioners and their privies are estopped from raising any defense that was or could have been raised in the review proceedings at any subsequent proceeding before the PTO, in court, or at the ITC.

i. **Strategic Considerations:**

- i. Applying for reissue can reopen the door to post-grant review.
- ii. Patent owners may be reluctant to assert patents within 9 months of issuance for fear of review. Conversely, prospective licensees may be more aggressive in that window.
- iii. Avenue for attacking NPEs? Especially those that license in such a way to avoid DJ jurisdiction?
- iv. Consider in connection with *Bilski*: we may see more challenges for lack of patentable subject matter.
- v. Tension with first-to-file rule for life sciences patents. Inventors may want to wait for better evidence to defend against § 112 attack, but don't want to file second.

j. **Comparison with European Opposition Practice:**

- i. AIA requires disclosure of real party in interest, EPO does not.
- ii. EPO decisions on whether to grant review are appealable; PTAB's decisions are not.
- iii. EPO allows for broader claim amendment.
- iv. Settlement at the EPO does not terminate examination of the patent.

II. **Inter Partes Review (AIA § 6)**

- a. **Overview:** Replaces the existing inter partes reexam. This process is available once the 9-month window for post-grant review has passed or such review has concluded. Discovery is limited to depositions of witnesses who submitted affidavits or declarations and anything else necessary in the interests of justice. Heard before the PTAB.
- b. **Grounds for Challenge:** Narrower than post-grant review; only §§ 102 and 103 on the basis of prior art patents and printed publications.
- c. **Standard:** Reasonable likelihood that petitioner will prevail with respect to at least one challenged claim.
- d. **Timing:** May not be filed until the later of 9 months after issuance or conclusion of any post-grant review.

- e. **Effective Date:** Available 9/16/12.
- f. **Inter Partes Review and Civil Action:**
  - i. Review may not be filed if petitioner has already filed civil action (e.g. a DJ action).
  - ii. May not be filed more than 1 year after petitioner was served with a complaint alleging infringement.
  - iii. If inter partes petitioner files subsequent civil action, that action is automatically stayed until the patent owner moves to lift the stay, files a suit or counterclaim for infringement, or the petitioner moves to dismiss the civil action.
- g. **All Patents Eligible:** Not just those issued after 11/29/99, as with current inter partes reexam process.
- h. **Claim Amendments:** Patentee may move to amend claims once by right, but may not automatically do so. May not enlarge claim scope or add new material.
- i. **Strategic Considerations:**
  - i. Should patent owner respond to petitioner's request? It may convince the Board not to initiate review, but it may also force the owner to prematurely commit to a particular description of the invention.

### III. Supplemental Exams (A Way to Inoculate Against IC) (AIA § 12)

- a. **Procedure:** Under § 257, patent owner may request supplemental exam and director must issue certificate within 3 months indicating if the information presented presents a "substantial new question of patentability." If so, director shall order reexam of the patent.
- b. **Broader Than Current Reexam:** Patent owner may submit any materials that could be relevant, not just patent and printed publications.
- c. **Effect on Inequitable Conduct Defense:** § 257(c)(2)(A) states that no information submitted for supplemental exam may later be used by a defendant in asserting inequitable conduct. This is true even if the applicant intentionally omitted a prior art reference in the original application. Two exceptions: (1) an

accused infringer pled the information with particularity in a civil action prior to supplemental exam; (2) information was set forth with particularity in a Hatch-Waxman “Paragraph 4 certification letter.”

**IV. First to File (AIA § 3)**

- a. **Overview:** U.S. changes from a first-to-invent system to first-to-file system. Priority is given to the first inventor to file, or to the first inventor to publicly disclose the invention who then files within 1 year.
- b. **Timing:** Effecting 3/16/13.

**V. Broader Prior Commercial Use Defense (AIA § 5)**

- a. **Overview:** Accused infringer may assert his prior commercial use “in connection with an internal commercial use or an actual arm’s length sale or other arm’s length commercial transfer of a useful end result of such commercial use” as a defense under § 273(a). This defense now applies to all kinds of patents, not only method patents. The use must have occurred more than 1 year before the patent filing date or the first grace period disclosure.
- b. **Timing:** For patents issued on or after 9/16/11.
- c. **Limitation:** Prior users cannot transfer or otherwise license their rights to the defense. Inventions made, owned or assigned to a university are not eligible for the defense.

**VI. Limits On Multiple Defendants (AIA § 19)**

- a. **Overview:** Multiple defendants are appropriate only if (a) the plaintiff seeks joint and several liability, or seeks relief with respect to the same transaction or occurrence relating to alleged acts of infringement involving the same accused product or process, and (b) questions of fact common to all accused infringers will arise in the lawsuit. § 299(a).
- b. **Timing:** Any suit commenced after 9/16/11.
- c. **Strategic Considerations:**
  - i. Flood of lawsuits with multiple defendants prior to signing.
  - ii. Will this result in more patent MDL actions?

**VII. Prioritized Examination of Applications (AIA § 11)**

- a. **Overview:** The program prioritizes patents to be examined ahead of standard patent filings. Coexists with the current Accelerated Examination program (which actually accelerates the examination process), does not replace it. PTO has goal of issuance or rejection within one year on average.
- b. **Procedure:** Applicant pays additional \$4800 fee (\$2800 for small entities). Unlike Accelerated Examination, it does not require a pre-exam search document or accelerated exam support document. Allows a maximum of 4 independent claims and 30 claims total with possibility of excess claims fees (versus 3 and 20 for Accelerated Exam program).
- c. **Timing:** Prioritized Examination applicant must respond to non-final office actions within 3 months or else fall out of the program. Likewise, applicants who file for extensions or continuations also fall out.
- d. **Differences in Subject Matter:** Applicant may file for a plant under Prioritized Examination, but not under the current Accelerated program. The number of Prioritized Examination applications is limited to 10,000 per year (by comparison, there is no formal limit on Accelerated Exam applications).

**VIII. Derivation Proceedings (AIA § 3)**

- a. **Overview—Limited Scope:** Applies only when two applicants file for the same invention and the earlier-filing applicant derived the invention from the other. Derivation no longer exists as a defense to infringement; § 102(f) has been eliminated. For issued patents, civil action under § 291; these are expected to be very rare.

**IX. Changes to § 102**

- a. One year grace period for disclosures by the inventor remains in effect.
- b. Published patent documents of others remain effective as prior art from the date they were filed, not published.
- c. Adds a catch-all category of “otherwise available to the public” to the list of materials that qualify as prior art.

- d. Abolishes the distinction between sale or public use in the U.S. and abroad. Both foreign and domestic uses now constitute prior art.
- e. Previously, an inventor's own prior patent applications that had yet to publish could not be used as a basis for concluding a later application was obvious. The new § 102 may also preclude use of such prior art for anticipation arguments as well.

X. **Section 18 Process for Business Method Patents (and Possibly Software) (AIA § 18)**

- a. **Overview:** This process is a transitional form of post-grant review of the validity of business method patents. Ambiguities in the law could expose software patents.
- a. **“Covered Business Methods”:** Patents that may be challenged under this provision include: “a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service”; and (2) are *not* “technological inventions.” Section 18 instructs the Director of the PTO to issue regulations for determining whether a patent is “for a technological invention.”
- b. **Effective Date:** Not available until 1 year after enactment.
- c. **Timing:** For most patents, a petitioner must file for post-grant review within 9 months of issuance or reissue, after which only inter partes review is available. But § 18 allows defendants charged with infringement of a “covered business method” patent to file for a transitional post grant review up to 8 years after enactment of the AIA.
- d. **Estoppel:** A petitioner in a later civil trial is estopped only from raising issues actually raised in the transitional post-grant review, not issues that could have been raised.
- e. **Prior Art:** A special kind of prior art is available in § 18 proceedings: art showing that the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent.
- f. **Strategic Considerations:** Will business method patent applicants draft some claims specifically to take the patent outside “covered business methods?”



XI. **Best Mode: Still Required, but No Longer a Defense (AIA § 15)**

- a. **Overview:** Applicants are still required to disclose best mode, but accused infringers may not use failure to disclose best mode as a defense, even if the failure was intentional.
- b. **Rationale:** Congress was persuaded that subjective aspects of patent litigation that required the court to determine an inventor's state of mind added to cost and time of patent litigation. However, abolishing best mode entirely weakens the quid pro quo of granting a monopoly in exchange for disclosing how to recreate an invention.

XII. **Changes to Existing Proceedings**

- a. **Inter Partes Reexam:** Replaces the “substantial new question” of patentability standard with the “reasonable likelihood that requester would prevail with respect to at least 1 of the claims challenged in the request.” Effective as of enactment. This procedure will be replaced by inter partes review as of one year after enactment.
- b. **Patent Interferences:** May be commenced up to one year after enactment, after that it will not exist because AIA is first to file.

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