

What is the AIA?

The America Invents Act (“AIA”) was enacted into law on September 16, 2011. The most significant patent legislation in quite some time, the AIA substantially changes patent practice in the United States. For several reasons, the AIA is difficult to fully appreciate at this time. First, it impacts many different aspects of patent law, including administrative, procedural, and substantive changes. Second, its many provisions go into effect on different dates ranging from the date of enactment of the AIA up to dates in 2013. Many provisions of the AIA are not yet in effect. Third, and probably most significantly, many of the provisions include gaps which need to be bridged by yet-unwritten Patent Office rules and case law. The focus here will be on some of the more major provisions of the AIA.

First Inventor to File

With the whole world generally utilizing a “first to file” system, whereby superior patent rights are established by the first entity to file a patent application, the US historically has utilized a “first to invent” system in which parties seek to prove first inventorship, independent of patent application filing dates, to determine superior rights. The AIA abolishes the “first to invent” system, effective March 13, 2013, and institutes what is being referred to as a “first inventor to file” system.

Under “first inventor to file”, the first entity to file a patent application establishes superior rights, with one caveat: the entity needs to be the inventive entity. The AIA provides for an inter partes derivation proceeding where a patent applicant can be challenged as deriving the invention from the challenger. The derivation proceeding will be conducted before a newly constituted Patent Trial and Appeal Board (“PTAB”). Full detail on how the derivation proceeding will be conducted is not presently known.

It is generally recognized that efforts will be made to file a patent application as early as possible under the new system. However, concerns exist over possible sacrifices being made in the interest of expediency. For example, the full scope of an invention may not be appreciated, and thus not captured, with a rushed filing. The question then arises, was the “invention” truly filed since it was not fully appreciated. This can be addressed by serially filing patent applications to affirmatively stake filing dates as improvements are realized. This can lead to additional costs and possible uncertainty over true dates of invention. Nevertheless, this may be better than the alternative where time is spent waiting for full development of an invention, resulting in possible loss of rights because of an intervening filer.

It is also noted that the basic novelty-defining statute was amended by the AIA to provide the change for the “first inventor to file” system. Under present law, an applicant is given a one-year grace period from the time of publicly disclosing an invention to file a US patent application. Beyond the one-year grace period, the applicant’s own actions may be applied to bar patent rights. As amended under the AIA, the applicability of the one-year grace period is not as clear. Although recited in the amended law, the scope of the grace period hinges on the meaning of the word “disclosure”. It has been debated that the term may not cover sales or public uses. Case law or Patent Office statement is needed to fully understand the scope of this provision.

In short, under the “first inventor to file” system, it would be good

practice to file a patent application before public disclosure of an invention. Various factors, including development of the invention, should be considered in evaluating the timing of any such filings. Once filed, it would be prudent to check patent filings against any actual product, prior to publicly disclosing, to ensure that the details of the product are fully embodied in a filed patent application. This best ensures that the invention is fully filed before public disclosure. A string of patent applications may need to be relied upon to best ensure such coverage.

Third Party Challenges

Presently, the US Patent Office offers reexamination, both ex parte and inter partes, for a third party to challenge validity of a patent. Under the new scheme of the AIA, ex parte reexamination remains, but inter partes reexamination is morphed into inter partes review (“IPR”). The most significant difference in this change being that IPR’s shall be conducted before the PTAB, not an Examiner as is done with inter partes reexaminations.

The AIA also provides for two new PTAB procedures for challenging a patent’s validity: post grant review (“PGR”), and the Transitional Program for Covered Business Method Patents (“TPCBM”). A PGR is akin to an opposition proceeding found in many countries and must be filed within nine months of issuance of a patent. A PGR can be based on any basis of invalidity (e.g., inventorship), in contrast to IPR’s which must be based on only patents or printed publications. A TPCBM is a limited proceeding for challenging the validity for certain business method patents. This proceeding can only be filed in response to a party being sued for, or charged with, infringement of the patent. The Patent Office shall in time define which business method patents are covered by this provision. IPR’s, PGR’s, and TPCBM’s are all due to come into effect on September 16, 2012.

These proceedings may provide cost-effective measures to attack a patent’s validity while avoiding litigation. It should be noted that some estoppel provisions exist which should be carefully considered in deciding what action to take. Many details of the proceedings are still unknown, including filing cost and scope of discovery.

Conclusion

Although the full scope of the AIA is difficult to appreciate at this time, general information is available which can be considered in developing prospective strategies. Developments are continually filtering out of the Patent Office, including the anticipated issuance of multiple significant rules packages in January, 2012. The Patent Office maintains a micro-site at http://www.uspto.gov/aia_implementation/index.jsp on which AIA developments are posted. It may be good practice to consider updates in real time in preparing for the upcoming changes. Please contact us to discuss any aspect of the AIA.

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