

Kratz, Quintos & Hanson, LLP – IP Newsletter

SIGNIFICANT CHANGES IN UNITED STATES PATENT PRACTICE DUE TO THE AMERICA INVENTS ACT

By Craig K. Watson¹

On September 16, 2011, President Barack Obama signed the America Invents Act into law. The America Invents Act represents the largest change to U.S. patent practice since 1952.

“First-Inventor-to-File” System:

The America Invents Act changes the U.S. patent prosecution system from a “first-to-invent” system to a novel “first-inventor-to-file” system on March 16, 2013. This new system allows the first inventor to file a patent application to obtain a patent.

The “first-inventor-to-file” system only allows true inventors or their representatives to file for patents. As such, within one year of publication of an earlier application, other applicants may file a petition for the U.S. Patent and Trademark Office (U.S. PTO) to institute a “derivation proceeding” in which the petitioners argue that an inventor of the challenged application derived the invention from one of the petitioners.

Changes to U.S. Patent Prosecution Practice:

Effective September 16, 2012, third parties may submit material to be used in the examination of published patent applications before the U.S. PTO. This material must be submitted either before the first Office Action on the merits or within 6 months of publication of the application, whichever comes first.

Effective September 16, 2012, an assignee representing the entire interest in a specific patent application may file the application for a patent in the assignee’s own name, rather than in the name of the inventor.

Changes to U.S. Patent Litigation Practice:

As noted in our last KQH Newsletter, the America Invents Act hopes to reduce the burden of patent litigation upon patentees and the U.S. government. In addition to the removal of the best mode requirement in litigation, the new procedure for post-grant review, and the reduction in false marking lawsuit claims discussed in our last Newsletter, the America Invents Act has made several other significant changes to U.S. litigation practice.

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Effective immediately, if a party needs to sue the U.S. PTO (such as, to obtain a patent or in an interference), the proper venue has changed from the District Court of the District of Columbia to the District Court for the Eastern District of Virginia.

Effective immediately, the Act provides for a “prior use” defense to patent infringement. The accused party must demonstrate commercial use of the invention at least one year prior to the effective filing date of the patent. If successful, the accused party may continue to use the invention in a way consistent with the prior use, but may not transfer this right.

With the removal of 35 U.S.C. § 102(f) effective March 16, 2013, it appears that it will become impossible to challenge inventorship in litigation. Instead, all inventorship challenges will be performed through derivation proceedings, as discussed above.

Changes to the U.S. PTO Fee System:

The U.S. PTO has been given the authority to set its own fees rather than waiting for Congress to determine its fees. The U.S. PTO will publish proposed fee changes and accept comments prior to the enactment of those fee changes.

Beginning on September 26, 2011, the America Invents Act imposed a 15% increase of most patent fees. This change remains in effect until the U.S. PTO exercises its new fee-setting authority.

Effective as soon as the U.S. PTO exercises its new fee-setting authority, the America Invents Act creates a new “micro-entity” small entity status. This status, which is directed towards independent inventors and universities, reduces most fees by 75%.

Congress has not ended fee diversion. Fee diversion is a practice in which Congress appropriates money collected by the U.S. PTO above the U.S. PTO’s congressionally allotted budget for the year. Congress then spends that money upon projects unrelated to the U.S. patent system. This practice is heavily criticized by experts because the U.S. PTO is generally regarded as underfunded.

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