

A Primer on the America Invents Act

On Sept. 16, 2011, President Barack Obama signed the America Invents Act into law, making the largest change to United States patent law in decades. The act took effect in several phases—all of which are in place now—and changes the way in which inventors should protect their potentially patentable ideas. In this article, we will examine a few of the many changes introduced by the act and how you can advise inventors regarding their patent needs in its wake.

Basics of Patent Law

A utility patent granted by the U.S. Patent and Trademark Office (USPTO) is essentially a 20-year domestic monopoly given to the patentee in exchange for the “gift” to the public of the knowledge within the patent after it expires.¹ A patent gives the inventor or assignee of the patent rights—the patentee—the ability to keep others from making, using, selling, or offering for sale the subject matter of the patent during the life of the patent. A patentee must pay periodic maintenance fees to ensure the patent is not abandoned. After 20 years, measured from the application filing date, the subject matter of the patent is surrendered to the public domain, and anyone is free to use the invention.

For an applicant to receive a utility patent, he or she must demonstrate to the USPTO that the invention is a new or useful process, machine, manufacture, or composition of matter therefor.² The courts have excluded laws of nature, natural phenomena, and abstract ideas as unpatentable under 35 U.S.C. § 101. Further, 35 U.S.C. § 101 has been used to exclude scientific principles, mental processes, and mathematical algorithms from patenting.

Utility, or usefulness, is a low bar to patentability, but it does require that the invention have a known use and not be merely the subject of future experimentation in search of an as-yet-undetermined application. Novelty, as defined in 35 U.S.C. § 102, essentially means that the claimed invention has not been disclosed to the public by anyone, including the inventor, more than a year before the patent’s filing date, whether such disclosure occurs in a patent, patent application, journal article, or any other publication.³

Nonobviousness, the last hurdle to patentability, is perhaps the most difficult, and certainly the most subjective, because the inquiry requires patent examiners to consider whether a combination of ele-

ments from multiple, prior sources or disclosures would have made the invention in the application obvious to a person of ordinary skill in the art to which the invention pertains.⁴

With this basic framework of patent law, we can examine how the America Invents Act changes its basic tenets.

When to File a Patent Application: Moving from a First-to-Invent to a First-to-File System

On March 16, 2013, the most substantial change from the act went into effect—the change to a “first-to-file” system. Traditionally, the USPTO granted a patent only to the first inventor—a unique feature not found in other countries’ systems. U.S. patent rights were granted to the first inventor regardless of the order of filing of applications in the not-so-uncommon situation where more than one inventor made conflicting claims to the invention. For applications filed after March 16, 2013, the USPTO is no longer required to determine who invented what first. The first inventor to file a patent application claiming an invention—or in some cases, the first inventor to publicly disclose the invention, followed by a timely application—will obtain the patent rights.

Inventors need to be advised on what the switch from “first to invent” to “first to file” means for them. As stated above, novelty is defined by 35 U.S.C. § 102, which also got a facelift under the act. One important tenet of novelty is the one-year grace period within which an inventor may publicly use or otherwise disclose the invention or sell or offer the invention for sale before filing his patent application.⁵

If the inventor, or anyone else, makes an invention publicly available for more than one year before the application is filed, the invention loses its novelty and is no longer patentable.⁶ Before the act, the law provided the patent to the first inventor, not the first filer. The law also provided a one-year grace period for filing a patent application after public disclosure, whether the disclosure was by the first inventor or someone else. So, the disclosure of the invention by Inventor A less than one year before Inventor B filed his patent application would not nullify the novelty of Inventor B’s patent application.⁷ A patent examiner would not find that Inventor B’s application lacked novelty because of Inventor A’s disclosure; only Inventor A’s proof of an earlier date of invention would prejudice Inventor B’s rights.

The act changed the standard by which an examiner measures

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novelty because it now focuses on the patent application filing date and provides a one-year grace period for filing after public disclosure.⁸ Thus, Inventor B's invention would lose its novelty in the wake of Inventor A's earlier disclosure even if Inventor B filed his application within one year of Inventor A's disclosure and even if Inventor A never filed his own patent application. Thus, a delay in filing an application can result in a loss of patent rights—even if the applicant is both the first to invent and the first to file—because a prior public disclosure by a second independent inventor will inhibit patentability. It continues to be true that an inventor's own disclosure of his inven-

she was the first to invent the subject matter of a patent application. Before March 16, 2013, the USPTO director would institute an interference proceeding when a patent application contained substantially the same subject matter as a pending patent application or an unexpired patent.¹⁰ An inventor could even purposely provoke the proceeding by filing an application claiming precisely the same invention. An interference proceeding allowed the rightful first inventor to prevail if he provided evidence to show that he was, indeed, the first inventor.

In conjunction with the move to the "first-to-file" system, the USPTO replaced the interference proceeding with a derivation pro-



tion will not serve as a bar to novelty of his own invention as long as he files his patent application within one year of the disclosure.⁹

A consequence of the new "first to file" system is the potential lessening of the time available to privately perfect an invention. For applications filed before March 16, 2013, an inventor could tinker with the invention in secret and know that even if another inventor filed a patent application first, detailed records of inventive activity, including the dates on which various aspects of the invention were conceived, would ultimately protect the first inventor's priority to the patent rights. The new first-to-file system eliminates the luxury of protracted experimentation, especially when an entity or inventor is working on cutting-edge, highly sought-after advances in software or consumer products.

The takeaway message for inventors is that they should not disclose their potentially patentable inventions to anyone before examining their readiness to file a patent application. Additionally, inventors should assess how they would be negatively affected if they were unable to secure patent rights.

Someone Beat Me to the Patent Office: Replacing Interference Proceedings with Derivation Proceedings

The act also changes the mechanism and parameters under which an inventor can challenge an earlier applicant's assertion that he or

ceeding for applications filed after March 16, 2013. In these applications, a derivation proceeding is only proper if a later-filing applicant believes, and can provide evidence that, an applicant of an earlier-filed application derived his subject matter directly from the later-filing applicant and that the earlier-filed patent application was filed without authorization.¹¹ The two key differences between an interference proceeding and the new derivation proceeding are the initiator and (sometimes) the burden. Previously, the USPTO director initiated the proceedings. In the new derivation proceeding, the applicant of the later filed application initiates the process. Where the director was tasked with the policing duties under the interference proceeding scheme, the burden in the derivation process is now on applicants and inventors to police patent applications published by the USPTO. And unlike the old interference proceedings, in the new derivation proceedings the applicant of the later-filed application has the initial burden to prove that the first applicant had knowledge of the second applicant's invention—in other words, that the first filer actually derived the subject matter from the later filer and was not simply an independent inventor.

With this change, inventors need to be aware of the greater burden upon them to police and review published patent applications. Also, inventors need to be mindful of the burden upon them to provide evidence that an earlier applicant derived the subject matter

from them. Thus, inventors need to keep detailed records of conferences, disclosures, or meetings, even when—and perhaps especially if—a non-disclosure agreement is in place.

Creation of a More Adversarial Patent System: Pre-Issuance Submissions

Prosecution, the procedure by which an applicant procures a patent, is distinct from the rest of the adversarial U.S. legal system because an application is pursued on an *ex parte* basis. The only opposition, the patent examiner, is also the judge and jury. Thus, a patent examiner is tasked with evaluating patent applications and searching for prior art to determine whether to reject the application in an office action, a correspondence from the patent examiner to the inventor.

After receipt of a first office action and its almost inevitable rejection on the basis of a lack of novelty or obviousness, an applicant responds with arguments to overcome the examiner's rejection. Upon receipt of the applicant's response, the examiner must assume dual, and essentially competing, roles: evaluating the validity of the applicant's arguments AND evaluating the validity of his or her own initial points in the first office action to determine whether to grant a patent or issue yet another rejection.

On Sept. 16, 2012, under the America Invents Act, the USPTO began accepting pre-issuance submissions, which allow for limited third-party input into patent prosecution. These can include any patent, published patent application, or other printed publication of potential relevance to the examination of an application.¹² A third party must submit any potentially relevant documents within certain, very limited, time parameters.¹³ Additionally, a third party is tasked with providing a description of each submitted document, a fee as set forth by the USPTO director, and a statement that the submission was made in compliance with the USPTO guidelines.¹⁴

By accepting pre-issuance submissions, the USPTO has essentially opened patent prosecution to limited participation by interested third parties. To take advantage of the right to participate, a business or small inventor should be diligent in watching patent application publications to determine whether to submit potentially relevant documents. Also, a patentee or applicant of a previously filed patent might elect to submit his or her patent or patent application publication as prior art to ensure that the examiner uses the submission in determining patentability. Lastly, an inventor who either does not plan to file his or her own patent application or cannot carry the heavy burden of a derivation proceeding can submit his or her own work as a pre-issuance submission.

As this new element of patent prosecution takes shape, we will see how it will change the face of patent prosecution and how much weight patent examiners will give pre-issuance submissions. For now, knowing that inventors can submit documents during prosecution will empower them proactively keep others from encroaching on their patent rights.

This Art May or May Not Have Been Relevant: Supplemental Examination

Anyone involved in the prosecution of a patent application has a duty to disclose all information known to that individual to be material to patentability.¹⁵ A patent owner who withholds information may be subject to a charge of inequitable conduct resulting in his or her patent being held unenforceable. Before the America Invents Act, a patent owner who discovered potentially problematic art after his or her patent had been issued and wanted to ensure that he or she was not subject to a charge of inequitable conduct could either submit

a reissue application or a re-examination application. This problem arises when there is a question as to when the individual charged with the duty knew of the art, which could have potentially been material to patentability. A reissue application requires the patent owner to identify an "error" upon which the reissue was based. A re-examination application reopens the prosecution and allows the examiner to search for additional art upon which to reject the application. Neither of the above options is desirable for the patent owner.

As of Sept. 16, 2012, the USPTO implemented supplemental examination as a vehicle for patent owners to comply with their duty to disclose information material to patentability without declaring an "error." Further, supplemental examination can, but will not necessarily, result in re-examination if the office finds that the submitted material creates a substantial new question of patentability.¹⁶ Thus, if a patent owner discovers information material to patentability and wants to remove any doubt that he complied with his duty of disclosure during prosecution, he may use supplemental examination to comply without claiming an error or necessarily reopening prosecution of his patent.

Getting What's Yours: Assignee as Applicant

Before the America Invents Act, a person other than the inventor could only file a patent application if the inventor refused to file or could not be found.¹⁷ This could bar assignees of patent rights from filing applications themselves. Employees are often inventors of potentially patentable subject matter that they are obligated to assign to their employer. Also, inventors assign the rights to their inventions to pass along the cost of patenting, manufacturing, and marketing. As of Sept. 16, 2012, an assignee can apply for a patent.¹⁸ This new provision eliminates a potentially uncooperative inventor middleman and potentially streamlines their application process.

Lowering Inventor's Patent Fees: Microentities

Filing fees for a patent application or for other ancillary filings relating to patents can prevent certain entities from obtaining a patent. The USPTO has allowed inventors or assignees to claim "small entity status" if they meet certain requirements in order to receive a 50 percent reduction in certain fees. Thus, the act created a new class of patent applicants: the microentity. If an applicant is a small entity, has not been named as an inventor in more than four applications, has income under a certain threshold, and is not under an obligation to assign the rights to an entity with income over the threshold, that applicant can qualify as a microentity. The microentity receives a 75 percent reduction in fees.¹⁹

The Bottom Line

With the America Invents Act, many of the rules governing patent practice have changed, and even the most seasoned patent inventors may need to re-evaluate the way they protect their most valuable company assets: potentially patentable inventions. While these inventors should speak to a patent attorney to fully assess their rights and devise a plan, you may be able to advise inventors of the changes and keep them from making a premature or otherwise ill-advised public or private disclosure of their inventions, or otherwise prejudicing their rights. ©

Endnotes

¹While this article focuses on utility patents, there are also design patents and plant patents that are subject to many of the changes to the act.

²35 U.S.C. § 101.

³See 35 U.S.C. § 102(a), after March 16, 2013.

⁴35 U.S.C. § 103.

⁵35 U.S.C. § 102(b), in effect before March 16, 2013. (35 U.S.C. § 102(a)-(b)(1), effective March 16, 2013).

⁶*Id.*

⁷See 35 U.S.C. § 102(a), before March 16, 2013.

⁸See 35 U.S.C. § 102(a), after March 16, 2013.

⁹See 35 U.S.C. § 102(b)(1), after March 16, 2013.

¹⁰See 35 U.S.C. § 135, before March 16, 2013.

¹¹See U.S.C. § 135, after March 16, 2013.

¹²35 U.S.C. § 122(e)(1).

¹³*Id.*

¹⁴35 U.S.C. § 122(e)(2).

¹⁵37 C.F.R. § 1.56.

¹⁶35 U.S.C. § 257.

¹⁷35 U.S.C. § 118, before Sept. 16, 2012.

¹⁸35 U.S.C. § 118, after Sept. 16, 2012.

¹⁹35 U.S.C. § 123.

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nature of scientific progress guarantees that the question of what is patentable and the role of patents in encouraging innovation will remain subject to the interpretation of each successive technological generation. ☉

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Endnotes

¹*F.T.C. v. Actavis, Inc.*, 133 S.Ct. 2223, 2238 (2013) (quoting *Dawson Chemical Co. v. Rohm & Haas Co.*, 448 U.S. 176, 215 (1980)).

²13 Writings of Thomas Jefferson 335 (Memorial ed. 1904).

³*Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 146-47 (1989) (citing 1 Stat. 109, 110).

⁴35 U.S.C. § 101; see *In re Bilski*, 545 F.3d 943, 966-67 (Dyk, J., concurring) (reviewing the history of section 101).

⁵*Ultramercial, Inc. v. Hulu, LLC*, 722 F.3d 1335, 1347 (Fed. Cir. 2013); *CLS Bank Int'l v. Alice Corp. Pty. Ltd.*, 717 F.3d 1303 (Fed. Cir. May 10, 2013) (Lourie, J.).

⁶*Research Corp. Techs., Inc. v. Microsoft Corp.*, 627 F.3d 859, 869 (Fed. Cir. 2010).

⁷*Diamond v. Chakrabarty*, 447 U.S. 303, 308-309 (1980) (citing Writings of Thomas Jefferson 75-76 (Washington ed. 1871); *Graham v. John Deere Co.*, 383 U.S. 1, 7-10 (1966)).

⁸*Id.* at 309.

⁹*Id.*

¹⁰*Id.* (citing *Parker v. Flook*, 437 U.S. 584 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972); *Funk Brothers Seed Co. v. Kalo Inoculant Co.*, 333 U.S. 127, 130 (1948); *O'Reilly v. Morse*, 15 How. 62, 112-21, 14 L.Ed. 601 (1854); and *Le Roy v. Tatham*, 55 U.S. (14 How.) 156, 175 (1853)).

¹¹*Association for Molecular Pathology v. Myriad Genetics*, 133 S.Ct. 2107, 2111 (June 13, 2013).

¹²*Chakrabarty*, 447 U.S. at 309.

¹³*Gottschalk v. Benson*, 409 U.S. 63, 67 (1972).

¹⁴*CLS Bank*, 717 F.3d 1269, 1277.

¹⁵*Funk Bros.*, 333 U.S. at 130.

¹⁶*Gottschalk*, 409 U.S. at 67 (quoting *Mackay Co. v. Radio Corp.*, 306 U.S. 86, 94 (1939)).

¹⁷*Id.* (quoting *Rubber-Tip Pencil Co. v. Howard*, 87 U.S. (20 Wall.) 498, 507 (1874)).

¹⁸*Classen Immunotherapies, Inc. v. Biogen IDEC*, 659 F.3d 1057, 1063 (Fed. Cir. 2011).

¹⁹*Id.* (quoting *Wyeth v. Stone*, 30 F. Cas. 723, 727 (C.C.D.Mass. 1840) (No. 18,107) (Story, J.)).

²⁰*Wyeth*, 30 F. Cas. at 727.

²¹*Id.*

²²*Le Roy*, 55 U.S. (14 How.) at 175.

²³*Id.*

²⁴*Morse*, 56 U.S. (15 How.) at 112-21.

²⁵*Id.* at 115-16 (relying on the English case of *Neilson v. Harford*, Web. Pat. Cases 295, 371 (1844)).

²⁶*Myriad*, 133 S.Ct. at 2110-11.

²⁷*Id.* at 2109.

²⁸*Id.* at 2117.

²⁹*Id.* at 2120.

³⁰*Id.*

³¹*Id.* at 2119.

³²*Id.*

³³*Flook*, 437 U.S. at 590.

³⁴*Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S.Ct. 1289, 1293 (2012).

³⁵*Diamond v. Diehr*, 450 U.S. 175, 187-88 (1981) (citing *Funk Bros.*, 333 U.S. at 127; *Eibel Process Co. v. Minnesota & Ontario*