On September 16, 2011, the Leahy-Smith America Invents Act (AIA), also called the Patent Reform Act of 2011, was enacted into law. President Obama stated that this “long overdue reform is vital to our ongoing efforts to modernize America’s patent laws.” The changes mostly harmonize US patent law with the rest of the world.

A major change is the shift from a first-to-invent system to a first-to-file system. The first-to-file system, which goes into effect on March 16, 2013, reveals a few twists relevant to patent protection in the United States. First, the inventor who files a later application is permitted to contest inventorship on a previously filed application only if it is shown that the subject matter disclosed in the previous application was derived from the inventor who files the later application. This occurs through a derivation proceeding, which replaces interference proceedings. Second, inventors still have a one-year grace period during which the inventor’s own disclosures or disclosures of others who derived their invention from the inventor may not be used as prior art if they occurred within 12 months prior to the effective filing date of the invention.

Foreign public use and offers for sale are considered prior art under the AIA, whereas previously, use and sale of the invention by third parties abroad were not bars to patent protection in the United States. Though the one-year grace period still allows an inventor to avoid the prior-art effects of his or her own foreign use or sale of the invention within that time period, any of his or her foreign use or sale prior to one year before the effective filing date of the application will bar the inventor from obtaining a patent in the United States.

Previously, a defense to infringement based on prior commercial use was limited to business method patents, but under the AIA, it has been expanded to all inventions. If an inventor owns the invention as a trade secret and subsequently a patent application is filed on the same invention by another entity and issues as a patent, then the trade secret owner is provided with the “prior user defense” against a patent infringement claim.

For successful use of a prior user defense, it must be demonstrated that there was internal commercial use or sale of the subject matter by the trade secret owner, in good faith, at least one year prior to the effective filing date of the claimed invention. The person asserting a prior user defense under this section must establish the defense under the “clear and convincing” evidentiary standard for proving invalidity.

Ex Parte Reexamination procedures remain mainly unchanged. Inter Partes Reexamination proceedings will, however, be replaced by a new type of proceeding called “Inter Partes Review,” which will become available on September 16, 2012. Inter Partes Reexamination requests may still be filed in the interim, but the request must now establish that there is a reasonable likelihood that the requester would prevail with respect to at least one claim of the patent being challenged in contrast to the previous standard that required only that a Substantial New Question be established. The new “likelihood of success” standard already applies to the Inter Partes Review proceedings.

Another novel way in which a granted patent can be challenged under the AIA is by Post-Grant Review (PGR) proceedings. Under PGR, a person who is not the patent owner may petition the USPTO to review the validity of an issued patent within nine months of its grant or issuance of a reissue patent. PGR rules go into effect September 16, 2012 and are applicable to business method patents under the transitional program, but the PGR process goes into effect only as to “first-to-file” patents, which are patents that are filed on or after March 16, 2013.

Assertions of invalidity may be made on any grounds of patentability that one can raise as a defense in patent
infringement litigation before the courts, including failure of the claims to define subject matter eligible for
patenting, lack of novelty, obviousness and to provide a written description or enablement. A petitioner initiating
a PGR proceeding need bear the burden of proving invalidity only by the lower standard of “by a preponderance
of the evidence” in contrast to the higher “clear and convincing” evidentiary standard.

PGR is available only if the challenger has not already initiated a civil action in District Court. PGR proceedings
are to be conducted by the Patent Trial and Appeal Board, which will replace the Board of Patent Appeals and
Interferences on September 16, 2012 for proceedings that commence on or after that date. PGR proceedings
may be terminated either by settlement or by decision of the Board. There is also estoppel associated with the
challenger at the USPTO, the District Courts and the International Trade Commission (ITC) in asserting invalidity
on any ground that could have been reasonably raised during PGR.

The AIA provides patent owners the option to request supplemental examination (SE) of a patent to “consider,
reconsider, or correct information believed to be relevant to the patent.” SE is also an additional avenue that
patent owners may utilize to satisfy their duty of disclosure after a patent has issued. Therefore, patent owners
may utilize SE to eliminate defenses based on inequitable conduct that may likely be raised against the patent
during litigation.

Along with the aspects of patent reform discussed above, the AIA has brought about several more changes that
also touch on the fee structure of the USPTO (nearly all fees were increased by 15 percent ten days after
enactment), disclosure of best mode (failure to disclose best mode has been eliminated as an invalidity defense),
studies (for example, a study on genetic testing is ongoing and may affect gene patents), patent marking law
(only the US government may bring about qui tam actions), creation of a micro entity (these entities are eligible
for a 75 percent fee discount) and establishing a satellite office in Detroit (to hire more examiners and staff to
work through the current backlog of more than 700,000 patent applications).

The AIA has been the recipient of abundant praise and great censure since its enactment, but one may only gain
a better understanding of all its ramifications once it goes into effect in its entirety. It holds the promise of
creating a more efficient, objective, predictable and transparent patent system and enhancing the quality of
patents in the United States.

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