

# Technology Transfer Tactics™



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## Take these steps to ensure your TTO is ready for AIA

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Changes to patent law as significant and extensive as those wrought by the America Invents Act (AIA) haven't occurred since the GATT/URAA amendments of 1996, and perhaps not since the 1952 Patent Act went into effect. While consultation with outside counsel will likely play a central role in coming to grips with the AIA on a case-by-case basis, there are some things that TTO personnel can do to facilitate the transition in a manner that lowers stress levels and reduces costs.

Though the AIA became law on September 16, 2011, implementation has been broken into stages through a set of staggered effective dates for various provisions of the Act.

Stage 1 began with the signing of the AIA into law, which triggered elimination of the best mode requirement for patentability, deeming of tax strategy methods as contained in the prior art, and revision of false patent marking law. Ten days later fee surcharges were implemented. Stage 2 will begin on September 16, 2012, when changes to the inventor's declaration, third-party prior art submissions, supplemental exams, and both inter partes and post-grant reviews will occur. Finally, Stage 3 commences on March 16, 2013, when the first-inventor-to-file and derivation proceedings will become effective.

Beyond staggered implementation, the AIA provides for several periods during which old and new provisions will uneasily co-exist. This means that for several years there will be patent applications under examination that are governed by either pre-AIA law or AIA law. Still, by adjusting such core TTO functions as record-keeping, docketing, and assignments now, the

transition to a world governed by AIA will be less disruptive.

### **Don't throw out those lab notebooks**

Recordkeeping is vital to the ongoing operations of TTOs. In moving from a first-to-invent to a first-inventor-to-file patenting system, Congress is phasing out the interference -- the procedure used to determine which party was the first to invent. Because of the strict rules in place for establishing one's right to be declared the first inventor, interferences have long been linked with the need to keep organized laboratory notebooks. Consequently, the natural tendency might be to relax policies relating to investigator recordkeeping on the theory that contemporaneously prepared and witnessed laboratory notebooks will no longer be needed with the demise of interference practice.

Such a shift in recordkeeping policy would be shortsighted and risky. One sound reason for maintaining rigorous recordkeeping policies is that the AIA creates a first-inventor-to-file patent system, and not a simple first-to-file system. The distinction between first-to-file and first-inventor-to-file is significant in that the first filer is not necessarily the eventual patentee in a first-inventor-to-file patent system. While true that the shift from a first inventor system will eventually lead to loss of interference practice, the AIA does introduce derivation proceedings, designed to address situations where the first filer is not necessarily the first inventor to file.

More particularly, derivation proceedings are designed to weed out first-filed applications disclosing and claiming the invention of another. Important in this context will be records of inventive activity to establish prior invention as a predicate fact to asserting that another party obtained the invention from your investigator. Accordingly, thor-

ough, timely and understandable records of inventive activities, such as would be found in regularly maintained, thorough lab notebooks, contemporaneously witnessed, will continue to have their place in U.S. patent law.

Proper recordkeeping will also have value in a defensive role. A non-profit entity, accused of infringement, may be able to defeat such a charge by showing prior commercial use of claimed subject matter being practiced in the laboratory. At first blush this might seem surprising, but the AIA gives universities a leg up by deeming laboratory research to be a commercial use for purposes of defending against an infringement claim. Thus, non-profit entities would be well-advised to educate their personnel on the continuing need to maintain accurate, thorough and contemporaneous records of their activities.

### ***Docketing becomes critical***

Central to the management of patent portfolios is the monitoring of significant dates by a docketing function. The exact nature of the docketing function may vary from office to office, and may involve anything from simple spreadsheets to complex, customized or off-the-shelf commercial software. As provisions of the AIA go into effect, the docketing function will become increasingly important in maintaining management efficiency and avoiding catastrophic loss.

One area of the AIA requiring the attention of docketing personnel is the post-grant review period. The post-grant review introduced by the AIA is analogous to the opposition proceeding in other countries, and allows third-party challenges to granted patents for a limited period of nine months from issuance. Post-grant review will be available for U.S. patent applications effectively filed on or after September 16, 2012. Adjusting docketing software to automatically calculate and monitor this nine-month period upon entry of an issue date will help to keep stress levels manageable.

Another date to track is the one-year period within which disclosure of an invention by an inventor (or one who obtained the information from an inventor) will not create a patentability bar. This period will apply to applications bearing an effective filing date of March 16, 2013 or later. This period is reminiscent of the one-year grace period under pre-AIA law, for which the critical date dis-

tinguishing removable 102(a) art and nonremovable 102(b) art is often docketed. With applications governed by pre-AIA law and AIA law expected to be pending for some time after March 16, 2013, it will be important not only to monitor this one-year period, but to have docket entries differentiating the nature of the one-year period.

Yet another new deadline to docket requires some explanation of the changes in the law. In establishing a first-inventor-to-file patent system rather than a first-to-file system, the AIA allows for the possibility that the first-filed patent application may not be the application that issues as a patent. For example, a named inventor filing first may have derived the invention from the true inventor, who later files an application for patent. Under these circumstances, the true inventor can petition for initiation of a derivation proceeding before the new Patent Trial and Appeal Board (PTAB) within one year of publication of a claim that is substantially the same as a claim in the first-filed application.

What this means for docketing purposes is that a date one year later than publication of one's application should be monitored as a default limit for initiating a derivation proceeding. That is, a true inventor will have one year from the date of publication of his or her patent application to petition for institution of a derivation proceeding.

### ***Managing inventor assignments***

Another area that will require attention in TTOs is in transferring rights by assignment. Going into effect on September 13, 2012 is the AIA provision allowing required inventor statements to appear in an executed assignment rather than an inventor's declaration. These statements, modified to conform to the AIA, require the inventor to state under oath that she regards herself to be an original inventor and that the application was made, or authorized to be made, by the inventor. Adding these statements to an assignment could reduce the number of formal papers to be executed by an inventor, lowering the burden on TTO personnel to arrange for inventor execution of documents.

It is by no means certain that the AIA intended to reduce the burden on inventors or, in fact, has brought about such a reduction. The issue is whether the AIA has eliminated the need for an inventor declaration under all circumstances where the two required statements are provided in an exe-

cuted assignment. As revised by the AIA, the patent statute eliminates the need for an inventor declaration where the inventor is dead, mentally incapacitated, can't be found, or is obliged to assign and is uncooperative, provided that a substitute statement containing the required averments as to the original inventors and the authorization for making a patent application are provided.

Although an inventor obliged to assign an application can provide the required inventor statements in an assignment rather than in an inventor declaration, that does not mean an inventor declaration is not required. At present, it is unclear whether inventors will need to file an inventor declaration and, until that issue has been addressed, the safe course of action is to execute and timely file an inventor declaration, even if the inventor is obliged to assign the application and has provided the required inventor statements in an executed assignment document.

Beyond potentially eliminating the need to get an inventor declaration executed, a benefit of placing the required inventor statements in an assignment document is that the assignment may be executed and recorded in a more timely manner. Given the possibility that adding the required inventor statements to an assignment may eliminate the need for an executed declaration, TTO directors may decide to revise their assignment forms.

## ***Budgeting still a tricky business***

The AIA has created the "micro entity" as a new applicant status. The micro entity status is available to applicants who are employees of institutions of higher learning, or have either assigned or are obliged to assign rights in the application to such an institution. These institutions include accredited U.S. universities. Claiming micro entity status entitles an applicant to a 75% reduction in certain fees charged by the USPTO.

The savings are significant and will have an

effect on TTO budgets, but planning based on those savings cannot begin just yet. The AIA provides this new status for applicants, but it only applies to fees set or adjusted by the USPTO pursuant to the fee-setting authority given the USPTO by the AIA. Thus, while the micro entity status now exists, the USPTO has not yet exercised its fee-setting authority and, thus, no current fee can be reduced to a micro entity rate.

Although some in the patent community estimate that the USPTO will set fees pursuant to the AIA by August 2012, which can then be reduced to the new micro entity rate, it is risky to base budgets on estimated dates by which the USPTO will act. Help will arrive eventually, however.

In summary, several changes to patent law under AIA are particularly relevant to non-profits such as academic institutions, including new dates for prior art considerations and derivation proceedings, increased flexibility in the placement of inventor statements and a concomitant reduction in the difficulties created by unavailable inventors, the continued need for complete and dated records, and the future opportunity to adjust budgets in view of savings available to academic institutions under the new micro entity status.

Unfortunately, the AIA provisions of particular relevance to non-profits were added to the legislation, in part, to mitigate the potentially dramatic impact on such institutions of the shift from a first-inventor patent system to a first-inventor-to-file system.

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