



## IP: An uneasy state of grace under the AIA

**THE AIA'S ONE-YEAR GRACE PERIOD MEANS NOW IS THE TIME TO FAMILIARIZE YOURSELF WITH THE FIRST-INVENTOR-TO-FILE SYSTEM**

When the America Invents Act (AIA) was signed into law in the fall of 2011, only a small number of the provisions became effective immediately. Many of the provisions, including those addressing the new and revamped administrative trials within the U.S. Patent and Trademark Office (PTO), will only come into effect this fall. Perhaps the AIA's most fundamental change to the U.S. patent system, shifting it from a first-to-invent system to a first-inventor-to-file system, will not become effective until spring 2013.

One thing that the shift from first-to-invent to first-inventor-to-file did not change is the existence of a "grace period." Under a grace period, certain actions that might otherwise render an invention unpatentable or invalid do not, if they occurred within a set period of time prior to the filing date of the application. The AIA adopts a one-year grace period.

Because of this one-year grace period, the new first-inventor-to-file system is already upon us, despite the future effective date of these provisions.

Consequently, it is now time to come to grips with the first-inventor-to-file system. A good place to start is with the grace period.

Grace periods have long been a misunderstood part of U.S. and foreign patent systems. One widely-held, but incorrect, belief in the U.S. is that the grace period is one of the major differentiating factors between U.S. and foreign systems. This belief may exist because Europe generally does not have a grace period for patent protection. Let's bust the U.S.-only grace period myth right now.

Many foreign patent systems also have a grace period. In a lot of cases, the grace period is one year, although some systems have a six-month grace period. For example, the South Korea just recently changed its grace period from six months to one year as a consequence of its free trade agreement with the U.S.

Many foreign patent systems do not have a grace period that covers as many different actions and actors as the present U.S. grace period does. By and large, the grace periods of Australia,

Brazil, Canada and Mexico extend to actions the inventor takes within one year of the filing date. The present U.S. grace period extends beyond the inventor to others, including unrelated third parties.

The scope of the U.S. grace period will change under the AIA to become more like the grace periods in other countries, with the focus on the inventor and others who obtained the invention from him or her. Under the new U.S. grace period, disclosures by the inventor or those who obtained the invention from him or her will not render an invention unpatentable or invalid if they occur within one year of the effective filing date of the application. On the other hand, actions by others generally will render the invention unpatentable or invalid if the disclosure occurred at any time before the inventor's effective filing date.

As I have indicated in the past, however, the devil is frequently in the details of the AIA. As little as a single word may tip the balance.

It has been argued by some that an inventor's public uses and on-sale activity may not be included in the inventor's excepted disclosures. As such, the inventor's public use or on-sale activity may threaten the patentability or validity of the invention, even if the inventor files his or her application within one year of the public use or on-sale activity. If this position is adopted by the PTO and the courts, a significant hole may exist in the new grace period.

Further, one of the new innovations of the AIA is the use of an inventor's prior public disclosure of the invention to prevent the actions of unrelated third-parties from rendering his or her invention unpatentable or invalid. To the best of my knowledge, this is a concept not recognized in other grace periods.

According to the AIA, an action that would otherwise render the invention unpatentable or invalid (because the invention was patented, described in a printed publication in public use, on sale or otherwise available to the public before the effective filing date) will not render it unpatentable or invalid if the inventor publicly discloses the invention before the date of the third-party's action. Of course, the inventor will still need to get his or her application on file within one year of the public disclosure to prevent his or her own public disclosure from rendering the invention unpatentable or invalid. Still, the fact that the inventor's own publication might defeat a third party's actions has led some to propose all manner of publication strategies and others to refer to the new system as "first-to-publish."

These novel provisions of the AIA, and constructions of these provisions, have caused commentators to advocate following a strict "file prior to disclosure" policy, as might be useful under the European system. While this advice has the advantage of simplicity, and is likely the approach adopted by many companies who routinely file in Europe in any event, there are always times when you will need to make an informed decision under less-than-optimal conditions. Next month, we will continue our discussion of first-inventor-to-file, and how the changes to the system may affect your internal invention disclosure policies and forms.

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