



IP: America Invents Act implementation ends with a bang

THREE SIGNIFICANT CHANGES IN U.S. PATENT LAW WILL RESULT FROM THIS FINAL PHASE OF IMPLEMENTING THE AIA

The America Invents Act (AIA), signed into law Sept 16, 2011, has brought about the biggest change in U.S. patent law since the 1952 Patents Act. The 37 sections of the Act, its multiphase implementation, and the ink spilled in communicating its significance are ample testament to that fact. The final phase of implementation of this Act will arrive in a few short months. With the AIA having been around for some time and other areas of the law competing for the attention of in-house counsel, there is a risk that several significant aspects of the final phase of AIA implementation could be overlooked by some. With that in mind, this article focuses on three significant changes in U.S. patent law resulting from this final phase of implementing the AIA.

1. First-inventor-to file system – date of invention loses significance
2. Grace period is narrowed to disclosures originating with inventor
3. Challenge to competing inventor limited to derivation of invention

The final phase of AIA implementation, occurring on March 16, 2013, will convert the U.S. patent system from a first-to-invent system to a first-inventor-to-file system, advancing the goal of harmonizing the U.S. patent system with systems used in other countries. This shift to a first-inventor-to-file patenting system is one of the more noteworthy changes resulting from the AIA. A first-inventor-to-file patenting system can be seen as favoring big business at the expense of sole inventors, business start-ups and many non-profits. Established enterprises typically have in-house legal counsel networked to outside counsel in a manner designed to efficiently secure patent protection for technological innovations, and the little guy will be challenged to arrive first at the U.S. Patent & Trademark Office (USPTO) seeking protection for similar or identical technology. Beyond the commercial implications of this change in U.S. patent law, it is worthwhile to see how the U.S. is bringing about that change.

The first-inventor-to-file patenting system has been established by amendments to 35 USC §§ 102 and 103, the statutory provisions defining

prior art. The AIA sets forth the first-inventor-to-file system in § 102(a) by redefining patentability-defeating prior art. More particularly, § 102(a)(1) precludes a patent on an invention if 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 of the application claiming that invention. The terms recited in § 102(a)(1) are deceptively similar to terms found in pre-AIA § 102(b), *i.e.*, patented, printed publication, public use, and on sale. Unlike § 102(b) prior to the AIA however, public uses and sales are not limited to events occurring in the US. Additionally, § 102(a)(1) of the AIA includes the catch-all category defined as “otherwise available to the public.” It seems clear that this catch-all category expands the definition of prior art, but defining its exact contours will likely require litigation.

New § 102(a)(2) bars a patent if another inventor earlier files an application that eventually publishes or issues, again shutting the door to another independent inventor losing the race to the USPTO. This provision of the AIA tracks existing law codified

at 35 USC § 102(e) carrying forth the theory advanced by J. Oliver Wendell Holmes that one should not be penalized for patent office delays. Noticeably missing from the AIA's definition of prior art is any category of prior art defined as of a date of invention—all categories of prior art under the AIA are defined relative to the effective filing date of a patent application. The first inventor in the door at the USPTO (typically) wins. Softening the edges of this new patenting regime is a grace period, of sorts, and an opportunity to challenge anyone deriving an invention from another. The edges haven't been softened to the degree some may think they have, however.

Section 102(b) as revised by the AIA defines a grace period as an exception to the prior art definitions of § 102(a). The grace period applies to the public disclosure of an invention within one year of the effective filing date of the application disclosing and claiming that invention, but only if the disclosure was by an inventor or one who obtained the invention from an inventor. No longer can an inventor antedate a disclosure by another within one year of the effective filing date, unless that disclosure was obtained from the inventor. Thus, the grace period provided by the AIA is considerably narrower than the grace period defined by pre-AIA § 102. An inventor's disclosure within the one-year grace period, however, eliminates from prior art any subsequent disclosures of the same invention by others, such as disclosures by another occurring after an inventor's disclosure but before that inventor effectively files a patent application. At first blush, one might think that early public disclosure by the inventor could be used to protect the patentability of

an invention while an application is prepared, but such a strategy would be costly in surrendering most foreign patent rights.

Beyond the narrowly defined grace period, the AIA has created a new proceeding for challenging a race winner's right to a patent. The loser of the race to the USPTO can challenge the first-filer's right to a patent by petitioning for a derivation proceeding before the Patent Trial and Appeals Board. If the fact that two inventors sought patents on the same invention is not discovered until both have issued patents, recourse is available in federal district court. The new derivation proceeding has been loosely characterized as a substitute for interference proceedings, which are being put to pasture by the shift from first inventor to first-inventor-to-file. This characterization is dangerously misleading.

A derivation proceeding is aptly named, as it involves an inquiry into whether the invention in a first-filer's application or patent was derived from another inventor with a pending application. To prove derivation, the first-filer must be shown to have obtained the invention from the challenger, and must be shown to have sought patent protection by filing a patent application without authorization from the challenging inventor. The issue of derivation is narrower than the issues underlying interference practice, *i.e.*, determining the first inventor. Under pre-AIA § 135, interferences determined which party invented first, and could also determine patentability and derivation issues. As revised by the AIA to provide for derivation proceedings, the language of 35 USC § 135 allowing inquiry into patentability is no longer present. Thus, an inventor arriving second

at the USPTO will generally be turned away, with evidence of a derivation rarely available to rescue that inventor's opportunity to secure patent rights.

The dramatic changes to U.S. patent law brought about by the final phase of AIA implementation were delayed 18 months to allow everyone to adjust, but that adjustment period is coming to an end. Accommodating the changes to US patent law going into effect on March 16, 2013, along with the changes already implemented by the AIA, will keep inventors and entities employing them busy as the U.S. adjusts to its new patent system.

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