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IP lawyers see new patent law as major shift

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As the America Invents Act heads to President Barack Obama for his signature, intellectual property lawyers consider how the first major overhaul to the U.S. patent system since 1952 will affect their practice and their clients.

"My view overall is that this will have a big effect on law firms and lawyers working in the patent field," said Robert M. Gerstein, a partner at Marshall, Gerstein & Borun LLP. "There are a lot of changes. Most of them are helpful, beneficial and good for the system."

Gerstein and other IP lawyers waited several months for patent reform to become a reality. The Senate initially passed the America Invents Act in March, and the House passed a similar bill in June. The Senate adopted the House bill on Sept. 8 by a vote of 89-9.

The new act includes 37 different categories of changes, including a shift from a "first-to-invent" system to a "first-to-file" system and a new post-grant review.

Gary D. Fedorochko, a shareholder in the Washington, D.C., office of Banner & Witcoff Ltd., said U.S. adoption of the first-to-file system places it in line with the rest of the world. Like most countries, the U.S. now pushes its inventors to "race to the patent office," he said.

"It's the first folks to get on file, where previously, you looked and determined who was the first party to invent," Fedorochko said. "You had the opportunity to look at people's information, when they conceived their invention ... that's basically been eliminated."

As a result, Fedorochko predicts an increase in provisional applications that act as "date-holders." He said companies also need to forgo the one-year "grace period," which

allows them to publicize inventions and later patent them.

"They need to get something on file as soon as they come up with some ideas," he said. "With smaller companies, they were often relying on the statutory grace period. They don't really have that luxury. It is a significant undertaking and it's going to require companies to be a little bit more aware of their development process."

Scott P. McBride, a partner at McAndrews, Held & Malloy Ltd., agreed that companies need to not only establish and enforce a filing policy, but also prioritize their inventions. But, from a wider perspective, he said he sees the shift to first-to-file as an unnecessary part of reform.

"The United States has had the best patent system in the world for decades, probably centuries," he said. "The reason for switching from first-to-invent to first-to-file is a stated desire to conform. But why should the leader become the follower?"

In Gerstein's opinion, the new post-grant review brings the most change to the patent system. This provision allows a petitioner to challenge a patent on any grounds for the first nine months after its issuance.

"There hasn't been a way to really go back into the patent office in a proceeding that should be more efficient and less costly than litigation to challenge any aspect of invalidity of a patent," he said. "Now, whatever issue you have, you have a way of doing that. I'm hopeful that some clients will take advantage of that proceeding when they have issues with patent validity."

McBride pointed out that the America Invents Act passed after eliminating controversial elements such as strict rules for calculating patent damages. However, he said he still expects the post-grant review procedure

to stir up future controversy.

"It will be interesting to see how often that is used and how it is used," McBride said. "No one knows with certainty what the impact will be, but that's an interesting place to look. What patents are going to be important enough for companies to petition for a post-grant review?"

Gerstein said that the America Invents Act failed to fully fix patent office funding problems. He said post-grant reviews could only worsen its problems.

"The most important thing is making the patent office more independent financially," he said. "This bill takes small steps. I really would've liked to see the patent office guaranteed they could keep whatever fees they have charged and let them base their budgets on that ... it would've allowed the patent office to hire more examiners and get better patents out there quicker."

Fedorochko said the move closer to fully funding the patent office could address some of its backlog. He also said aligning U.S. and world patent laws could help reduce that backlog.

"They could take advantage of work done in other patent offices," he said. "To the extent that standards are more harmonized, it makes it easier to rely on that work. That to me is a long-term benefit."

While Gerstein said he expects IP lawyers to see changes in their practice, he doesn't expect clients to see changes in their business as a result of the reform.

"The bill has been sold somewhat as having a dramatic effect on the economy, but I don't see that these changes are significant enough to have those kinds of impacts," he said. "It's certainly going to have a big impact on people like me who practice in this field every day."