

THE LEAHY-SMITH AMERICA INVENTS ACT

Presented by

Pedro F. Suarez & Michael D. Van Loy

January 31, 2013

- Bill signed by President Obama on September 16, 2011
- AIA does not change standards with respect to what is new (§ 102) or non-obvious (§ 103).
- AIA does change the US patent system to **“first-to-file.”**
 - Substantial changes to what constitutes “prior art” (read, what is considered old and will be used against the inventor when trying to obtain a patent).
 - Making a disclosure before a patent filing is **EXTREMELY RISKY!**
 - Can no longer antedate or swear behind another’s work, so make sure you file as early and as completely as you can!
- Among other things, the AIA implements new administrative review procedures after a patent issues.

- Patent Law in 2 minutes or less

- The exchange: grant of a limited monopoly in exchange for disclosure of the invention by the inventor(s).
- Invention must be **novel** [35 USC § 102] and **non-obvious** [35 USC § 103] over the prior art.
- Disclosure must meet **formal statutory requirements**. [35 USC § 112]
- Must be **patentable-eligible** subject matter--certain types of subject matter are deemed non-statutory (e.g., laws of nature, abstract ideas, and, per AIA, tax-related patents and human organisms). [35 USC § 101 and AIA]
- The filing of an application in the US or abroad can establish an **EFD**.

- Applications with an EFD on or after March 16, 2013 have a broader scope of prior art (MORE PRIOR ART CAN BE USED AGAINST THE INVENTION THAN UNDER PREVIOUS LAW).
- No longer any geographical limits (e.g. “in this country”) that exclude some prior art from being asserted against a patent or application.
- Prior art is now defined as information available or activity occurring before the EFD rather than before the date of invention (therefore, no antedating or swearing behind). Some exceptions apply.
 - AIA may bar a patent if any of the following occur before the EFD:
 - Invention described in a printed publication;
 - Invention placed in public use;
 - Invention placed on sale;
 - Invention otherwise made available to the public; or
 - Invention described in issued US patent or published US patent application naming another inventor and having an EFD before the EFD of the relevant patent or application.

- Disclosure made less than one year before the EFD by an inventor or someone else who directly or indirectly obtained the disclosed subject matter from an inventor is not considered prior art. [New 35 USC § 102(b)(1)(A)]
- Disclosure made by another party subsequent to public disclosure by an inventor or someone who directly or indirectly obtained the disclosed subject matter from an inventor is also not prior art. [New 35 USC § 102(b)(1)(B)]
- Disclosure in another US patent or publication is not prior art if
 - Disclosed subject matter was obtained directly or indirectly from inventor(s) [New 35 USC § 102(b)(2)(A)]
 - Disclosed subject matter was publicly disclosed by inventor(s) prior to EFD of the other application or patent. [New 35 USC § 102(b)(2)(B)]
 - Disclosed subject matter and the claimed invention were, as of the EFD of the claimed invention, owned by the same entity or subject to an obligation of assignment to the same entity. [New 35 USC § 102(b)(2)(C)]
- Future litigation will define the metes and bounds of “disclosure” (e.g., secret sale)?

Now a quick look at the statute

35 U.S.C. § 102. Conditions for patentability; novelty

(a) Novelty; Prior Art- A person shall be entitled to a patent unless—

- 1. the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention; or**
- 2. the claimed invention was described in a patent issued under section 151, or in an application for patent published or deemed published under section 122(b), in which the patent or application, as the case may be, names another inventor and was effectively filed before the effective filing date of the claimed invention.**

Effective Date: Applications and patents having a claim having an effective filing date on or after March 16, 2013, or by reference under section 35 U.S.C § § 120, 121, or 365(c) contains or contained at any time such a claim.

Notable Difference: Broadens scope of prior art. Public accessibility (“available to the public”) is the touchstone. Public use or sale is no longer limited to the U.S.

35 U.S.C. § 102. Conditions for patentability; novelty

(d) Patents and Published Applications Effective as Prior Art-

For purposes of determining whether a patent or application for patent is prior art to a claimed invention under **subsection (a)(2)**, such patent or application shall be **considered to have been effectively filed**, with respect to any subject matter described in the patent or application—

1. ... **as of the actual filing date** of the patent or the application for patent; or
2. if the patent or application for patent is entitled to **claim a right of priority** under section **119, 365(a), or 365(b)**, or to **claim the benefit** of an earlier filing date under section **120, 121, or 365(c)**, based upon 1 or more prior filed applications for patent, as of the filing date of the earliest such application that describes the subject matter.

Effective Date: Applications and patents having a claim having an effective filing date on or after March 16, 2013, or by reference under section 35 U.S.C § § 120, 121, or 365(c) contains or contained at any time such a claim.

Notable Difference: prior art now includes § 119 foreign priority documents.

35 U.S.C. § 102. Conditions for patentability; novelty

(b) Exceptions-

1. DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION- A disclosure **made 1 year or less** before the **effective filing date of a claimed invention** shall not be prior art to the claimed invention under subsection (a)(1) if

- A.** the **disclosure was made by the inventor or joint inventor** or by **another** who **obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor;**
or
- B.** the subject matter disclosed had, before such disclosure, **been publicly disclosed by the inventor or a joint inventor or another** who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

Effective Date: Applications and patents having a claim having an effective filing date on or after March 16, 2013, or by reference under section 35 U.S.C § § 120, 121, or 365(c) contains or contained at any time such a claim.

Notable Difference: Grace period is limited to inventor based/derived disclosures. Issue as to meaning of “disclosures”.

35 U.S.C. § 102. Conditions for patentability; novelty

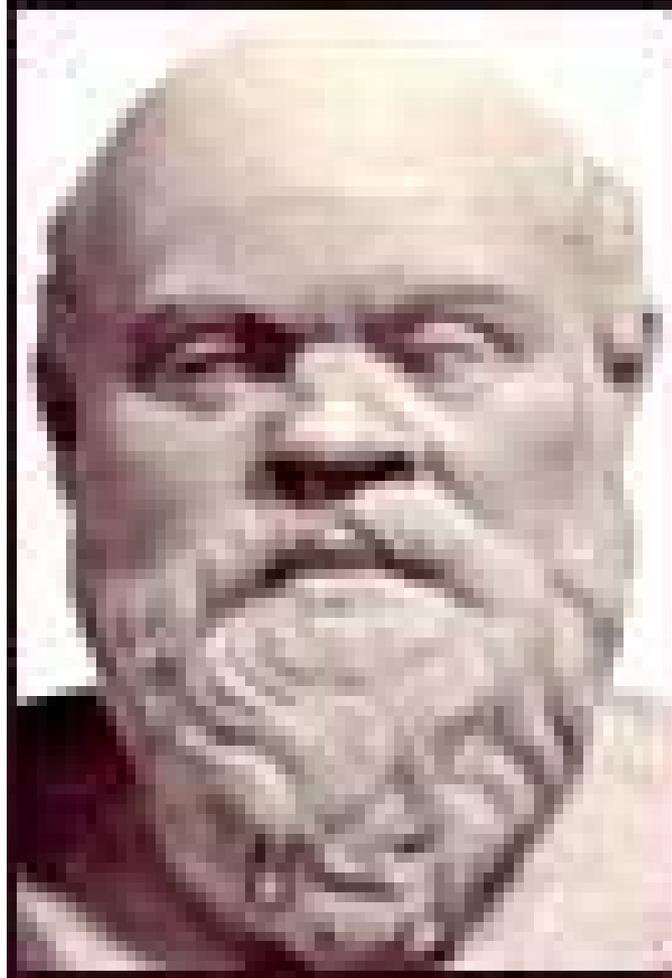
(b) Exceptions-

2. DISCLOSURES APPEARING IN APPLICATIONS AND PATENTS- A disclosure shall not be prior art to a claimed invention under subsection (a)(2) if—

- A. the subject matter disclosed was **obtained directly or indirectly from the inventor or a joint inventor**;
- B. the subject matter disclosed had, before such subject matter was effectively filed under subsection (a)(2), **been publicly disclosed by the inventor or a joint inventor or another** who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or
- C. **the subject matter disclosed and the claimed invention, not later than the effective filing date of the claimed invention, were owned by the same person or subject to an obligation of assignment to the same person.**

Effective Date: Applications and patents having a claim having an effective filing date on or after March 16, 2013, or by reference under section 35 U.S.C 120, 121, or 365(c) contains or contained at any time such a claim.

- Expansion of prior art –
 - Change from First to Invent to First to File results in increased prior art based on inability to swear behind prior art based on prior date of inventio
 - Inclusion of foreign priority dates for determination of prior art EFD (the *Hilmer* doctrine)
 - Public use or sale is no longer limited to the US – is now of worldwide scope, *i.e.*, “otherwise available to the public...”
Public accessibility is the touchstone.



May 1, 2013

June 1, 2013

July 1, 2013

August 1, 2013

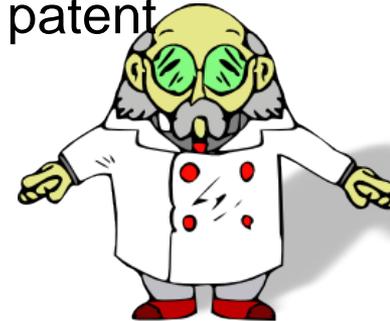
▲
Frank
Invents

▲
Alex files patent



▲
Alex publishes
paper

▲
Frank files
patent



- **Old:** If Frank was the first to invent, Frank could antedate Alex's patent filing (under the pre-AIA first inventor).
- **New:** Because Alex filed first, she wins and her patent filing and paper are prior art to Frank. [102(a)(1)]

June 1, 2013

July 1, 2014



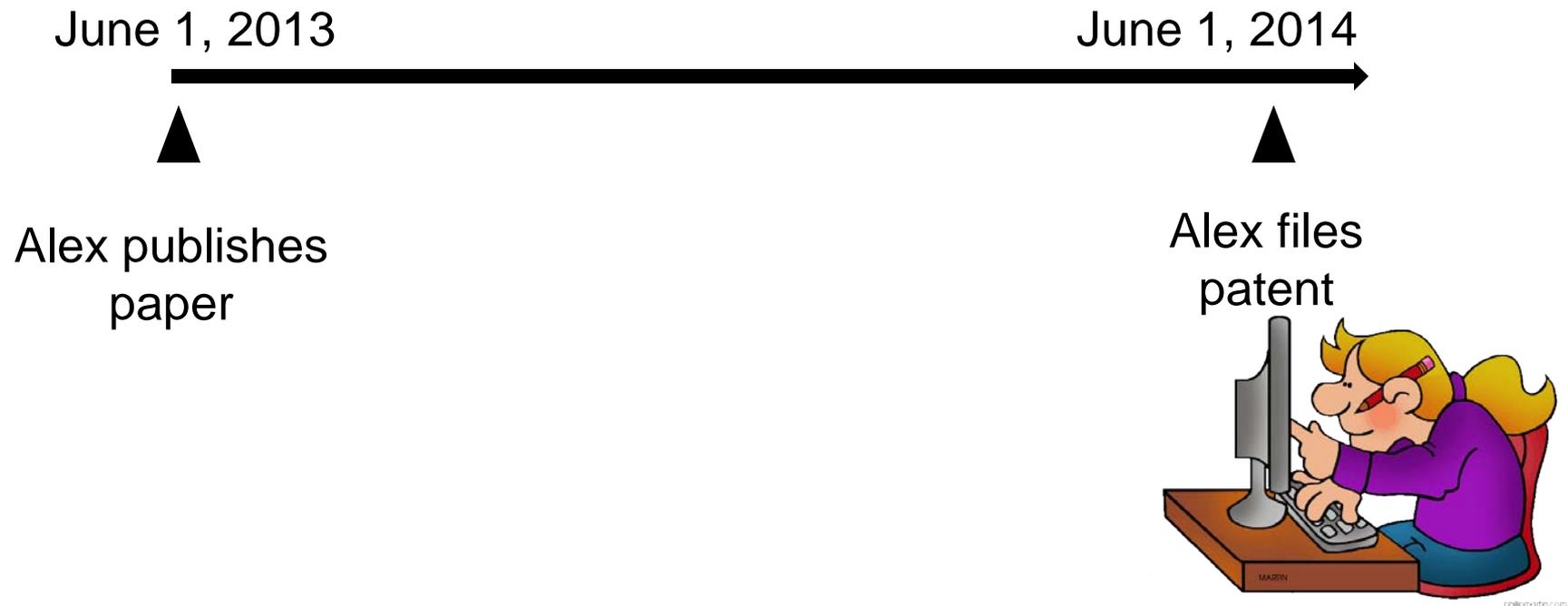
Alex has a public use or sale **outside the US**



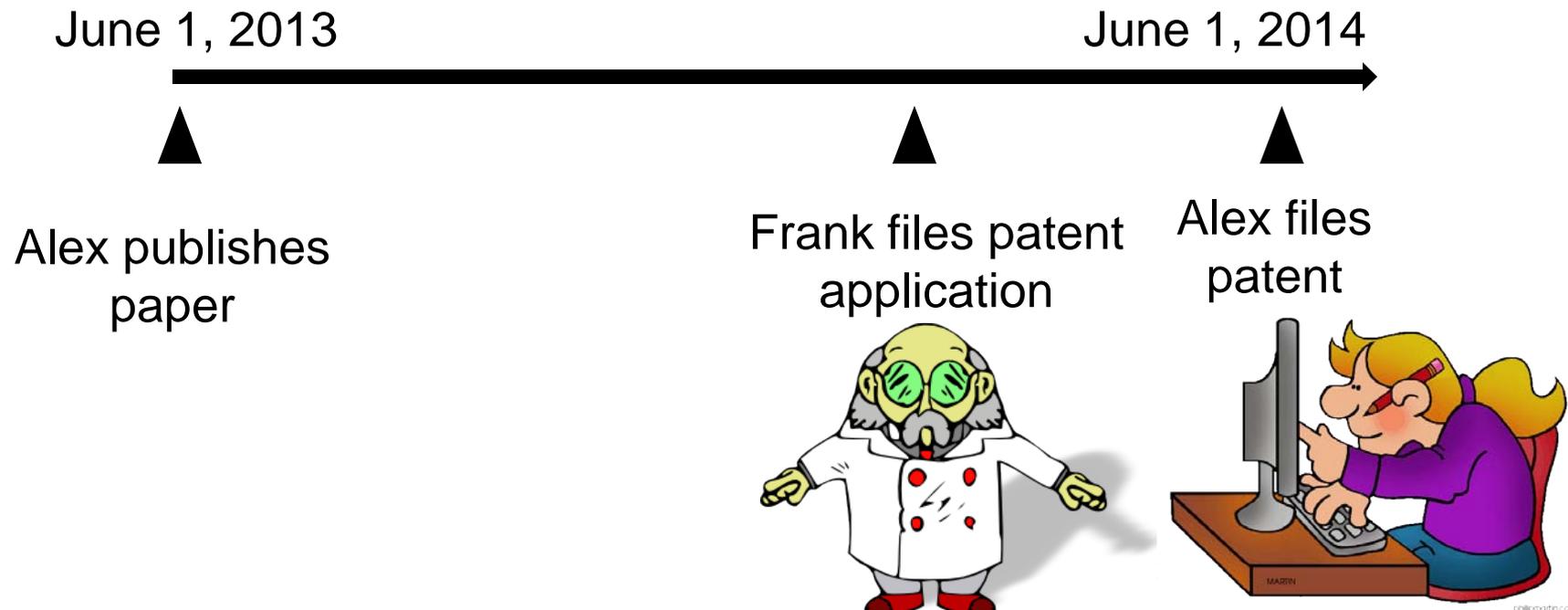
Alex files patent application



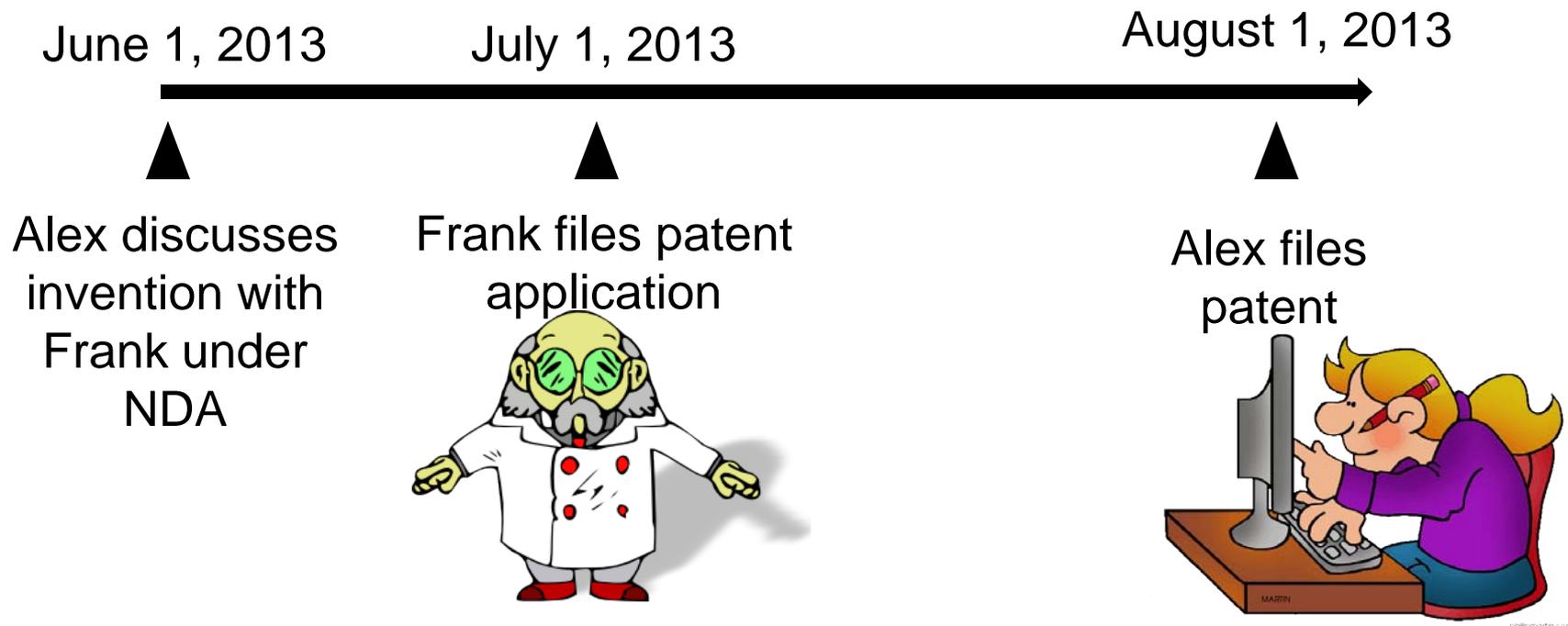
- **Old:** Alex’ s public use or sale was not “***in this country,***” so these activities were not prior art pre-AIA (i.e., for a patent filed before March 16, 2013).
- **New:** Public use or sale is prior art for patents with an EFD on or after March 16, 2013, so Alex ***cannot*** obtain a patent. [102(a)(1)]



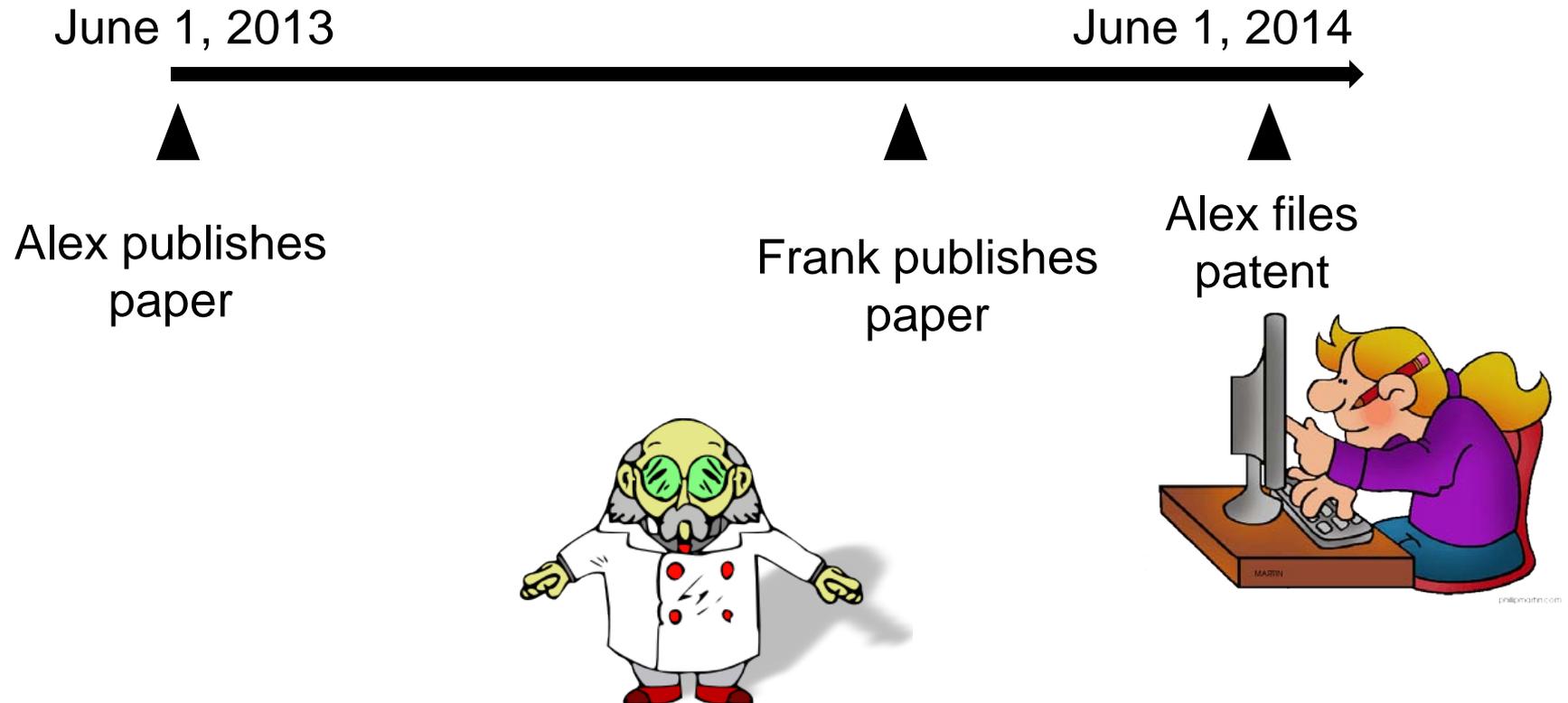
- For applications filed on or after March 16, 2013, there is an AIA grace period that excludes as prior art Alex's own publication if less than 1 year before filing, so Alex's paper is NOT prior art. [102(b)(1)(A)]



- For applications filed on or after March 16, 2013, Alex's paper is not prior art to Alex. [102(b)(1)(A)]
- Although Frank is the putative first to file, Alex's paper is prior art to Frank. [102(a)(1), e.g., where first to file is not the winner!]
- Frank's application is not prior art to Alex's patent because of Alex's published paper. [102(b)(2)(B)]



- **New:** If Frank can show he did not derive his invention from Alex, Frank is the first-to-file.
- Frank's patent is prior art to Alex. [102(a)(2)]
- Alex can petition for a DERIVATION proceeding, but if Frank can show he did not derive the invention (e.g., using lab notebooks) before the meeting on June 1, 2013, Frank is the first inventor! [102(b)(2)(A)]



- Franks' s paper is not prior art against Alex' s patent application assuming that the content of Franks' s paper was included in Alex' s paper. [102(b)(1)(B)]

- **PUBLISH AND PERISH!**
 - File before publication/disclosure, regardless if there is an NDA in place.
 - Reliance on the grace period (prior art exceptions) can be risky.
- **FILE EARLY, COMPLETELY, AND THEN SOME!**
 - Before a conference, presume your peers are filing, so file early and completely because it is a race to the patent office.
- **KEEP RECORDS!**
 - If you have to prove you did NOT derive from another at a conference, you should be able to show you independently developed the invention.
- **BELT AND SUSPENDERS**
 - The law will evolve as the courts define the metes and bounds of AIA.
 - Don't be a test case and risk your IP.

- **Does the AIA makes it easier to challenge a “bad” patent without resorting to the courts?**

- Post grant review (new)
- *Inter partes* review (new)
- Transitional review for “covered business method” patents (new)
- *Ex parte* reexamination (previously available)
- Third Party Prior Art Submissions

• Post Grant Review

- Available for patents with EFD after 3/16/2013
- **Must be filed within 9 months of issuance of the subject patent**
- One-year limit on duration of the review proceedings with possibility of 6-month extension
- Broadened potential basis for review:
 - Prior art (allegations of lack of novelty, obviousness of the claimed invention)
 - Lack of statutory eligibility [35 USC § 101]
 - Failure to enable or adequately describe the claimed invention [35 USC § 112, first paragraph]
 - Presentation of a novel or unsettled legal question that is important to other patents or patent applications.
- Standard for successful petition: more likely than not that one of the claims challenged” is unpatentable
- Claim construction: broadest reasonable interpretation – same standard applied by the USPTO for examination of new applications, no presumption of validity
- Burden of proof: preponderance of the evidence (lower than clear and convincing standard applied by District Court)
- Discovery available: “limited to evidence directly related to factual assertions advanced by either party in the proceeding”
- **Statutorily defined estoppel effect: grounds that were raised or reasonably could have been raised during the review proceedings**

- Available effective September 16, 2012, for any patent issued at any time
- **Can be filed:**
 - **After period for post-grant review has ended (9-months from issuance or after completion of pending post-grant review)**
 - **Less than one year after requestor was served with a complaint for infringement of the subject patent**
 - **Provided the petitioner has not previously filed a declaratory judgment action challenging the validity of the subject patent**
- Reduced potential basis for review (relative to post-grant review):
 - Prior art (allegations anticipation of obviousness of the claimed invention)
 - Must be based on prior art consisting of patents or printed publications
 - Standard for successful petition: more likely than not that one of the claims challenged” is unpatentable
 - Claim construction: broadest reasonable interpretation -- same standard applied by the USPTO for examination of new applications; no presumption of validity
 - Burden of proof: preponderance of the evidence (lower than clear and convincing standard applied by District Court)
- Discovery available: depositions of witnesses submitting affidavits or declarations and "what is otherwise necessary in the interests of justice”
- Statutorily defined estoppel effect: grounds that were raised or reasonably could have been raised during the review proceedings

- Available for 8 years starting on September 16, 2012
- At least one claim in the subject patent must be to a covered business method (CBM) or an apparatus for executing a (CBM)
 - CBM = method for “performing data processing or other operations used in the practice, administration or management of a financial product or service”
 - Exclusion for patents for “technological inventions”
- Petitioner must have been sued for infringement or meet the requirements for filing of a declaratory judgment action pertaining to the subject patent
- Successful petition under this provision can be used to stay co-pending litigation in District Court
- Statutorily defined estoppel effect: only grounds raised during the review proceedings

- Still available
- Petition can be filed at any time
- Reduced potential basis for review (relative to post-grant review):
 - Prior art (allegations anticipation of obviousness of the claimed invention)
 - Must be based on prior art consisting of patents or printed publications
- Standard for successful petition: presentation of substantial new question of patentability
- Claim construction: effectively restarts the examination process anew (no presumption of validity)
- After successful petition and one chance to rebut the patentee's answer, the proceedings largely exclude the petitioner from further input
- No discovery
- No statutorily defined estoppel effect

- Available effective September 16, 2012 for any pending application (including those filed under the current rules)
- **Any third party can submit prior art**, such as patents, applications, or other printed materials, for consideration by the PTO/Examiner during the examination of an application.
- **Submission must be detailed** to show why the prior art is relevant (“a concise description of the asserted relevance of each submitted document”)
- Submission **in writing before** the earlier of—
 - (A) the date a notice of allowance; or
 - (B) the later of—
 - (i) 6 months after the challenged application publishes OR
 - (ii) the first rejection.



- File before any type of disclosure, even if there is an NDA in place
- File early and completely (include next step(s))
- Keep records/lab book for derivation proceedings
- The courts will define the contours of AIA for the next several decades, so if in doubt ask OTL or patent counsel

QUESTIONS?

Pedro F. Suarez



Member
San Diego and San Francisco
858.314.1540
PFSuarez@mintz.com

JD, with *honors*, George Washington
University
MSEE, Air Force Institute of Technology
BSEE, US Air Force Academy

- Member in Mintz Levin's San Diego and San Francisco offices, where he practices in the Intellectual Property Section.
- Focuses on all aspects of patent law including the preparation and prosecution of patent applications, the rendering of opinions on infringement, validity, and freedom-to-operate, the enforcement of patents including litigation and licensing, client counseling, and post grant procedures.
- Emphasis on software, wireless communications, semiconductors, image processing, medical devices, wireless medical devices, and consumer products.
- Serves on the board of directors of STC.UNM, a non-profit organization responsible for protecting and monetizing technology innovations for the University of New Mexico.
- Extensive experience in handling patent matters for emerging and global high-technology companies, and draws on his litigation experience to prepare and prosecute patents with an eye towards enforcement.
- Assists venture funds and high-tech companies conduct IP due diligence investigations in connection with the acquisition of IP assets.

Michael D. Van Loy



Associate
San Diego and San Francisco
858.314.1559
MDVanLoy@mintz.com

JD, Santa Clara University School of Law
Ph.D. and M.S. in Civil & Environmental
Engineering, University of California
B.S. in Chemistry with *honors*, University
of California

- Associate in Mintz Levin's San Diego and San Francisco offices, where he practices in the Intellectual Property Section.
- Focuses on all aspects of IP portfolio strategy development including drafting and prosecution of patent and trademark applications; preparation of patentability, infringement, and validity opinions; litigation preparation and support; licensing negotiations; and other monetization approaches.
- Broad technical background including motor vehicle engines and braking systems, chemical and environmental sensing and analysis, alternative energy sources and storage, emissions controls and remediation, semiconductor design and production, wired and wireless telecommunications, e-commerce, satellite-guided navigation, software and database development and management, and medical devices.
- Serves on the board of directors and as the 2012-2013 chapter chair for MIT Enterprise Forum San Diego, a non-profit organization that fosters innovation and entrepreneurship.
- Experience with portfolio development for companies at all stages, from start-up to Fortune 100.