



Some Basics of the America Invents Act for Non-Patent Lawyers

By Charles A. Bieneman

The America Invents Act (AIA), signed into law by President Obama on September 16, 2011, enacted some significant changes to U.S. patent law. The AIA is lengthy and complex. I cannot even begin to discuss all of its provisions here, but many are of particular interest to patent lawyers. In this article, we will consider provisions of the AIA that are likely to affect any individual or business with an invention that may merit patent protection. To put these provisions in context, we start with some of the fundamental considerations to be entertained when a potential patent application presents itself.

When a client walks in the door wanting to obtain patent protection for a new invention, most patent lawyers usually begin the conversation with a few basic questions: When did you conceive of your invention? When did you reduce it to practice (i.e., build it and make it work)? Then we may ask some questions about “prior art,” which simply means any product or publication that teaches or suggests the subject matter claimed in a patent application: Are you aware of any prior art and, if so, what? Up to this point, the conversation usually does not produce too much heartburn.

Then we turn to other factors affecting patentability: Have you ever sold your invention or offered it for sale? If you were not really offering the invention for sale, have you shared it publicly, such as by putting a description into print or on a website or showing the invention at a trade show? If the answers to any of these questions even hint at “yes,” our patent attorney instinct (there is such a thing, believe it or not) takes over. We pounce with the crucial follow-up question: When? When was the offer for sale? When did you first describe the invention on your website? When was the trade show? Invariably, the answer is some-

thing like “about a year ago” or “sometime last year.” This is when the patent lawyer begins to sweat a little, and asks more probing questions, hoping to establish that no event barring patentability occurred more than a year ago.

This is because, historically, U.S. patent law has allowed a one-year grace period in which to file a patent application after committing acts that otherwise would be a bar to patentability. These acts include publicly using or putting on sale an invention. Moreover, even if your invention was described in *someone else’s* patent, or in your own or someone else’s “printed publication” (including the Internet), you are not barred from seeking patent protection as long as you file your patent application within a year of the occurrence. In most other countries you would be out of luck, but not in the United States. Such are the benefits that our country has historically conferred to inventors by the one-year grace period of 35 USC 102(b).

Fast Facts:

The United States is changing from a first-to-invent to a first-to-file patent system. Therefore, it is now more important than ever to file patent applications as soon as possible.

The new law modifies and adds mechanisms for challenging patents once they are issued.

Patent plaintiffs, especially when asserting business method patents, will find a few new barriers in their paths.

On March 16, 2013, the one-year grace period goes away. A number of other important features of U.S. patent law will also change; others have already changed, thanks to the AIA. This article cannot possibly provide details on all aspects of the AIA or even all the important ones, but I will touch on some of the basic features of which lawyers with clients potentially having patent issues should be aware.

Definition of Prior Art Under the AIA

Under the AIA, prior art “available to the public” or described in an issued patent or published patent application “before the effective filing date of the claimed invention” invalidates a patent claim.¹ If you have heard anyone comment that, under the AIA, the United States is switching from a first-to-file system to a first-to-invent system, this is what they are talking about. Our current patent system—the one that ends on March 16, 2013—awards priority to patent applicants who can prove that the date of their invention, even if not the filing date of their patent application, comes before the date of prior art. No more. The new system says the first inventor to file is the inventor with priority.

We talk about the *effective* filing date and not simply the filing date of a patent application because some patent applications are entitled to rely on the filing dates of other applications. The effective filing date of a patent application that is *not* entitled to rely on the filing date of another patent application is simply the date on which the patent application was filed. However, patent applications are often what are called “continuations” or “divisionals” of previously filed applications. In this case, the continuation or divisional patent application is entitled to the filing date of the previously filed parent application; that is, the *effective* filing date of the continuation or divisional application is the *actual* filing date of the parent application. Further, continuations and divisionals can be linked in chains of priority, claiming an effective filing date that is the actual filing date of not only an immediate parent application but of a grandparent, great grandparent, etc. You must understand this concept of effective filing dates to understand the priority given to patent applications under the AIA. When we say the first inventor to file is the inventor with priority, what we are really saying is the patent applicant with the earliest effective filing date is the inventor with priority.

Exceptions to the Definition of Prior Art

Unsurprisingly, although important, simply understanding the concept of effective filing dates is not enough to understand the AIA's new first-to-file regime. The AIA would not be an interesting statute without plenty of exceptions. You may also have heard patent attorneys knowingly comment that the AIA does not *really* implement a first-to-file rule. They are talking about some of these exceptions. Before describing them, note that none of these exceptions change my fundamental advice to would-be patent applicants: you should now regard the United States as having a first-to-file system. Assume that anyone filing a patent application for the same invention and having an effective filing date before yours will defeat your priority.

That said, while it is true the old one-year grace period for filing patent applications will be eliminated, there is a new one-year grace period of a sort. Under the AIA, if an invention is disclosed within one year of its effective filing date “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,” this disclosure might leave you off the hook because it is not prior art if “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.”² In other words, and risking oversimplification, if someone else disclosed your invention before your effective filing date, you have a problem. On the other hand, if you, the inventor, made a disclosure or provided information resulting in a disclosure and it was within a one-year filing date, then, just as with the current system, you are *not* barred from obtaining a patent. Basically, the AIA is written to allow inventors to avoid creating prior art for themselves. Thus, if a client describes a public disclosure, or prior art, a patent attorney will still care when the disclosure was made and ask additional questions about who made it and how the disclosing party obtained the information.

Moreover, beyond the one-year grace period that still applies, there are also other exceptions to the general rule that disclosures and patents or published patent applications occurring before your effective filing date are prior art. The first of these exceptions comes if “the subject matter disclosed was obtained directly or indirectly from the inventor or a joint inventor.”³ This protection is broader than the protection inventors enjoy within the one-year grace period because that time limit does not apply, but it is also narrower because it protects only from disclosed subject matter *obtained* from inventors, not from inventors' disclosures themselves.

A second exception is more interesting and, contrary to the suggestions I have made above, possibly gives inventors incentive to make public disclosures of their inventions before filing a patent application. This is because if you, as an inventor, or someone who obtained information from you, make a *public* disclosure of your invention before the effective filing date of a published application or issued patent, then that published application or issued patent is not prior art regarding your invention.⁴ And recall that the exceptions now being discussed are not subject to the one-year grace period. Now, there are a number of reasons why I cannot envision advising an inventor to make a

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public disclosure of the invention before filing a patent application, among them the risks of jeopardizing foreign patent rights and disclosing information that should be maintained as a trade secret. However, it is an interesting quirk in the new law that early public disclosures may sometimes be advantageous.

The AIA also excepts from the definition of prior art disclosures commonly owned with the claimed invention before the claimed invention's earliest effective filing date⁵ or made under a joint research agreement.⁶ These exceptions are similar to currently existing exceptions.

Derivation Proceedings

In addition to the new rules about prior art, the AIA introduces a new kind of administrative proceeding called a "derivation proceeding." The old regime offered an "interference proceeding," in which inventors fought over who was the first to create an invention. Although the first-to-invent debate is now irrelevant, a derivation proceeding offers the opportunity to debate whether a claimed invention was derived from the work of an earlier inventor.⁷

Post-Grant Review and Prior Commercial Use

People complain a lot about bad patents being issued. The AIA has a number of provisions intended to address these complaints, supplementing previously existing reexamination procedures. Paying attention to newly issued patents may now be much more important than it once was because the new post-grant review procedure must be initiated within nine months of a patent issuing.⁸ Further, post-grant review extends to grounds of invalidity that previously could not be challenged other than in litigation, including allegations that patent claims are not directed to patent-eligible subject matter under 35 USC 101. However, after the nine-month period expires, one must still rely on reexamination proceedings that are limited to challenging patent validity based on prior art.⁹

People have generally complained about business method patents most of all, and the AIA has a post-grant provision directly addressing business methods.¹⁰ Under the "Transitional [because it sunsets after eight years] Program for Covered Business Method Patents," a party defending against a business method patent in litigation may invoke post-grant review procedures against the patent. This is one of those provisions that is far more complicated than can be discussed here, but it is worth noting as a potentially significant new tool available to defendants in patent lawsuits.

All post-grant procedures, new and old, can significantly affect litigation. In particular, don't get too excited about post-grant review until you consider the possible fairly sweeping estoppels that may arise in litigation with respect to arguments that were or could have been raised in the post-grant proceeding.¹¹

Patent Marking

Every patent owner should pay attention to the marking requirements of 35 USC 287. Further, enter virtual marking: Section 287 has been amended to allow marking with "the word 'patent'

or the abbreviation 'pat.' together with an address of a posting on the Internet, accessible to the public without charge for accessing the address, that associates the patented article with the number of the patent."¹²

Advice of Counsel

In bad news for patent attorneys everywhere, caselaw prohibiting an adverse inference from a defendant's failure to obtain from counsel a non-infringement opinion has been codified to the extent that such failure "may not be used to prove that the accused infringer willfully infringed the patent or that the infringer intended to induce infringement of the patent."¹³

Anti-Joinder

In good news for many accused infringers, unless defendants can be accused of violations with respect to the "same accused product or process," they can no longer be joined together in a single lawsuit.¹⁴ Although courts will probably consolidate proceedings for many pretrial purposes such as claim construction, this provision should provide some barrier to so-called "non-practicing entities" sweeping a wide swath of unrelated defendants into a single net.

Detroit Patent Office

Finally, the AIA brings good news for the state of Michigan. Not only does the statute specify that the United States Patent and Trademark Office shall open three branch offices, but the statute specifically names Detroit as the location of the first of these.¹⁵ The Elijah J. McCoy Patent Office, the USPTO's first-ever branch office, opened on the Detroit riverfront on July 13. ■



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FOOTNOTES

1. PL 112-29, § 102(a), 125 Stat 285-286.
2. PL 112-29, § 102(b)(1), 125 Stat 286.
3. PL 112-29, § 102(b)(2)(A), 125 Stat 286.
4. PL 112-29, § 102(b)(2)(B), 125 Stat 286.
5. PL 112-29, § 102(b)(2)(C), 125 Stat 286.
6. PL 112-29, § 102(c), 125 Stat 286.
7. PL 112-29, § 135, 125 Stat 289-290.
8. PL 112-29, § 321(c), 125 Stat 306.
9. E.g., PL 112-29, § 311(b), 125 Stat 299.
10. PL 112-29, § 18, 125 Stat 329-331.
11. E.g., PL 112-29, § 325(e), 125 Stat 308.
12. PL 112-29, § 16, 125 Stat 328.
13. PL 112-29, § 298, 125 Stat 329.
14. PL 112-29, § 299, 125 Stat 332-333.
15. PL 112-29, § 23, 125 Stat 336.