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President Obama Signs the Leahy-Smith America Invents Act

The Leahy-Smith America Invents Act significantly reforms several areas of U.S. patent law. The most notable change involves the switch to a first-inventor-to-file approach from the first-inventor-to-invent system. However, this modification will take effect gradually over the next 18 months. In the meantime, many other reforms will alter the way patents are reviewed, prosecuted and challenged.

Ten of the most important changes to the law fall into two categories: (1) changes that apply outside the U.S. Patent and Trademark Office (USPTO), and (2) changes in the procedures used by the USPTO to determine (a) whether to grant a patent application, or (b) if a patent is valid.

The most important patent law changes and possible consequences to patent holders and practitioners that do not involve the USPTO are listed in order of statutory effective dates as follows:

1. Violating the best mode requirement is no longer a defense in new patent infringement actions (effective immediately).
2. The expanded prior user defense may enhance the appeal of trade secrets to certain intellectual property creators and frustrate enforcement actions to protect newly issued patents (effective immediately).
3. Virtual marking (posting the patent number to a website and referencing the web address on the product) will facilitate patent marking (effective immediately).
4. False marking will be actionable by private parties injured by the false marking who can recover damages adequate to compensate for their injuries. Marking products with numbers for expired patents is not false marking (effective immediately).

5. Enforcing business method patents can be disrupted by a special post-grant review process in the USPTO (effective Sunday, September 16, 2012 making September 17 the first practical date).
6. The first-inventor-to-file system will reduce complexity and expand the content of the prior art against inventions by essentially converting the United States to an absolute-novelty jurisdiction (effective Saturday, March 16, 2013, making March 18 the first practical date).

The most important changes in USPTO procedures include:

1. Revisions to the standard for initiating ***inter partes* reexamination** that raise it to “a reasonable likelihood that the requester would prevail” (effective immediately).
2. The addition of **prioritized examination** for an additional fee (effective Monday, September 26, 2011).
3. Liberalized **assignee filing standards** for companies and other assignees of inventions including corresponding changes to the practice for the inventor’s oath (effective Sunday, September 16, 2012, making September 17th the first practical date).
4. A more robust set of **post-grant patent review standards** will be available to interested parties (effective September 16, 2012, making September 17 the first practical date). The revised standards to initiate a review include:

Supplemental examination – substantial new question of patentability; § 257

Ex parte reexamination – substantial new question of patentability; § 302

Pre-issuance and post-issuance submissions – no standard

Inter partes review – reasonable likelihood that the petitioner would prevail on at least one claim; § 314

Post-grant review – more likely than not that a challenged claim is unpatentable; § 324.

Post-grant reviews must be filed within nine months of patent issuance or reissuance, while *inter partes* review can only be filed more than nine months after the later of issuance or reissuance, or termination of post-grant review. The post-grant review and *inter partes* reviews will be conducted before the Patent Trial and Appeals Board on a 12-month track, which may be extended up to 18 months for good cause. If either of these two reviews results in a final written decision, the petitioner or real party in interest will be barred from raising the same issues or issues that could reasonably have been raised in future USPTO proceedings and civil actions.

What This Means to You

Most of the America Invents Act will take effect in either 12 months or 18 months, which gives inventors and companies time to digest the legislation and prepare for its implementation. The changes to the definition of prior art that accompany the first-inventor-to-file system will start to have some implications in March 2012, before the final effective date in March 2013. Those parties preparing to issue patents over the next year may need to prepare to challenge other patents, or defend their own patents from challenge by others in the USPTO. Because some provisions have immediate effect, anyone involved with the patent process should consult with highly qualified attorneys about the changes.

Contact Info

For additional information about these or any other intellectual property issues, please contact your Husch Blackwell attorney or one of the attorneys listed below.

Chicago

Jon P. Christensen - 312.526.1566

Edward D. Manzo - 312.526.1535

Denver

Glenn Lenzen - 303.749.7238

St. Louis

Michael R. Annis - 314.345.6432

Samuel Digirolamo - 314.345.6225

Mark E. Stallion - 314.345.6223

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