

Obama Signs Leahy-Smith America Invents Act

On September 16, 2011, President Obama signed the Leahy-Smith America Invents Act. This legislation represents the most significant changes to the Patent Laws in nearly sixty years. Several important changes took effect on the date of enactment, including some significant litigation-related changes and the new standard for instituting inter partes reexamination. A few other changes take effect in ten days (September 26, 2011), including a new 15-percent surcharge on most USPTO fees and the availability of fee-based expedited examination (Track 1).

Here is a brief overview of the most significant changes introduced by the America Invents Act:

First Inventor to File

Perhaps the most notable change in the new law is the change from a first-to-invent system to a first-inventor-to-file system. To accommodate this change, 35 USC §102 has been largely rewritten.

As part of the shift to a first-to-file system, the new §102 introduces the concept of the "effective filing date," rather than the date of invention, as the key date for the determination of prior art.

Section 102(a)(1) increases the threshold for patentability by providing a broader definition of prior art that includes patents, printed publications, public use, offers for sale, and any disclosure otherwise available to the public, without geographic limitation.

Section 102(a)(2) embodies the first-inventor-to-file transition, by including as prior art those patents and published applications that "name another inventor" and are "effectively filed before the effective filing date of the claimed invention." Conversely, the bill eliminates the concept of former §102(a), which provided that prior art must precede the date of invention, and §102(b), which provided a one-year statutory bar.

New §102(b)(1) effectively maintains the one-year grace period, by excepting as prior art disclosures by the inventor made one year or less before the effective filing date of the application. It is unclear, however, whether this exception applies to all types of prior art (such as "on sale" activities), as the term "disclosure" is not explicitly defined. The provision also negates as prior art disclosures made by others within the one-year period, provided that they occur after public disclosure of the subject matter by the inventor or by another who obtained the disclosed subject matter directly or indirectly from the inventor.

Prioritized Examination

The new law allows the USPTO to proceed with implementation of its "Track 1" prioritized examination program that was postponed earlier this year. The program will allow patent applicants to expedite examination of applications for important inventions upon payment of a higher examination fee and compliance with other requirements regarding the content of the application.

New Post-Grant Review Proceedings

The bill provides for a Post-Grant Review and new *inter partes* review procedures that can be initiated by any party to challenge the validity of a patent. Validity in Post-Grant Review can be challenged on any ground, and the procedure will be similar to the European opposition procedure in that it must be filed within nine (9) months of date the patent is issued or reissued. The new *inter partes* review is similar to the current *inter partes* reexamination procedure (which is being phased out) in that validity can be challenged only for anticipation or obviousness based on prior art limited to patents and printed publications. The *inter partes* review can be initiated after the later of (a) the date

that is nine months after the patent is granted or reissued; or (b) the date of termination of a Post-Grant Review (if instituted).

Best Mode

The requirement that the applicant disclose the best mode of his invention at the time of filing will no longer be a basis for invalidating a patent after it has issued. Theoretically, however, the USPTO could still reject an application during prosecution for failure to disclose the best mode.

False Marking

The revised False Marking provisions restrict the class of persons who have standing to bring a false marking claim, allowing only the United States or competitors that can show a competitive injury. This change takes effect as of the date of enactment, and will eliminate a substantial majority of false marking cases currently pending.

Supplementary Examination

The patentee can request supplementary examination after the patent has issued. The difference between supplementary examination and reexamination is that reexamination is limited to submission of patents and printed publications for review whereas any information can be submitted for supplementary examination. The PTO would review the information submitted and decide if it raises a substantial new question of patentability and if it does, order a reexamination. Whether a reexamination is ordered or not, the information submitted with the supplementary examination cannot be the basis of holding the patent unenforceable during other proceedings. Supplementary examination cannot be used to deflect an allegation of inequitable conduct when an allegation has already been pled with particularity in a civil action or when a material fraud on the Office may have been committed.

Fees Collected by the USPTO

The new law empowers the Director of the USPTO to set fees as necessary "to recover the aggregate estimated costs to the Office" associated with patent examination. Unlike the original Senate bill (S.23), however, the final legislation does not have a provision to end the practice of fee diversion, in which funds collected by the USPTO are reappropriated to fund other programs.

For information regarding the USPTO's implementation of this legislation and expedited rulemaking efforts, click [here](#). Click [here](#) for the full text of the Leahy-Smith American Invents Act.

Please check back for updates, guidance and implementation information regarding this landmark legislation.