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## Featured Article: Changes Coming to U.S. Patent Law

By [Bradley C. Wright](#), Banner & Witcoff, Ltd., and Editor-in-Chief of Bloomberg BNA's [Drafting Patents for Litigation and Licensing, with 2012 Cumulative Supplement](#) ([Read his Profile in this issue.](#))

Companies interested in protecting their inventions should be aware of major changes that are coming to U.S. patent law. The Leahy-Smith America Invents Act, signed into law by President Obama in September 2011, represents the biggest changes to U.S. patent law in more than 50 years. Although it was enacted in 2011, its most sweeping changes come into force beginning in March 2013.

### Out With First-to-Invent, In With First-to-File

For two hundred years, the U.S. patent system has awarded a patent to the first person to invent a new process, machine, article of manufacture, or composition of matter. There was no need to rush to file a patent application in the U.S. Patent and Trademark Office because if two different inventors came up with the same invention, the patent was awarded to the first person who invented it, not the first person who filed a patent application. This is fundamentally different from the way the rest of the world operates.

Starting on March 16, 2013, the United States will move closer to the patent laws of other countries, which generally reward the first person who files a patent application. With a few exceptions, the first inventor to file a patent application in the United States will be entitled to a patent. Because of the priority given to earlier filers, companies must be prepared to file patent applications more quickly, and possibly file more patent applications to cover incremental improvements to inventions. Although there are some limited circumstances in which an inventor may publicly disclose his or her invention before filing a U.S. patent application, there is an increased risk that any such prior disclosures may be used to reject a later-filed patent application.

Patents filed after March 16, 2013 will also be subjected to more potential "prior art" that can be used to prevent their issuance or invalidate them after issuance. For example, patent applications filed in foreign countries in foreign languages can be used against a U.S. patent application that is filed even one day later, even if the foreign applications are not available to the public until years later. So, a U.S. invention for a new type of mouse trap might be deemed to be obvious over an earlier-filed Chinese patent application filed one day earlier, even if the Chinese application is not even published in Chinese until 18 months later.

Making things more complicated for patent attorneys is that for years to come, two sets of rules will be on the books. The existing first-to-invent scheme and prior art rules will remain in effect for patent applications that are pending or issued before March 16, 2013, whereas the new rules will apply to any patent applications filed thereafter. Patent applications filed after the new date but which claim priority to an earlier-filed application may become more complicated because time and effort will be expended just figuring out which set of rules applies.

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### **New Ways to Challenge U.S. Patents**

Patents filed after March 16, 2013 may also be subjected to a new type of validity challenge in the U.S. Patent and Trademark Office under a procedure that is much more potent than today's limited patent reexamination proceedings. Under the new "Post-Grant Review" proceeding, patents may be subjected to attack based on virtually any basis in the patent statute, as long as such challenges are brought within nine months of issuance. Today's patents are only subject to more limited challenges, leaving patent holders with more defenses. And in a special proceeding created to attack so-called "business method" patents, third parties may now challenge such patents in new ways not previously available. This new proceeding, referred to as a "Covered Business Method Review," became available starting September 16, 2012, for patents that do not relate to a "technological invention." Several proceedings have already been instituted under these new rules.

### **Help With Uncooperative Inventors**

Under new rules that became effective on September 16, 2012, companies may have an easier time dealing with uncooperative inventors who refuse to sign papers required for patent filings. Although companies must still be careful to have employees sign employment agreements (or consultant agreements, where consultants are used) that clearly and automatically transfer invention rights to the company, fired or otherwise uncooperative inventors who refuse to sign formal papers can be bypassed by filing the patent application in the company's name. These changes also bring the U.S. patent system more in line with that of other countries.

### **Opportunities to Submit Prior Art**

Until September 16, 2012, third parties had very little opportunity to influence the patent examination process of patent applicants. For example, if a company became aware of a competitor's pending patent application – such as by monitoring for published patent applications – it had only very limited opportunities to submit prior art in the file. Even in the few circumstances in which such prior art could be submitted, third parties could not provide any comment or analysis on the submitted prior art. This meant that unless the patent examiner independently uncovered the prior art and recognized its significance, an unworthy patent might issue. Once issued, patents are presumed to be valid, making them more difficult to challenge in litigation.

The tables turned on September 16, 2012, as a result of new third-party submission rules that went into effect. Now, third parties may not only submit prior art to the patent office in pending patent applications, but they are required to indicate the relevance of such prior art, making it much more likely that the most important prior art will be considered by the patent examiner. This provides an opportunity for competitors to shoot down unworthy patent applications before they can issue as a patent.

### **New Trials in the Patent Office**

Another change made by the Leahy-Smith America Invents Act is the creation of a new Patent Trial and Appeal Board. In addition to handling appeals from patent examiner rejections, this new Board conducts new Inter Partes Review proceedings, as well as the new Post-Grant Review and the Covered Business Method Review proceedings. Trials are conducted before a three-member panel of administrative law judges, whose opinions are intended to be rendered quickly.

Inter Partes Review is similar to the previous Inter Partes Reexamination, which it replaced. Unlike Inter Partes Reexamination

which allowed third parties only to challenge patents filed after November 1999, the new Review proceeding is available to challenge the validity of any patent. However, unlike the now-defunct Inter Partes Reexamination procedure, requesters must wait at least nine months after issuance of the patent. And unlike the now-defunct Inter Partes Reexamination procedure, a final decision is rendered in the first instance by the new Board, instead of having a patent examiner make a first determination followed by an appeal. This is intended to speed up final decisions on patent reexaminations.

The new Post-Grant Review proceeding and Covered Business Method Reviews, discussed above, are also conducted before the new Patent Trial and Appeal Board. Although Post-Grant Review proceedings must be brought within nine months after issuance of a patent, the Covered Business Method Review is not subject to that limitation. There are also limited provisions for conducting discovery before the new Board.

#### **Limitations on Suing Groups of Unrelated Defendants**

Another change enacted by the Leahy-Smith America Invents Act is to limit the circumstances under which multiple defendants can be sued together in a single patent infringement lawsuit. This change, which went into effect immediately upon enactment on September 16, 2011, prohibits joining multiple defendants into a single lawsuit unless there is a common product or related acts of infringement among the defendants. Merely asserting infringement of a single patent across multiple defendants is no longer enough.

#### **What Types of Inventions Are Eligible For a Patent?**

In addition to changes enacted by the Leahy-Smith America Invents Act, several important court decisions are chipping away at the types of inventions that are eligible for U.S. patent protection. In a series of recent U.S. Supreme Court decisions, inventions that can be characterized as an "abstract idea" or "law of nature" have been struck down as ineligible for a patent. And some closely-watched decisions of the U.S. Court of Appeals for the Federal Circuit have raised questions about the patentability of some so-called "business method" patents that are carried out using a computer. Patent attorneys expect some clarification regarding the patentability of such inventions in 2013 as final decisions are rendered in these cases.

#### **Summary**

In view of the changes to a first-inventor-to-file system, companies may want to speed up their patenting process, which can often take several months from initial conception of an invention to a fully-developed patent application. Companies may also want to consider filing more patent applications as incremental improvements are developed, in order to lock in patent protection for such improvements before competitors may do so. New opportunities to challenge both issued and pending patent applications may also level the playing field between patent owners and potential defendants.