

Inside the New U.S. Patent Law

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Deborah M Herzfeld
703.536.1881
deborah.herzfeld@mcneillbaur.com

By Lynore M. Abbott and Deborah M. Herzfeld

In 1992, the Polaroid Corp. was luxuriating in the spoils of having won one of the largest patent battles of the 20th century—resulting in a \$925 million settlement from Kodak for violating patents in instant photography. Naturally, Polaroid had every incentive to duplicate the processes that had helped them win that battle.

On 2 December, 1992, author Lynore's first day as a scientist at Polaroid, her supervisor, Dr. Glenn Horner, solemnly provided her laboratory notebook. He pointed out its number and emphasized that it must be signed and witnessed on important days. Lynore was to write only on the white pages so that there would be a duplicate of every entry. When most every page had been used, Lynore was to file the notebook in the "library" and request a new notebook.

If the work was deemed commercial, the Polaroid scientist would work with in-house counsel to draft a disclosure. Eventually a patent application would be filed and if a patent was awarded, Polaroid would buy the patent from the employee/inventor for \$1.

Twenty-one years have altered Polaroid and the U.S. patent system.

The above procedures were designed to conform to a patent system originally spelled out in the U.S. Constitution in 1782 and codified in the Patent Act of 1952—a first-to-invent patent system. The U.S. first-to-invent patent system was the only one of its kind in the world. Then, on 16 September, 2011, much of what we thought we knew about U.S. patent law changed with the Leahy-Smith America Invents Act (AIA), which attempts to harmonize U.S. patent law with first-to-file patent systems in the rest of the world.

The AIA staggered when changes would be rolled out. As of 16 March 2013, all the changes are now in effect for applications containing claims with an effective filing date after 15 March. Patents filed prior to 16 March 2013 will be grandfathered and treated under the laws in effect at the time of filing. It is estimated that U.S. patents will be subjected to pre-AIA, AIA, and even a combination of pre-AIA and AIA treatment until 2034.

Changes for Patent Filer

The U.S. patent system is not truly "harmonized" with "first-to-file" patent systems elsewhere. Rather, as spelled out in the Constitution, patents are awarded to true inventors, and thus the U.S. system is now "first-inventor-to-file."

Proof of inventorship remains a fundamental requirement. Misrepresenting inventorship, under pre-AIA law, could make the patent invalid. In the AIA world, an inventor who is second to invent but first to file can be awarded the patent.

In the pre-AIA days, the gospel was the laboratory notebook—numbered, dated, and witnessed. In the AIA days, the laboratory notebook may be even more important as it may be the only item that definitively establishes independent invention. Pre-AIA, the inventor was the legal applicant for a patent. AIA allows for the assignee of the inventor's rights (e.g., the employer) to be the applicant. However, you must still keep track of those laboratory books, as only a true inventor has rights to assign. In addition, the U.S. legal system has generous discovery rules that will enable the entry of lab notebooks for evidence.

Definition of Prior Art

Pre-AIA law includes some geographic and temporal limitations on what could be "prior art." Under AIA, the definition of prior art has been expanded to include all public disclosures made and all patent applications filed before the effective filing date of the claimed invention anywhere in the world in any language. While there is a small class of "exceptions" to when public disclosures will not be considered prior art, the safest practice is to not disclose your work before getting a patent application on file.

With this larger pool of prior art, it will become more of a challenge for both large and small companies to adequately devote time and resources for prior art searches and review at the time of filing with the U.S. Patent and Trademark Office (USPTO). When you couple this new broader definition of prior art with the fact that U.S. litigation allows for extensive discovery, in all likelihood, you may not learn of damaging prior art until your issued patent is being challenged in litigation.

As an example, a Chinese patent application filed before, but published after, the date of your application, even if filed only in China is now considered prior art for a patent application filed in the United States.

Patent Discounts and Premiums

Small businesses as defined by the Small Business Act qualify for a 50% discount off U.S. patent filing, searching, examining, issuing, appealing, and maintenance fees under new patent rules. Micro-entities can get a 75% discount.

The USPTO defines a micro-entity as one that qualifies as a USPTO-defined small entity with a gross income of not more than three times the U.S. median household income in the previous year.

A micro-entity also must not be named on more than four previously filed U.S. patent applications (unless required to do so by previous employment) and must not be under obligation to assign, grant, or convey a license or other ownership to another entity that does not meet the same income requirements as the inventor.

Patent applications at the USPTO have their file histories electronically available to the public as soon as the application publishes. If applicants paper file, the USPTO has to scan the documents into the file. Thus, in order to further discourage paper, AIA has tacked on a \$400 surcharge for dealing with your paper.

Virtual Marking of Patented Products

It is important to detail the patents which cover your marketed products, including those covering the manufacture of your products.

This enables your customer to understand the patent protection you are providing them and also prevents your competitors from unwittingly treading down patent-protected avenues of innovation.

And it is incumbent upon the inventor to properly mark the products with patent numbers to clearly indicate which patents apply to which products.

As products get smaller and parts are interchanged, it can become difficult for manufacturers to be in compliance and be cost effective. In addition, as patents expire, it can be expensive to change packaging or product molds to remove the expired patents.

Therefore, the AIA allows products to be "virtually marked" by maintaining the proper patent details on a website and simply marking the products with the URL for those details.

Changes for Patent Challengers

Have you ever read a patent and said to yourself, "This is not unique. I was doing this 10, 20, even 30 years ago. What was the patent examiner thinking?" Then you read the references listed on the face of the patent and see that a key piece of prior art is missing.

The inventor, perhaps honestly, is new to the field and does not know the fundamental literature. Or, the examiner, who has hundreds of applications to examine and only limited time to do so, just did not understand the nuance of a particular reference that someone who practices every day would notice in an instant.

Both pre-AIA and AIA law allow for post-patent challenges. Ex parte reexamination of the patent after issue continues to be an option to "challenge" an issued patent in the USPTO, as opposed to a courthouse. Ex parte re-examination is limited to challenges of a patent's claims for anticipation (35 U.S.C. § 102) or obviousness (35 U.S.C. § 103) with printed prior art.

Either the patent holder or a third party (frequently anonymously) can submit a request for ex parte re-examination to the USPTO. If the USPTO decides a patent should be re-examined, there is nothing that can be done to stop it from proceeding.

The AIA process also allows for an anonymous submission of prior art during the patent application process. Third parties have approximately six months after publication of the application to make the submission.

Re-examinations, Challenges and Reviews

The pre-AIA inter partes re-examination, where the adverse party is not anonymous, is now split into either an inter partes review or a post-grant challenge.

In the past, the inter partes re-examination was similar to the ex parte re-examination discussed above, where the patent in view of the printed publications would be reviewed in the Central Reexamination Unit (a unit of specially trained examiners). Now, in the inter partes review, proceedings go directly to the Patent Trial and Appeal Board (PTAB) and may include new types of evidence, such as depositions of experts.

However, what the Patent Office is hoping you will do is use the post-grant review (PGR). PGR is available for patents that issue from applications filed after 15 March 2013, and a limited class of pre-defined patents. Up to nine months after such a patent has issued, a patent challenger may file a request for post-grant review. Unlike re-examinations, which are limited to challenges under anticipation and obviousness, based on printed prior art, a PGR petitioner will be able to request cancelation of patent claims "on any ground under paragraph (2) or (3) of section 282(b)."

Thus, a post-grant review petitioner can assert invalidity of patent claims on any ground, including patentable subject matter, utility, enablement, written description, and indefiniteness.

Best Mode of Invention

While it is highly suggested that the "best mode" of the invention be described in a patent application under the new U.S. patent rules, the failure to disclose best mode shall not be a basis on which the claims canceled in a post-issuance proceedings or held invalid in litigation.

The absence of describing the best mode is rumored to have become a favorite of patent attorneys in having claims or patents thrown out when the validity of a patent is challenged.

In another change, an entity now must show it has suffered a competitive injury as a result of false patent marking in order to sue for recovery of damages.

However, only the U.S. government may sue for penalties.

Public Disclosure and Innovation

Many of the changes enacted in AIA are intended to allow the public forum to improve the validity of patents, ensuring that the inventions are truly unique and non-obvious. Entities wishing to avoid drawn-out patent litigation may welcome the third-party prior art, inter partes review, and post-grant review changes.

The migration from first-to-invent to first-inventor-to-file is designed to encourage public disclosure sooner to gain that protection. Public disclosure should encourage more innovation.

After all, a patent is a privilege granted by a government for the right to practice a monopoly for a limited duration of time. In exchange, the inventor discloses the invention in a public forum.

Only time will tell if the AIA leads to faster disclosure and "stronger" patents.

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