



AN OVERVIEW OF THE AMERICA INVENTS ACT (AIA): WITH A FOCUS ON FIRST-INVENTOR-TO-FILE

BRAD PEDERSEN and CHRISTIAN HANSEN

DECEMBER 2012



© 2011-13 PATTERSON THUENTE CHRISTENSEN PEDERSEN, P.A.

MAY BE DISTRIBUTED WITH ATTRIBUTION - WWW.PTSLAW.COM

AN OVERVIEW OF THE AMERICA INVENTS ACT (AIA) WITH A FOCUS ON FIRST-INVENTOR-TO-FILE

BRAD PEDERSEN¹ and CHRISTIAN HANSEN²

I.	INTRODUCTION	4
II.	FEE SETTING, BUT NOT FEE SPENDING, AUTHORITY	4
III.	SWITCHING TO A FIRST-INVENTOR-TO-FILE SYSTEM	6
	<i>A. First-Inventor-To-File Provisions</i>	6
	<i>B. Grace Period Exceptions</i>	7
	<i>C. USPTO Interpretation of the First-to-Publish Exceptions</i>	9
	<i>D. Problems with a Narrow Interpretation of the FTP Grace Period Exception</i>	12
IV.	REVAMPED PROCESS FOR CHALLENGING VALIDITY AT THE USPTO	17
	<i>A. New Review Proceedings</i>	17
	1. <i>Thresholds and Timing for Review Proceeding</i>	20
	2. <i>Rules for the Review Proceedings</i>	22
	<i>a. Fees</i>	22
	<i>b. Managed Discovery</i>	22
	<i>c. Claims—Amendment and Construction</i>	23
	<i>d. Time and Page Limits</i>	23
	<i>e. Pro Hac Vice Representation</i>	24
	<i>f. Sanctions, Hearings and Settlements</i>	24
	<i>g. Estoppel</i>	25
	<i>h. Appeal</i>	25
	3. <i>Derivation Proceedings</i>	25
	<i>B. Supplemental Examination</i>	26

¹ Brad Pedersen is a shareholder with the law firm of Patterson Thuent Christensen Pedersen, PA. He is also an author of *The “Matrix” For Changing First-To-Invent: An Experimental Investigation into Proposed Changes in U.S. Patent Law*, 1 CYBARIS 1 (2010). The views expressed in this article are not attributable to the law firm or to any clients of the law firm.

² Christian Hansen is an associate attorney with the law firm of Patterson Thuent Christensen Pedersen.

C. <i>Third Party Prior Art Submissions</i>	26
V. THE REST OF THE “LITTLE” CHANGES	27
A. <i>Multi-Defendant and Multi-District Litigation</i>	27
B. <i>Expanded Prior User Rights</i>	28
C. <i>Amended Best Mode</i>	28
D. <i>Filing By Assignee</i>	29
E. <i>Changes to Marking Requirements—Both False and Virtual</i>	29
F. <i>Priority Examinations</i>	30
G. <i>The Rest of the Smaller Changes</i>	30
1. <i>Easier Opportunities to Correct Patents</i>	30
2. <i>No Patenting of Human Organisms</i>	30
3. <i>Lower Fees for Micro-Entities</i>	31
4. <i>Willful Infringement</i>	31
5. <i>No Patents for Tax Strategies</i>	31
VI. CONCLUSIONS	31

DISCLAIMER: THIS PRESENTATION AND ANY INFORMATION CONTAINED HEREIN ARE INTENDED FOR EDUCATIONAL AND INFORMATIONAL PURPOSES ONLY AND SHOULD NOT BE CONSTRUED AS LEGAL ADVICE.

I. INTRODUCTION

For the general public, the Leahy-Smith America Invents Act of 2011 has been publicized as a package of reforms that should improve the US patent system. In theory, these improvements will happen by moving the US patent system closer toward harmonization with other patent systems around the world, and by addressing acknowledged problems in the way that the United States Patent and Trademark Office (USPTO) sets fees, as well as the ways that the validity of patents can be challenged at the USPTO instead of in the courts. The ultimate goal of these changes is to encourage investment in innovation and, as a result, stimulate job growth.

For inventors, patent owners and patent professionals, the AIA represents the biggest set of changes to happen to US patent laws since 1836. Initially introduced into Congress in 2005, the final bill as signed into law on September 16, 2011, includes three major changes along with a wide variety of other, less significant, changes. Most of the high-profile changes associated with patent litigation issues, which were included in previous versions of the bill, were ultimately rejected and left on the Congressional cutting-room floor. Even with all that was cut out, the final bill still ran more than 150 pages long.³ And just this month, a “technical correction” bill has been introduced into the House Judiciary Committee to “fix” some, but not all, of the concerns that have been raised about the new law.⁴ Given that many of the major changes are phased in over time and apply prospectively to newly filed patent applications, it could be a decade or more before the true impact of these changes to the US patent system can be evaluated.

The three major changes to the US patent system made by the AIA are: (1) fee setting, but not fee spending, authority; (2) first-inventor-to-file (FITS); and (3) revamped processes for challenging validity at the USPTO. This article provides an overview of the AIA, and goes into more detail on the shift to a FITS patent system and the USPTO’s interpretation of these provisions. This article then continues on to explore the revamped post-issuance proceedings in more detail, as well as touching many of the other changes resulting from AIA.

II. FEE SETTING, BUT NOT FEE SPENDING, AUTHORITY

The change with the biggest potential impact on the efficiency and effectiveness of the US patent system very likely will be the ability for the USPTO to set its own fees. This change should provide the agency with sufficient funds to significantly reduce the current backlog of pending, unexamined applications. The Senate version of the bill would have completely ended what had come to be known as “fee diversion” or the ability for Congress to divert to the general tax fund any monies collected by the USPTO above the appropriated budget in a given fiscal year. The final version of the AIA falls short of giving the USPTO complete control over its funding and spending. The USPTO now has the ability to set its own fees, subject to public hearings and Congressional oversight.⁵ But any excess monies collected will be deposited in a

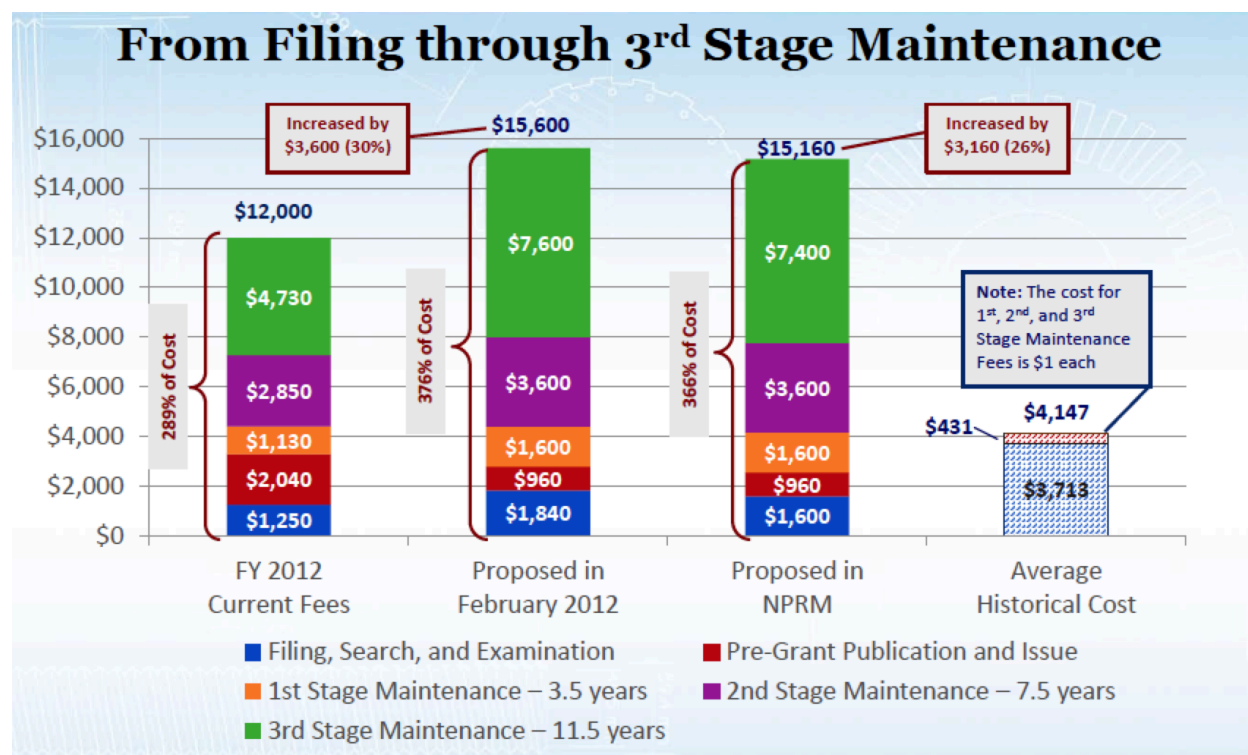
³ See Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011), *available at* http://www.uspto.gov/aia_implementation/bills-112hr1249enr.pdf

⁴ See <http://www.patentlyo.com/patent/2012/12/hr-6621-proposed-modifications-to-the-america-invents-act-of-2011.html>; see also <http://www.patentlyo.com/files/stoll.2012.estoppel.pdf>

⁵ Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 10(a)(1), 125 Stat. 284, 316 (2011).

specific trust account that would require Congressional authorization before the USPTO could access those funds.⁶ A sunset provision ends this authority in seven years.⁷

For the last year, the USPTO has been engaged in the public hearings process for updating its fee schedule. Comments on the final proposed rules for the fee schedule closed in November 2012, and the final fee schedule should be fully implemented by February 2013. The biggest issue during the comment and hearing process has been the extent to which the USPTO should build up a “reserve fund.” Originally, the USPTO proposals were setting fees in order to build up a 3-month operating reserve fund in just three years. The latest USPTO proposals have extending the time period for building up the reserve fund. The fees for the new review proceedings generated significant comment from the patent community as a result of the sticker shock for these proceedings during the interim period when the USPTO was required by law to set the fees at the amount necessary to recover expected costs. The latest USPTO proposal for the fees for review proceedings has made some minor changes to the costs of the new review proceedings, but the patent community will need to get used to significantly higher fees for post issuance proceedings. The USPTO has also indicated that it will use its fee setting authority to offset initial filing costs for patent applicants with higher fees paid for maintenance fees, especially the final maintenance fee. The chart below from the USPTO AIA Roadshow slides shows the changes that the proposed final rules would make to the relative costs of patent filing, issuance and maintenance fees.⁸



⁶ 35 U.S.C. § 42(c)(2).

⁷ Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 10(i)(2), 125 Stat. 284, 317 (2011).

⁸ USPTO, AIA ROADSHOW PRESENTATION 134 (2012), http://www.uspto.gov/aia_implementation/120910-aia-roadshow-slides.pdf

III. SWITCHING TO A FIRST-INVENTOR-TO-FILE SYSTEM

The AIA changes the U.S. from the current first-to-invent (FTI) patent system to a first-inventor-to-file (FITF) patent system with a first-to-publish (FTP) grace period by significantly rewriting New 35 U.S.C. § 102. The new FITF system applies to any application—provisional, new utility or continuing application—filed after March 16, 2013, the cutover date. Pre-AIA law will apply to any continuation or divisional application filed after the cutover date claiming priority to a case filed before the cutover date; *but*, a CIP or converted provisional filed after the cutover will be governed by either AIA or pre-AIA law on a claim-by-claim basis depending upon the effective priority date of each claim.⁹

A. First-Inventor-To-File Provisions

Section 102(a) of the AIA lays the foundation of the new FITF provisions. New Section 102(a) is reproduced below:

(a) NOVELTY; PRIOR ART. – A person shall be entitled to a patent unless–

(1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention; or

(2) the claimed invention was described in a patent issued under section 151, or in an application for patent published or deemed published under section 122(b), in which the patent or application, as the case may be, names another inventor and was effectively filed before the effective filing date of the claimed invention.¹⁰

The drafters of the New Section 102(a) sought to simplify the provisions for what is and is not prior art under the new FITF system by defining just two types of prior art.¹¹ The two types of prior art under the new FITF system are publicly available prior art as defined by New Section 102(a)(1)¹² and patent filing prior art as defined by New Section 102(a)(2).¹³ The following figures depict what will be prior art, both domestically and internationally under the new FITF system.

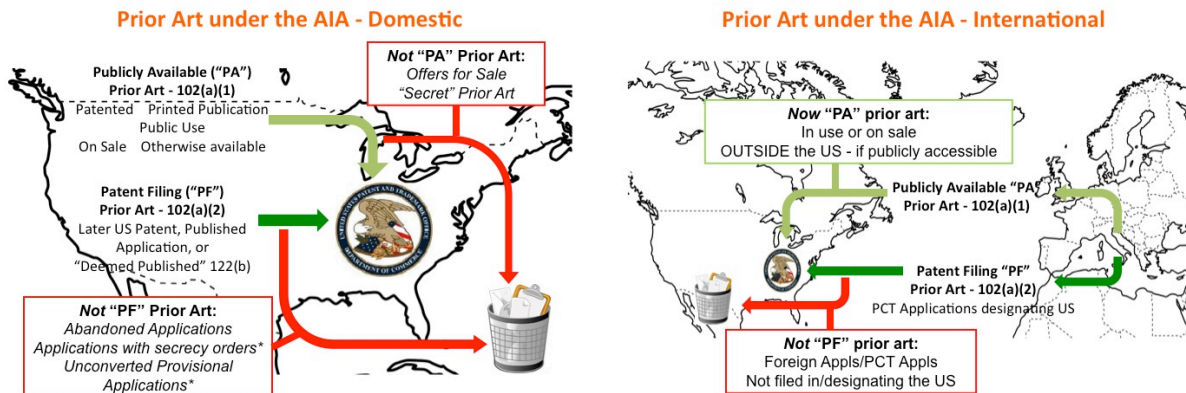
⁹ Changes to Implement the First Inventor to File Provisions of the Leahy-Smith America Invents Act, 77 Fed. Reg. 43742, 43742 (proposed July 26, 2012) (to be codified at 37 C.F.R. pt. 1).

¹⁰ New 35 U.S.C §102(a)-(d).

¹¹ Robert A. Armitage, Understanding the America Invents Act & Its Implications for Patenting, 40 AIPLA Q.J. 1 (2012).

¹² This includes inventions which have been patented, published in a printed publication, have been in public use, have been on sale (anywhere in the world), or were otherwise made publically available. This does not include inventions which have merely been the subject of an offer for sale or were otherwise considered “secret prior art.”

¹³ This includes inventions which have been patented or published (or deemed published). Because the *Hilmer* doctrine has been eliminated, this also includes PCT and foreign applications designating the United States. This does not include abandoned applications, applications with secrecy orders, unconverted provisional applications, or PCT and foreign not filed in or not designating the United States.



Novelty destroying Publicly Available (PA) prior art under New Section 102(a)(1) exists if a disclosure of the claimed invention was publicly accessible anywhere in the world before the effective filing date. Novelty destroying Patent Filing (PF) prior art under New Section 102(a)(2) exists if the claimed invention was described in an earlier filed non-public U.S./U.S. PCT patent application of another inventor that is later issues or is published. It is important to note the terms “claimed invention,” “effective filing date,” “inventor,” and “effectively filed” have all been expressly defined in New Section 101, and those definitions are critical to understanding the scope of both types of prior art.

These changes represent major changes to U.S. patent law, and have been characterized as attempts to more closely align U.S. patent law with the absolute novelty requirement that is used by virtually all other countries around the world.¹⁴ By focusing only on what is publicly accessible, the various kinds of “secret” prior art that had been available under the Old Section 102, such as offers for sale and prior, non-public invention, may not be considered prior art for patent applications governed by the AIA.¹⁵ The FITF system under the AIA eliminates the *Hilmer* doctrine and accords foreign national applications their foreign filing date if they are filed directly in the US or as a PCT application designating the US and published in one of the ten current official PCT languages.¹⁶ The change to FITF also phases out interference proceedings and replaces them with a new “derivation” proceeding for claims governed by the AIA.¹⁷

B. Grace Period Exceptions

Nevertheless, the AIA does not bring U.S. Patent law into complete conformance with the absolute novelty requirement.¹⁸ Specifically, there are a number of exceptions to New

¹⁴ Pedersen & Woo, *The “Matrix” For Changing First-To-Invent: An Experimental Investigation into Proposed Changes in U.S. Patent Law*, 1 CYBARIS 1, 4 (2010).

¹⁵ David J. Kappos, *Examination Guidelines for Implementing the First-Inventor-to-File Provisions of the Leahy-Smith America Invents Act*, U.S. PATENT & TRADEMARK OFFICE 22 (July 17, 2012), available at <https://www.federalregister.gov/articles/2012/07/26/2012-17898/examination-guidelines-for-implementing-the-first-inventor-to-file-provisions-of-the-leahy-smith> (last updated July 26, 2012).

¹⁶ Leahy-Smith America Invents Act, Pub. L. No. 112-29, §102(a), 125 Stat. 284, 285 (2011).

¹⁷ New 35 U.S.C § 135.

¹⁸ See *id.* at 1 (Director Kappos stating that rather than focusing on pure harmonization the new AIA “must be rooted in global best policies and practices—basic principals we agree define a 21st century patent system that

Section 102(a), which appear in New Section 102(b). New Section 102(b) is reproduced below:

(b) EXCEPTIONS. –

(1) DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION. – A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if –

(A) the disclosure was made 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; or

(B) the subject matter disclosed had, before such [grace period public] disclosure, been publicly disclosed by the inventor or joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

(2) DISCLOSURES APPEARING IN APPLICATIONS AND PATENTS. – A disclosure shall not be prior art to a claimed invention under subsection (a)(2) if –

(A) the subject matter disclosed was obtained directly or indirectly from the inventor or a joint inventor; or

(B) the subject matter disclosed had, before such subject matter was effectively filed under subsection (a)(2), been publicly disclosed by the inventor or joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor, or

(C) the subject matter disclosed and the claimed invention, not later than the effective filing date of the claimed invention, were owned by the same person or subject to an obligation of assignment to the same person.

Generally, these exceptions provide the inventor with a couple of different kinds of grace periods where the inventor or others may public disclose the invention without destroying patentability for a patent application filed by the inventor that has a later effective filing date. New Section 102(b)(1) applies to Section 102(a)(1) PA prior art and has two separate exceptions, while New Section 102(b)(2) applies to Section 102(a)(2) PF prior art and has three exceptions.

The two exceptions under New Section 102(b)(1) provide that: (A) a public disclosure of the inventor’s own work will not be deemed prior art, as long as the disclosure did not occur more than 1-year prior to filing; and (B) any subsequent disclosure by a third-party based on a

maximally accelerates technological progress”). *See also* Robert A. Armitage, Senior Vice President and General Counsel Eli Lilly and Company, Before The United States House of Representatives Committee on the Judiciary (May 16, 2012).

For decades, efforts at U.S. leadership on creating more globally harmonized patent laws have been stymied because the majority of the U.S. patent community had no interest in seeing our patentability standards and criteria exported globally. When U.S. interests defined the “best practices” internationally for crafting a patent law and patent system, those practices were in key respects absent in our laws. The AIA has ended that era of followership for the United States. The supporters of the AIA look at its provisions as the epitome of best patenting practices.

Id.

previous public disclosure of the inventor's own work will not be deemed prior art, as long as the subsequent disclosure pertains to the same subject matter that was previously disclosed. Thus, with exception (B), the inventor must first publish the subject matter himself.

The three exceptions under New Section 102(b)(2) provide that: (A) a patent filing of another which actually represents the inventor's own work that was directly or indirectly obtained from the inventor will not be deemed prior art; (B) a patent filing of a third-party that pre-dates the effective filing date of the inventor's application, but post-date a publication made by or for the inventor will not be deemed prior art; and (C) the patent filings of others working for the same company or for a joint research and development project will not be deemed prior art (replicating the so-called "team exception" of Old Section 103(c)). The New "team exception," however, now applies not only to issues of obviousness, but also anticipation, and the time period for when parties must be on the same team starts as of the filing date, not the date of invention.

Thus, the single biggest change under the FITF system for patent practitioners who prosecute patent applications is the elimination of "swearing behind" as an option for removing prior art that was between a date of invention and a filing date. The second biggest change under the FITF system is the proactive publication that is required to trigger the FTP grace periods.

C. USPTO Interpretation of the First-Inventor-To-File Provisions

The USPTO has promulgated proposed Rules and Examination Guidelines for the FITF provisions of the AIA.¹⁹ The final rules are should be published by February 2013 at the latest. It is expected that the final rules and guidelines will be generally similar to the proposed rules except for two areas that were the subject of significant comment from the patent community: the interpretations concerning the so-called "secret" prior art issue, and the narrow interpretation of the First To Publish (FTP) grace period exceptions of New Section 102(b)(1/2)(B).

In general, the proposed rules and examination guidelines for FITF adopt an applicant proactive approach by asking applicants to provide within four (4) month of the application filing date: (i) a certified copy of any foreign priority application,²⁰ (ii) an indication of which law will apply, pre-AIA or AIA, for each claim²¹ (iii) copies of any public disclosures that may be used to invoke the FTP grace periods,²² and (iv) whether the application is eligible for the so-called "team" exception with respect to cases that are commonly assigned.²³ There are incentives for these early submissions by according them a presumption of correctness without further

¹⁹ David Kappos, *Changes to Implement the First Inventor to File Provisions of the Leahy-Smith America Invents Act*, U.S. PATENT & TRADEMARK OFFICE (July 17, 2012), available at <https://www.federalregister.gov/articles/2012/07/26/2012-18121/changes-to-implement-the-first-inventor-to-file-provisions-of-the-leahy-smith-america-invents-act> (last updated July 26, 2012); David J. Kappos, *Examination Guidelines for Implementing the First-Inventor-to-File Provisions of the Leahy-Smith America Invents Act*, U.S. PATENT & TRADEMARK OFFICE (July 17, 2012), available at <https://www.federalregister.gov/articles/2012/07/26/2012-17898/examination-guidelines-for-implementing-the-first-inventor-to-file-provisions-of-the-leahy-smith> (last updated July 26, 2012).

²⁰ 77 Fed. Reg. 43742, 43754–55 (proposed July 26, 2012).

²¹ *Id.* at 43755–56.

²² *Id.* at 43755.

²³ *Id.* at 43757–58.

substantiation. Applicants will have the ability to later rebut a cited reference in a rejection based on choice of law or invocation of an FTP grace period or team exception provision, but only by submitting a declaration, with supporting evidence about the relationship of the disclosure to the inventors and the public nature of the disclosure.²⁴ Going forward Rule 1.130 will be for AIA declarations about FITF cases, and Rule 1.131 will be for Pre-AIA declarations about FTI cases.

While the applicant proactive parts of the recently proposed regulations and guidelines are expected to be part of the final rules, there was an open question about whether or not a sale of technology that is not otherwise publicly available (so-called “secret prior art”) should be considered prior art under the AIA. The USPTO sought comment from the public on whether or not secret prior art based solely on the sale of a product is in fact prior art going forward under the AIA.²⁵ The public comments ran mostly in favor of retaining the current case law approach to the treatment of secret prior art, although some comments pointed to provisions in the legislative history that would suggest otherwise.

Without doubt, the biggest issue that was the subject of commentary on the proposed rules and guidelines was the USPTO proposal for a very narrow application of the FTP grace period against others.²⁶ As proposed, the USPTO would only allow the use of the FTP grace period against others in situations where there are not even “insubstantial” or “trivial differences” in the subject matter used to invoke the FTP grace period and the subject matter of others that was first publicly available during the FTP grace period.²⁷ The proposed examination guidelines may also create challenges for applicants who have prior publications as there will be a working presumption that any authors named on a publication that may be exempt under the FTP grace periods will be assumed to be inventors on the corresponding patent application.²⁸

Under the USPTO’s Proposed Examination Guidelines,²⁹ it is the Office’s interpretation of what qualifies as the same “subject matter disclosed” previously under the New Section 102(b) subparagraphs (B) that is of concern. The Office has interpreted the statute very narrowly, such that if the third-party changes the subject matter disclosed from what the inventor had previously disclosed—even if those changes merely are “insubstantial” or “trivial” variations or changes—that subsequent third-party disclosure could be used as prior art against the inventor.³⁰ Such an interpretation would permit a third-party to publish following its awareness of the public disclosure by the inventor, include some small variation in their publication, and thus prevent the inventor from utilizing the FTP Grace Period Exception provided under New

²⁴ *Id.* at 43755–56.

²⁵ David J. Kappos, *Examination Guidelines for Implementing the First-Inventor-to-File Provisions of the Leahy-Smith America Invents Act*, U.S. PATENT & TRADEMARK OFFICE 20 (July 17, 2012), available at <https://www.federalregister.gov/articles/2012/07/26/2012-17898/examination-guidelines-for-implementing-the-first-inventor-to-file-provisions-of-the-leahy-smith> (last updated July 26, 2012).

²⁶ 77 Fed. Reg. 43,759–43,773 (July 26, 2012).

²⁷ David J. Kappos, *Examination Guidelines for Implementing the First-Inventor-to-File Provisions of the Leahy-Smith America Invents Act*, U.S. PATENT & TRADEMARK OFFICE 31 (July 17, 2012), available at <https://www.federalregister.gov/articles/2012/07/26/2012-17898/examination-guidelines-for-implementing-the-first-inventor-to-file-provisions-of-the-leahy-smith> (last updated July 26, 2012).

²⁸ *Id.* at 26.

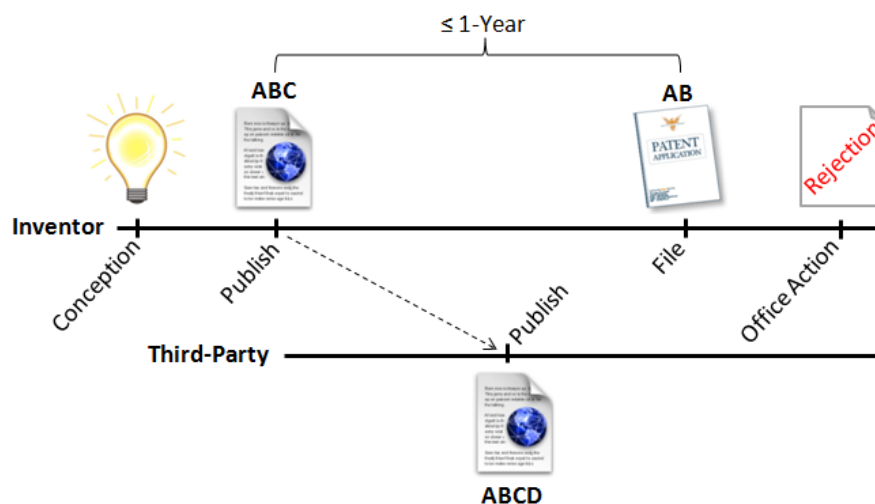
²⁹ 77 Fed. Reg. 43,759–43,773 (July 26, 2012).

³⁰ *Id.* at 43,767.

Section § 102(b).

The Office's narrow interpretation is in direct conflict with how the substantial majority of patent practitioners have interpreted the language of New Section 102(b) subparagraphs (B).³¹ Most practitioners would interpret subparagraphs (B) more broadly to mean that if an inventor publically discloses their invention, then subsequent publications cannot be used against the inventor to defeat patentability. This broad interpretation is consistent with comments made in the Congress Record by Senator Kyl (R-AZ) that “under new section 102(b)(1)(B), once the U.S. inventor discloses his invention, no subsequent prior art can defeat the invention.”³²

For illustration, consider the case of an inventor who conceives of an invention, but is not sure if it is marketable. She publicly discloses the idea on her website to see if it attracts any interest (disclosing A+B+C). The idea catches on and all signs indicate that it will be profitable, so within 1-year of the public disclosure she files a patent (claiming A+B). However, before she filed her patent application a third-party had copied portions of her disclosure and also added to it, posting the new disclosure on their website (disclosing A+B+C+D).³³ During prosecution the examiner sees both publications and rejects all claims as anticipated under New Section 102(a). The inventor can overcome her own disclosure according to the New Section 102(b)(1)(A) exception, but under the Proposed Examination Guidelines for New Section 102(b)(1)(B) she cannot overcome the third-party disclosure rejection because it contains at least “insubstantial” or “trivial” variations from her own publication.

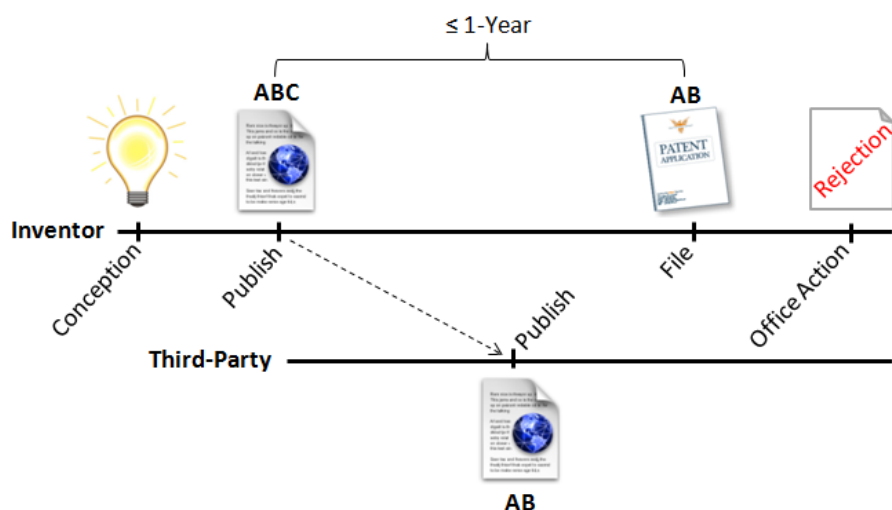


The same outcome occurs when the third-party under discloses what had previously been disclosed by the inventor. In other words, if the inventor discloses A+B+C, and a third-party subsequently discloses A+B, the third-party disclosure would be prior art under New Section 102(a), and no exception would apply under New Section 102(b)(1)(B) as interpreted by the Proposed Examination Guidelines.

³¹ GENE QUINN, DEFENDING THE USPTO INTERPRETATION OF THE NEW GRACE PERIOD, IPWATCHDOG.COM (Oct. 03, 2012).

³² S. 5319, 112th Cong. (2011), at http://www.uspto.gov/aia_implementation/20110906-kyl_rmrks_s5319.pdf

³³ A number of reference websites, such as Wikipedia.com commonly employ this practice.



Thus, if the Proposed Examination Guidelines are adopted, both a subsequent over-disclosure and a subsequent under-disclosure by a third-party of an inventor's earlier publication could serve as a bar to patentability.

D. Problems with a Narrow Interpretation of the FTP Grace Period Exception

The relevant portion of the Proposed Guidelines that tee up the USPTO's interpretation of the FTP Grace Period Exceptions is reproduced below:

The exception in 35 U.S.C. 102(b)(1)(B) applies if the “ ‘subject matter’ disclosed [in the prior art disclosure] had, before such [prior art] disclosure, been publicly disclosed by the inventor or a joint inventor * * * .” Thus, the exception in 35 U.S.C. 102(b)(1)(B) requires that the subject matter in the prior disclosure being relied upon under 35 U.S.C. 102(a) be the same “subject matter” as the subject matter publicly disclosed by the inventor before such prior art disclosure for the exception in 35 U.S.C. 102(b)(1)(B) to apply. Even if the only differences between the subject matter in the prior art disclosure that is relied upon under 35 U.S.C. 102(a) and the subject matter publicly disclosed by the inventor before such prior art disclosure are mere insubstantial changes, or only trivial or obvious variations, the exception under 35 U.S.C. 102(b)(1)(B) does not apply.³⁴

The first problem with the proposed USPTO interpretation arises out of an incorrect assumption that the term “disclosed” in subparagraphs (B) can be construed separately from the terms “subject matter.” This is illustrated by the Office's comments that:

[T]he exception in 35 U.S.C. 102(b)(1)(B) requires that the subject matter in the prior disclosure being relied upon under 35 U.S.C. 102(a) be the same “subject matter” as the subject matter publicly disclosed by the inventor before such prior

³⁴ 77 Fed. Reg. 43,759, 43,767 (July 26, 2012) (referencing 35 U.S.C. 102(b)(1)(B)). *See also id.* at 43,769 (using much of the same language as applied to 35 U.S.C. 102(b)(2)(B)).

art disclosure for the exception in 35 U.S.C. 102(b)(1)(B) to apply.³⁵

The term “disclosed” under New Section 102(b)(1/2)(B) should not be interpreted as somehow being separate from the terms “subject matter,” such that the word “disclosed” would need to be interpreted as a variation of the words “disclose” or “describe” that are used elsewhere in New Section 102(a). The correct approach to interpreting New Section 102(b) is to start by presuming that where one section uses different words or phrases than another section Congress must have intended the words or phrases to have different meanings.³⁶ Using such an approach to statutory construction is particularly important in this situation where the specific phrase “subject matter disclosed” is a phrase that is wholly unique to New Sections 102(b) and 102(c). In fact, the phrase “subject matter disclosed” is used nine different times in these two sections, but is not used anywhere else in the AIA or in 35 U.S.C. In order for the phrase “subject matter disclosed” to be understood throughout New Section 102(b) as referring to the same actions and/or things over the nine different usages, the phrase “subject matter disclosed” should be understood as referring to *the conveyance of information about an invention before that invention has been fully described, enabled or claimed*.

Inherent in this interpretation is the understanding that because this phrase encompasses a conveyance of information without the invention being fully described, enabled or claimed, the “subject matter disclosed” is necessarily referencing information that may be amorphous and imprecise, and that very likely will change and mature as the information about the invention is refined into a fully described, enabled and claimed invention. It is also important to note that the phrase “subject matter disclosed” that is used in New Sections 102(b) and (c) to refers to conveyances of information about an invention that are both private (e.g., the conveyance of information about an invention by an inventor to someone else within a company who is directed to prepare and publicly release information about the invention or prepare and file a patent application for the invention), and public (e.g., the publication, public disclosure, patent filing that is later published or other ways of making of information about the invention publicly available).

To provide a context for why the phrase “subject matter disclosed” must be understood as suggested, and to better appreciate the challenges Congress had in codifying an understanding about an invention before that invention has been fully described, enabled or claimed, it is helpful to graphically present a simplified diagram of the invention process by which ideas are

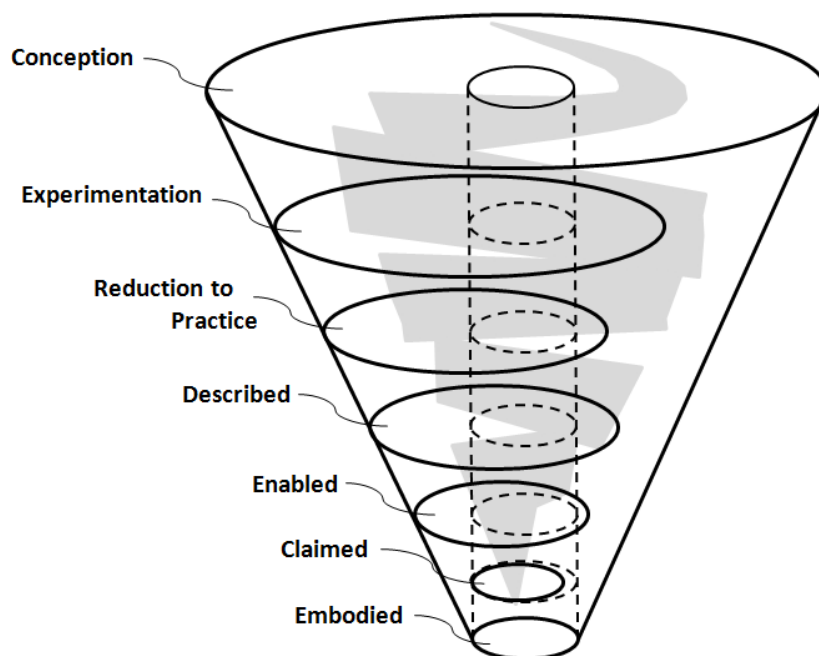
³⁵ 77 Fed. Reg. 43,759, 43,767 (July 26, 2012). *See also* new § 102(b) subparagraph (B):

A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under [subsections (a)(1) and (a)(2)] if ... the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

New 35 U.S.C §§ 102(b)(1)(B) and 102(b)(2)(B)) (emphasis added).

³⁶ *See* DirectTV Inc. v. Brown, 371 F.3d 814, 818 (11th Cir. 2004) (“Where the words of a later statute differ from those of a previous one on the same or related subject, the Congress must have intended them to have a different meaning.”) (citing *Muscogee (Creek) Nation v. Hodel*, 851 F.2d 1439, 1444 (D.C.Cir.1988), cert. denied, 488 U.S. 1010 (1989)). *C.f.* *Nijhawan v. Holder*, 557 U.S. 29, 39 (2009) (“where ... Congress uses similar statutory language and similar statutory structure in two adjoining provisions, it normally intends similar interpretations”).

turned into real embodiments of an invention. The figure below outlines the various steps that can occur in what will be referred to as the Continuums of Invention.



Continuums of Invention

The Continuums of Invention start when ideas about an invention are formed or conceived, a part of the process that has come to be known as the “conception” of an invention.³⁷ After this, the process can diverge into different paths that may or may not involve further development, refinements and testing of the invention (i.e. “experimentation”). Sometimes, there may be actual building or conducting of examples of the invention in a part of the process referred to as “actual reduction to practice.”³⁸ Other times, the first reduction to practice is the preparation and filing of a patent application, a “constructive reduction to practice.”³⁹ Before or after the filing of a patent application, information about the invention may also be made publicly available, for example by publication an academic paper or presentation of a video on a web site, in what will be referred to as a “description” of the invention. It should be noted that a patent application must also have a “written description” as part of the requirements of Section 112 as part of a necessary for patentability. To be sufficient to satisfy the requirements of Section 112 a patent application must convey enough information about the invention to permit a person skilled in the art to make and practice that invention; this is often referred to as the enablement requirement.⁴⁰ For purposes of patenting an invention, the invention must also be “claimed” in that a patent application must include at least one claim that sets forth the legal

³⁷ *Burroughs Wellcome Co. v. Barr Labs. Inc.*, 40 F.3d 1223, 1227–28 (Fed. Cir. 1994) (“Conception is the touchstone of inventorship”) (citing *Sewall v. Walters*, 21 F.3d 411 (Fed.Cir.1994)).

³⁸ *Hybritech Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1376 (Fed. Cir. 1986).

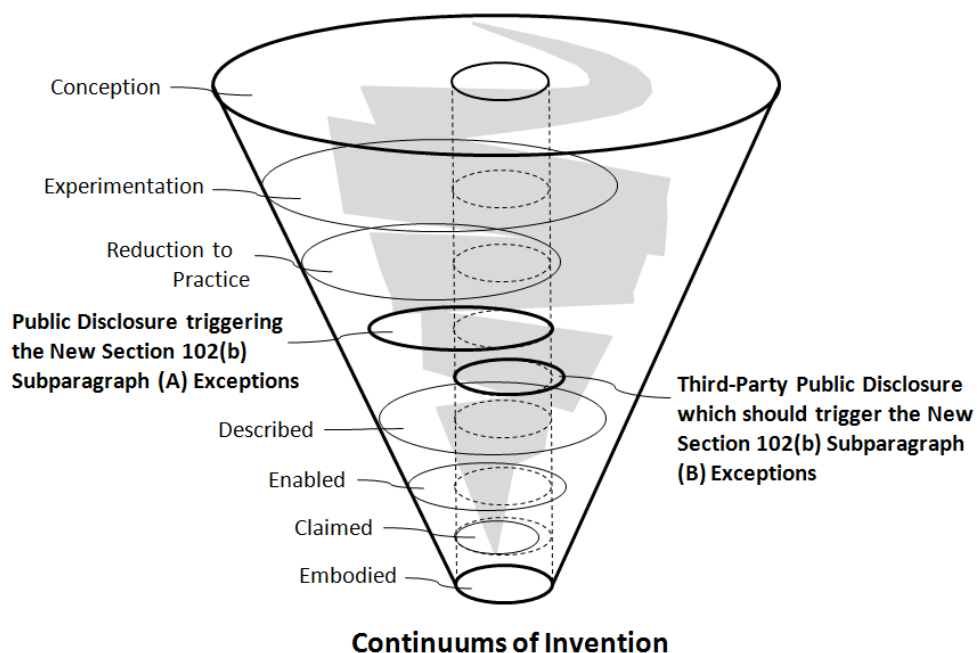
³⁹ *Id.* (citing *Weil v. Fritz*, 572 F.2d 856, 865 n. 16 (CCPA 1978) (defining constructive reduction to practice as “the filing of a complete and allowable application”)

⁴⁰ *See Ariad Pharmaceuticals, Inc. v. Eli Lilly and Co.*, 598 F.3d 1336, 1334 (Fed. Cir. 2010).

metes and bounds of the invention.⁴¹ And, before or after a claimed invention has been prosecuted and issued as a patent, there may or may not be actual real world embodiments of the invention that are made, used or sold, which are shown in the Continuums of Invention as “embodiments” representing the final part of the process.

It can be seen that for any given invention, the actual path along the Continuums of Invention can only be determined by a *post hoc* analysis. Just like deciding whether a given real world embodiment does or does not infringe an issued and valid patent claim is a determination that can only be made after the patent has been issued and after the particular embodiment of the method or apparatus has been made, used or sold.

The Continuums of Invention diagram illustrates why the two occurrences of the phrase “subject matter disclosed” in the context of the FTP Grace Period Exceptions of subparagraphs (B) of New Section 102(b) must be interpreted as referring to a conveyance of information somewhere in the middle of the Continuums of Invention. The proper interpretation of the phrase “subject matter disclosed” is not at the extreme of a specific embodiment of the information—where the USPTO Proposed Examination Guidelines would place it—rather it is somewhere in the middle, between conception and the final embodiment as shown below.



It is acknowledged even by those supporting the narrow standard found in the Proposed Guidelines that the chances of having an independent third-party disclosure that would have not “trivial” or “insubstantial differences” from the subject matter publicly disclosed by or for an inventor are so small as to represent a practical impossible fact pattern.⁴² Consequently, the only FTP Grace Period Exception that would be given any meaning under the New Section 102(b) would be the FTP Grace Period Exception for the inventor’s own work under New Section 102(b) subparagraphs (A). It is a tenant of statutory construction that an interpretation of a

⁴¹ See 35 U.S.C. §112 ¶2.

⁴² USPTO Roundtable Discussion at the Madison Auditorium, Alexandria VA (Sep. 6, 2012).

statute should not render superfluous any of the provisions of that statute.⁴³ If the narrow standard for evaluating the FTP Grace Period Exceptions for third party materials is finally adopted, there would be no ability for inventors to effectively use the FTP Grace Period Exceptions for third-party related materials as found in New Section 102(b) subparagraphs (B).

A very narrow construction for the FTP Grace Period Exceptions for third-party materials forces patent applicants to resort to use of the portion of the subparagraphs (A) FTP exceptions that protect against unauthorized works of third parties that are derived from the inventor's work. Elsewhere in the Proposed Guidelines, the USPTO has appropriately chosen to utilize standards for proving derivation that adopts the approach taken in the *In re Facius*⁴⁴ decision in interferences for defining "derivation" in the context of the FITF provisions to cover situations where proof of the main elements of an invention having been conveyed is sufficient to cover any obvious variations that are derived from the information conveyed.⁴⁵ The Proposed Guidelines reject the approach taken in the *Gambro*⁴⁶ decision in the context of proving derivation in an interference that requires proof that each and every element of a claimed invention has been communicated to the alleged deriver.⁴⁷ While this is the right result for proving derivation in the FTP Grace Period Exceptions for the inventor's own work, it produces an asymmetry in how the subparagraph (A) and subparagraph (B) FTP Grace Period Exceptions will operate. The end result would be that patent applicants would end up resorting to the attempted use of subparagraph (A) FTP Grace Period Exception in cases of intervening prior art that is close to, but not exactly identical to, subject matter disclosed by or for the inventor in order to have any ability to argue that the differences are merely obvious variations that are somehow based on the inventor's work, and that the intervening prior art should be excluded.

In addition to the statutory construction problems with the narrow standard for FTP Grace Period Exceptions for third party-related materials, there are also several important policy reasons for why the adoption of the proposed standard is a bad idea. At the highest level for the U.S. Patent System as a whole, the impact of the narrow standard can be seen as cutting against the recognized AIA policy of encouraging early disclosure of new inventions.⁴⁸ On a more individual level, the effect on both patent applicants and patent examiners will be burdensome and difficult to manage.

Without a doubt, the optimum patent filing strategy is always to file for patent protection before there is any public disclosure of subject matter for an invention. For larger companies and more experienced entrepreneurs, it is expected that these players will respond to the AIA by operating as if the new FITF provisions create a *de facto* First-To-File patent system in the United States. For smaller companies, universities and individual inventors who are new to the patent system, that kind of rigorous approach is simply not feasible, and it is very likely that these players will be tripped up by the new FITF provisions with the proposed narrow FTP Grace Period Exception for third party-related materials.

⁴³ TRW Inc. v. Andrews, 534 U.S. 19, 31 (2001).

⁴⁴ 408 F.2d 1396, 1407 (CCPA 1969).

⁴⁵ 77 Fed. Reg. 43,759, 43,769 (July 26, 2012).

⁴⁶ Gambro Lundia AB v. Baxter Healthcare Corp., 110 F. 3d 1573 (Fed. Cir. 1997).

⁴⁷ 77 Fed. Reg. 43,759, 43,769 (July 26, 2012).

⁴⁸ S. Rep. No. 111-18, at 4-5 (2009).

Congress has confirmed the bright line rule of 1-year in the public domain as being the absolute upper limit to any exceptions to the new FITF patent system under the New 102(b). Existing case law has been built around the statutory framework of Old Section 102(b) that provides for a 1-year complete grace period for public disclosures. Even the inventor's own earlier disclosures could serve as an inherent disclosure, that disclosure may anticipate a subsequent patent application by the inventor if the subject matter inherently disclosed was in the public domain for more than the 1-year grace period.⁴⁹ However, unlike the current automatic and fixed 1-year grace period of Old Section 102(b), the First-To-Publish Grace Period Exceptions under the FITF provisions of the AIA are conditional in application and variable in length. In order to be invoked, the FTP Grace Period Exception must be triggered by a “disclosure” that is public in the sense acts/things that are considered publicly available for purposes of New Section 102(a). And, once the FTP Grace Period has been triggered, it is not an unlimited grace period; rather the FTP Grace Period can be no longer, and in many situation will be less than, a maximum 1-year period from the first public disclosure triggering the FTP Grace Period and the effective filing date of the patent application under consideration. That first triggering public disclosure can be either a public disclosure of, or based on, the inventor’s own work (under New Section 102(b)(1)), or a publication of, or based on, the inventor’s own patent filing (under New Section 102(b)(2)).

For a more detailed presentation of the statutory and policy arguments in favor of a broad construction of the FTP Grace Period Exception, see *Statutory Construction and Policy Arguments For a Symmetric Approach to Promulgating Guidelines For New Section 102(b) subparagraphs (A) and (B)—The First-To-Publish Grace Period Exceptions to Prior Art*.⁵⁰

IV. REVAMPED PROCESSES FOR CHALLENGING VALIDITY AT THE USPTO

The AIA phases out existing *inter partes* reexamination proceedings and, in its place, creates several new post-issuance review proceedings, including: Post-Grant Review, Inter Partes Review, and the Transitional Program for Covered Business Method Patents. It also gives patent owners a new option to effectively “cleanse” a patent from specific charges of inequitable conduct by requesting a supplemental examination. In addition, the AIA provides a meaningful opportunity for third parties to submit prior art during the entire examination of a patent application, including the ability to comment on the relevance of the submitted art.

A. New Review Proceedings

Major changes were made by the AIA to the manner in which post-issuance proceedings will be conducted by the USPTO. These changes were primarily in response to a general sense that the decade-long experiment with *inter partes* reexamination has failed to achieve the ideal of a more efficient and less expensive alternative to patent litigation. To address these concerns,

⁴⁹ *In re Hafner*, 410 F.2d 1403, 1405-06 (CCPA 1969).

⁵⁰ Pedersen & Hansen, *Statutory Construction and Policy Arguments For a Symmetric Approach to Promulgating Guidelines For New Section 102(b) subparagraphs (A) and (B)—The First-To-Publish Grace Period Exceptions to Prior Art*, 4 CYBARIS __ (2013).

the AIA provides for a new set of “review” proceedings and changes interference proceedings to derivation proceedings.

The new post-issuance review proceedings are designed to provide a more effective option for determining patent validity at the USPTO by imposing a statutory one-year timeline on the “trial” phase of the proceedings and by having them run by an administrative patent judge (APJ) as an adjudication rather than as an examination. The adjudication process provides for limited/managed discovery and an oral hearing with a preponderance of the evidence burden of proof applied to the moving party on any motions. The APJs that will run these new kinds of proceedings are part of the Board of Patent Appeals and Interferences (BPAI), which is now renamed the Patent Trial and Appeal Board (PTAB).

Different sections of the AIA show how U.S. patent law will change from the current regime of *ex parte* reexamination (EPX) and *inter partes* reexamination (IPX) to a new regime that still includes EPX proceedings, but replaces IPX proceedings with three different kinds of “review” proceedings—Post-Grant Review (PGR) (only for FITF patents and then only in the first nine months after issuance to challenge any issues), Inter Partes Review (IPR) (for all patents regardless of priority date but only after the first nine months from issuance and only based on printed publications or patent owner statements), and Covered Business Method Patent Review (CBM) (at any time for all patents regardless of priority date, but only by parties charged with infringement to raise any issue on asserted business method patents, including Section 101 issues).

IPR is the most limited of the new review proceedings, similar to the scope of current IPX that can be initiated only after a so-called “first window” of nine months after issuance, and not more than one year into any co-pending litigation.⁵¹ PGR is a more expansive proceeding that can be initiated only during the first window of nine months after issuance. Any grounds of invalidity can be raised in a PGR, and the standard for initiating such a review is higher than for the IPR as the petitioner must prove that the invalidity of the patent at issue is more likely than not.⁵² CBM uses the same procedures as a PGR, but can be invoked only by someone sued or threatened with a patent covering non-technological aspects of financial transactions.⁵³

All of the new review proceedings technically begin one year after enactment of the AIA—September 16, 2012.⁵⁴ IPR proceedings will apply to all issued patents, instead of only patents issued after November 1999, like the current IPX proceedings.⁵⁵ Because PGR only applies to patents issued under the new FITF system, which goes into effect on March 16, 2013, the roll out of PGR proceedings will naturally be delayed and more gradual.⁵⁶ The CBM proceedings will use the same procedures as PGR, but the CBM proceedings are transitional in nature as there is a sunset provision that repeals CBM proceedings after eight years.⁵⁷

⁵¹ New 35 U.S.C. § 315(b).

⁵² New 35 U.S.C. § 324(a).

⁵³ Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 18(a)(1)(B), 125 Stat. 284, 329–30 (2011).

⁵⁴ Leahy-Smith America Invents Act, Pub. L. No. 112-29, §§ 6(c)(2)(B), 6(f)(2)(A), § 18(b)(1), 125 Stat. 284, 299–301, 329–30 (2011).

⁵⁵ Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 6(c)(2)(A), 125 Stat. 284, 329–30 (2011).

⁵⁶ See Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 6(f)(2)(A), 125 Stat. 284, 329–30 (2011).

⁵⁷ Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 18(a)(3)(B), 125 Stat. 284, 329–30 (2011).

If all of these changes work as envisioned, it should mean that the new review proceedings will become a separate path for challenging patent validity that runs in series with patent litigation to arrive at a single, less expensive resolution; rather than the current approach, which has seen patent reexaminations being used as a simultaneous, parallel-path decision process that sometimes can create different outcomes. Whether demand for these new review proceedings will be a trickle or a torrent is uncertain and may depend on how potential patent infringement defendants view the successes and failures of the early adopters of these proceedings. So far, the projections made by the USPTO on the number of review proceedings have been fairly accurate and the initial rules by the PTAB on various procedural issues have confirmed the expectations that the PTAB will run these proceedings very tightly and in a manner that should streamline the manner and number of issues presented.

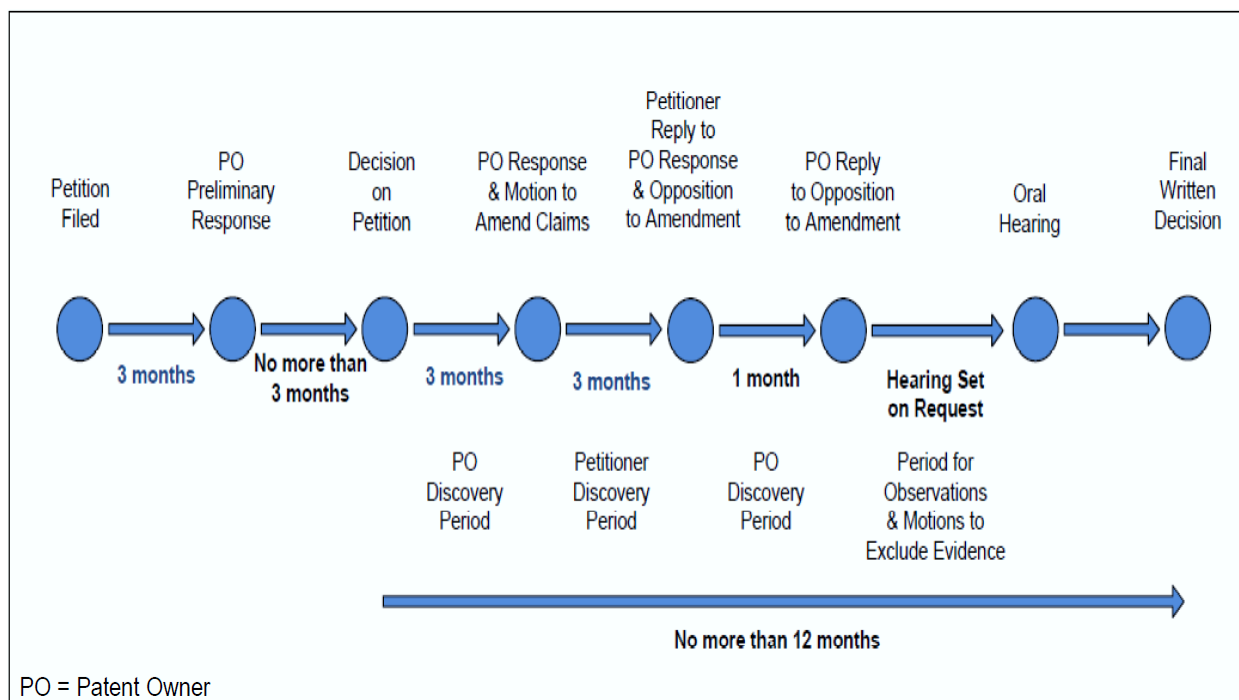
Table I presents an overall comparison of the various features of EPX, IPX, IPR, PGR and CBM proceedings with respect to (i) thresholds for initiating proceeding, (ii) timing for initiating proceeding, (iii) patents covered by proceeding, (iv) scope, grounds and basis for review in the proceeding, and (v) the estoppel effect of the proceeding.

	Ex Parte Reexam (EPX)	Inter Partes Reexam (IPX)	Inter Partes Review (IPR)	Post-Grant Review (PGR)	SEC. 18 Proceeding (CBM)
Threshold	<ul style="list-style-type: none"> • 35 USC §303(a) (current law): Substantial new question of patentability (SNQ) 	<ul style="list-style-type: none"> • Reasonable likelihood of prevailing (RLP) • SNQ continues to apply to pre-9/16/11 requests 	<ul style="list-style-type: none"> • 35 USC §314(a): RLP • 35 USC §315(a): Has not “filed” a civil action challenging validity 	<ul style="list-style-type: none"> • 35 USC §324(a): “More likely than not” (MLTN) that at least 1 claim is unpatentable • 35 § 325(a)(1) Must not have filed a civil action challenging validity 	<ul style="list-style-type: none"> • SEC. 18(a)(1)(B) : must be sued or charged with infringement • Otherwise same as PGR
Timing	<ul style="list-style-type: none"> • Any time 	<ul style="list-style-type: none"> • Any time 	<ul style="list-style-type: none"> • 35 USC §311(c) • After later of: <ul style="list-style-type: none"> - 9 months after issuance (reissuance); or - PGR is terminated 	<ul style="list-style-type: none"> • 35 USC §321(c): ≤9 months after issuance (or reissuance) • 35 USC §325(f): No challenge to non-broadened reissue claims after original 9-month PGR period 	<ul style="list-style-type: none"> • SEC. 18(a)(1)(B) • Any time after suit or charge of infringement
Patents Covered	All	Filed Post Nov 1999	All patents	Only FTFG patent issued under the AIA	<ul style="list-style-type: none"> • SEC. 18(a)(1)(A)/(d) • “Covered business method patents” • Not “technological inventions”
Scope, Grounds, Basis for review	<ul style="list-style-type: none"> • 35 USC §§302 and 301 (current law): Patents and printed publications 	<ul style="list-style-type: none"> • 35 USC §§311(a) and 301 (current law): Patents and printed publications 	<ul style="list-style-type: none"> • 35 USC §311(b): Patents or printed publications • 35 USC §312(a)(3)(B): Can be supported by expert opinions, affidavits, etc. 	<ul style="list-style-type: none"> • 35 USC §321(b): Issues relating to invalidity under §282(b)(2) or (3) • 35 USC §324(b): Novel or unsettled question important to other patents or patent applications 	<ul style="list-style-type: none"> • Same as PGR

Estoppel: • <i>Civil actions</i> • <i>ITC</i> • <i>PTO</i>	• None	• 35 USC §315(c) (current law): “Raised or could have raised” • Applies to civil actions, <i>not</i> ITC • Also not to PTO	• 35 USC §315(e) • “Raised or reasonably could have raised” (RORCHR) • May not “assert” issue • Final written decision • Civil actions, ITC & PTO	• 35 USC §325(e) • RORCHR • May not “assert” issue • Final written decision • Civil actions ITC & PTO	• SEC. 18(a)(1)(D) • Any ground “raised” (<i>not</i> RORCHR) • Otherwise same as PGR
----------------------------------------------------------------------------	--------	--------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------

1. Thresholds and Timing for Review Proceedings

It is important to understand the terminology and timing that will be used in these new review proceedings. A typical timeline for a “proceeding” is shown below. It includes an initial Petition Phase (3-6 months) and a subsequent Trial Phase (12 months). A “petitioner” is the party seeking to initiate a review proceeding by filing a “petition,” and the “owner” is the patent owner. An APJ assigned to the case will determine whether the relevant threshold for initiating the review proceeding has been met and decide whether to institute a trial for the proceeding.



Like current IPX proceedings, an IPR Petition can only be based on a ground that could be raised under the provisions of the relevant New or Old Sections 102 or 103, and only on the basis of prior art consisting of patents or printed publications.⁵⁸ To meet the threshold to initiate

⁵⁸ New 35 U.S.C. § 311(b); 37C.F.R. § 42.104(b)(2) (2012); New 35 U.S.C. § 314(a).

a trial, an IPR Petition must demonstrate a reasonable likelihood that the petitioner would prevail as to at least one of the claims challenged.⁵⁹

A PGR proceeding is only available for patents issuing from applications subject to the FITF provisions of the AIA.⁶⁰ Unlike an IPR petition, however, a PGR may make challenges based on Sections 101, 102, 103 and 112, except best mode.⁶¹ A PGR may only be requested on or prior to the date that is nine months after the grant of a patent or issuance of a reissue patent.⁶² The threshold for a PGR proceeding is whether the PGR petition demonstrates that it is more likely than not that at least one of the claims challenged in the petition is unpatentable.⁶³

The only patents eligible for a CBM review are certain covered business method patents generally defined in the AIA as a method or corresponding apparatus for performing data processing or other operations for a financial product or service.⁶⁴ The business method patent definition excludes patents for technological inventions.⁶⁵ Rule 42.301(b) provides that solely for purposes of a CBM review, the following will be considered on a case-by-case basis to determine if a patent is for a technological invention based on whether the claimed subject matter as a whole: (1) recites a technological feature that is novel and unobvious over the prior art; and (2) solves a technical problem using a technical solution. Both FTI and FITF patents are eligible to be challenged.⁶⁶ Most importantly, the petitioner must be sued or charged with infringement of a patent in a manner sufficient to support a filing for declaratory judgment in order to file a petition for CBM review.⁶⁷ Otherwise, the threshold and procedures for a CBM proceeding are the same as for a PGR proceeding.⁶⁸ If the appropriate threshold has been met in view of the petition and any owner response filed by the patent owner, then a “trial” will be declared and the parties will receive both a standing order and a case-specific scheduling order that will dictate the manner in which the proceeding will be undertaken. Changes or additions to the standing and case-specific orders, and other matters related to the management of the review proceeding, may be made by filing a “motion” which will be considered by the APJ either as part of a quickly scheduled telephonic hearing, or if more briefing is required, by further motion papers as scheduled by the APJ during the telephonic hearing.

The appropriate threshold for successfully getting a review proceeding initiated was the subject of significant contention during passage of the AIA. In recent Congressional hearings,

⁵⁹ 37 C.F.R. § 42.108(c).

⁶⁰ Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 6(f)(2), 125 Stat. 284, 329–30 (2011).

⁶¹ New 35 U.S.C. § 321(b); 37 C.F.R. § 42.204(b)(2).

⁶² New 35 U.S.C. § 321(c); 37 C.F.R. § 42.202(a).

⁶³ New 35 U.S.C. § 324.

⁶⁴ See Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 18(d)(1), 125 Stat. 284, 330–31 (2011); 37 C.F.R. § 42.301(a).

⁶⁵ See Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 18(d)(1), 125 Stat. 284, 330–31 (2011); 37 C.F.R. § 42.301(b).

⁶⁶ Leahy-Smith America Invents Act, Pub. L. No. 112-29, §§ 6(f)(2)(A); 18(a)(1), 125 Stat. 284, 329–331 (2011).

⁶⁷ Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 18(a)(1)(B), 125 Stat. 284, 330–31 (2011); 37 C.F.R. § 42.302(a).

⁶⁸ Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 18(a)(1)(B), 125 Stat. 284, 330–31 (2011).

there has been discussion of a possible “technical” amendment to the language for the threshold standard to change from “reasonably could have raised” to just “raised”.⁶⁹

2. Rules for the Review Proceedings

The rules for the new review proceedings are found in 37 C.F.R. Part 42, Subparts A, B, C, D, and E. They are intended to represent a reasonable and workable way to conduct the review proceedings in a timely and just manner at a reasonable cost, given the contested nature of such proceedings. The rules loosely follow the model of the existing contested-case rules, found in 37 C.F.R. Part 41, Subparts A and D, which, in conjunction with the Standing Order of the current BPAI for interferences have generally been managed so that the current average pendency from declaration to judgment is less than one year.

a. Fees

The Final Rules made some modifications to the ways in which fees for a review proceeding are calculated. While the base fees of \$27,200 for IPR and \$35,800 for PGR reviews stayed the same, additional charges based on the total number of claims challenged are now calculated on a per-claim basis for each claim in excess of 20 at \$600 per claim for an IPR and \$800 per claim for a PGR.⁷⁰ The fee structure now supports filing of a single petition per patent, instead of multiple petitions per patent as had been suggested in the rules as initially proposed. In its comments to the Final Rules and in the proposed rules for Fee Setting, the USPTO has somewhat reduced these fees. The final fees for review proceedings will not be set until the USPTO has issued its final rules under its new fee setting authority. This is expected to occur by about February 2013 .

b. Managed Discovery

By imposing a one-year period in which the review is to be conducted (potentially expandable by six months), no matter how complicated the proceeding, Congress has mandated that the USPTO employ expedited proceedings that should improve upon the current IPX proceedings. It is expected the petitioner, in requesting one of these new review proceedings, to put its best foot forward from the start so that the process can be concluded without backtracking and second thoughts.

Congress made clear that discovery in the new review proceedings was to be limited in scope and evinced its concern for the abuse of discovery by specifying that the Director was to prescribe sanctions for abuse of discovery.⁷¹ Discovery under the rules will be “managed discovery” maintained within limits prescribed by the APJ upon a party’s motion. Experience in interferences has shown that (1) many issues are resolved in a telephone conference with an APJ without a motion actually being filed, and (2) “fishing expedition” kinds of discovery are

⁶⁹ See House and Senate Judiciary Committee Hearings in May and June 2012, particularly testimony of Director Kappos.

⁷⁰ 37 C.F.R. § 42.15(a)–(b).

⁷¹ New 35 U.S.C. §§ 316(a)(5)(6), 326(a)(5)–(6); 37 C.F.R. § 42.12.

avoided.

The rules contemplate what the PTAB has termed a “motion-based” proceeding, but the “motions” in such a proceeding are not of the type typically encountered in Federal Court litigation. In fact these PTAB motions are simply the procedural vehicles for the parties’ presentations of their substantive positions.

The rules allow for two types of discovery: (1) routine discovery, and (2) additional discovery.⁷² The APJ may also authorize live testimony, where critical, to assess credibility. For example, a judge may attend a deposition in appropriate instances.⁷³ Routine discovery is intended to assist the parties in assessing the merits of their respective positions, to avoid harassment in the proceeding, or to reach settlement. The obligation on the parties to voluntarily engage in routine discovery is meant to reduce costs to parties by making basic information readily available at the outset of the proceeding. Routine discovery includes: documents cited; cross-examination for submitted testimony; and information inconsistent with positions advanced during the proceeding.

A party must request any discovery beyond routine discovery, which is referred to as additional discovery. A party seeking additional discovery in IPR and derivation must demonstrate that the additional discovery is in the interests of justice.⁷⁴ A party seeking additional discovery in PGR and CBM will be subject to the lower good cause standard.⁷⁵

c. Claims—Amendment and Construction

Because the new review proceedings are adjudications and not examinations, owner amendments to the claims in a review proceeding are not intended to be limitless. The USPTO will interpret the statutory language of “a reasonable number of substitute claims” that may be proposed under Sections 316(d)(1)(B) and 326(d)(1)(B) to be the same total number of claims being amended, or newly presented, in a review proceeding as were initially challenged for the patent.⁷⁶ Petitioners are encouraged to propose claim constructions for important claim limitations, and owners are encouraged to respond with their own claim constructions. The APJ will rule on claim constructions using a broadest reasonable interpretation standard similar to the standard currently used in EPX and IPX.⁷⁷

d. Time and Page Limits

The rules make clear that the new review proceedings are not meant to be a complete substitute for litigation. The most obvious limits to these new review proceedings are the time frame limits of Sections 316(a)(11) and 326(a)(11) and the way in which the rules impose page limits on the various filings. The Final Rules impose fairly strict limits on pages that can only be waived by a separate motion for extra pages—60 pages for an IPR petition, 80 pages for a PGR

⁷² 37 C.F.R. § 42.51(b)–(c).

⁷³ 37 C.F.R. § 42.53(a).

⁷⁴ See, e.g., New 35 U.S.C. 316(a)(5); 37 C.F.R. § 42.51(c).

⁷⁵ See, e.g., New 35 U.S.C. § 326(a)(5); 37 C.F.R. § 42.224.

⁷⁶ 37 C.F.R. §§ 42.121(a), 42.221(a).

⁷⁷ 37 C.F.R. §§ 42.100(b), 42.200(b), & 42.300(b).

petition, and 15 pages for most motions, with equivalent pages for responses to each.⁷⁸ Each page must be double spaced in 14-point font.⁷⁹ Evidence is expected to be put in by affidavit that will not count toward the page limits, but claim charts are recommended and will count toward pages limits, although the claim chart can be single-spaced.⁸⁰ The time frame and/or page number limits will, to some extent, hamper at least some patent owners or petitioners, particularly those who have large numbers of claims and/or large numbers of grounds of review. To ameliorate these issues, the comments to the Final Rules suggest that petitioners may want to group claims to be argued together on the same grounds in a manner similar to grouping claims for purposes of appeal during original prosecution.

e. Pro Hac Vice Representation

The PTAB may recognize counsel *pro hac vice* during a proceeding upon a showing of good cause, subject to such conditions as the Board may impose, such as agreeing to be bound by the USPTO's Code of Professional Responsibility; however, a lead counsel who is a registered patent attorney must be appointed for each review.⁸¹ Similarly, the Board may take action to revoke *pro hac vice* status, taking into account various factors, including incompetence, unwillingness to abide by the UPSTO's Code of Professional Responsibility and incivility.⁸²

f. Sanctions, Hearings and Settlements

Sanctions are available for abuse of the review proceeding process. The AIA requires the USPTO to prescribe sanctions for abuse of discovery; abuse of process; or any other improper use of the proceeding, such as to harass or cause unnecessary delay or an unnecessary increase in the cost of the proceeding.⁸³ Sanctions may include: order holding facts to have been established; order expunging a paper; order excluding evidence; order precluding a party from obtaining/ opposing discovery; order providing compensatory expenses, including attorney fees; and judgment or dismissal of the petition.

The AIA permits a party to request an oral hearing as part of the review proceeding.⁸⁴ The length of the hearing will be set on a case-by-case basis, taking into account the complexity of the case.

The AIA encourages settlement in IPR/PGR/CBM/Derivation proceedings. A settlement in IPR/PGR/CMB terminates the review proceeding with respect to the petitioner and the PTAB may terminate the proceeding or issue a final written decision.⁸⁵ In a derivation, a settlement will be accepted by the PTAB unless it is inconsistent with the evidence of record.⁸⁶

⁷⁸ 37 C.F.R. § 42.24(a).

⁷⁹ 37 C.F.R. § 42.6(a).

⁸⁰ 37 C.F.R. § 42.6(a)(2)(iii).

⁸¹ 37 C.F.R. § 42.10(c).

⁸² 37 C.F.R. § 42.10.

⁸³ See New 35 U.S.C. §§ 316(a)(6); 326(a)(6); 37 C.F.R. §§ 10–11; 37 C.F.R. § 42.12.

⁸⁴ See New 35 U.S.C. §§ 316(a)(10), 326(a)(10); 37 C.F.R. § 42.70.

⁸⁵ See New 35 U.S.C. §§ 317, 327; 37 C.F.R §§ 42.73–42.74.

⁸⁶ New 35 U.S.C. § 135(e); 37 C.F.R. § 42.73–74.

The AIA provides that where an IPR/PGR/CBM trial is instituted, and not dismissed, the Board shall issue a final written decision. The decision shall address the patentability of any claim challenged and any new claim added.⁸⁷ For a derivation, the PTAB shall issue a written decision that states whether an inventor named in an earlier application derived the claimed invention from an inventor named in the petitioner's application without authorization.⁸⁸

g. Estoppel

In terms of estoppel, a petitioner in an IPR/PGR/CBM may not request or maintain a proceeding before the USPTO with respect to any claim on any ground that is raised or reasonably could have been raised.⁸⁹ A petitioner in an IPR/PGR/CBM may not assert in district court or the International Trade Commission ("ITC") that a claim is invalid on any ground the petitioner raised, and in IPR/PGR, any ground that reasonably could have been raised.⁹⁰ The Final Rules also implement by rule what can be considered the equivalent of a prohibition against recapture across any member of a patent family. A patent owner whose claim is cancelled is precluded from taking action inconsistent with the adverse judgment including obtaining in any patent, a claim that is not patentably distinct from a finally refused or canceled claim.⁹¹ In a derivation, a losing party who could have moved for relief, but did not so move, may not take action inconsistent with that party's failure to move. Where a party receives a split judgment (wins on one claimed invention, loses on another), estoppel does not attach to the subject matter for which a favorable judgment was obtained.⁹²

h. Appeal

A party dissatisfied with a non-final or final decision may file a request for rehearing with the Board. The request must specifically identify all matters the party believes the Board misapprehended or overlooked.⁹³ A party dissatisfied with the final written decision in an IPR/PGR/CBM may appeal to the Federal Circuit.⁹⁴ A party dissatisfied with a final decision in a derivation may appeal to the Federal Circuit,⁹⁵ or seek remedy through a civil action.⁹⁶

3. Derivation Proceedings

The Rules for Derivation proceedings have clarified two important issues. First, the rules resolve what was a potential ambiguity in the AIA: When can the one-year period for copying start that can otherwise bar a petitioner from invoking a derivation proceeding, the publication of

⁸⁷ See New 35 U.S.C. §§ 318(a), 328(a); 37 C.F.R. § 42.73.

⁸⁸ New 35 U.S.C. § 135(b); 37 C.F.R. § 42.73.

⁸⁹ See New 35 U.S.C. §§ 315(e)(1), 325(e)(1); 37 C.F.R. § 42.73(d)(1).

⁹⁰ See New 35 U.S.C. §§ 315(e)(1), 325(e)(2); Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 18(a)(1)(D), 125 Stat. 284, 330-31 (2011).

⁹¹ 37 C.F.R. § 42.73(d)(3).

⁹² 37 C.F.R. § 42.73(d)(2).

⁹³ 37 C.F.R. § 42.71(c).

⁹⁴ See New 35 U.S.C. §§ 319, 329.

⁹⁵ 35 U.S.C. § 141(d).

⁹⁶ 35 U.S.C. § 146. See 37 C.F.R. § 90.2.

the respondent's claim or the publication of the petitioner's claim.⁹⁷ The rules limit the one-year time period to the publication of the respondent's claim. This is the better interpretation and is consistent with the current understanding of how the one-year statute of repose in interferences works. Second, the rules resolve that the standard used for measuring a derivation will not be an "anticipation" style derivation standard where the party alleging derivation has to prove communication of each and every element of the count to the deriver as is currently the law for interferences.⁹⁸ Instead, the rules proscribe the use of the older "obviousness" style derivation standard where the party alleging derivation only has to prove communication of the elements from which the invention would have been obvious as was formerly the law for interferences.⁹⁹

B. Supplemental Examination

Effectively, supplemental examination provides a new route into the existing *ex parte* reexamination that confers additional benefits. Upon submission of the additional materials that need to be cleansed as prior art, the USPTO will determine within three months whether the new material presents a "substantial new question of patentability."¹⁰⁰ If so, an *ex parte* reexamination will be started. Otherwise, a certificate confirming patentability will be issued.¹⁰¹ The USPTO will be charged with ensuring that no active fraud has occurred and will also need to promulgate regulations on exactly how the additional materials being reviewed must be presented, along with the fees required for a supplemental examination.¹⁰² Successfully navigating a supplemental examination proceeding is supposed to protect the patent and the patent owner from charges of inequitable conduct, but not the attorney(s) representing them. The Final Rules for Supplemental Examination backed away from what were perceived as onerous requirements initially proposed for this process in response to public comments. The only substantive requirement on the patent owner is to provide a detailed explanation of the relevance and manner of applying each item of information to each claim for which supplemental reexamination is requested, along with an optional explanation of how the claims patentably distinguish over the items of information.¹⁰³

C. Third Party Prior Art Submissions

Under the old Patent Law, third parties were limited to submitting prior art within a short window after publication of a patent application and were handcuffed in their ability to comment on the art submitted. Under the AIA, in situations where a competitor, for example, is monitoring the progress of a given patent application, that competitor may choose to submit prior

⁹⁷ New 35 U.S.C. § 135(a); 37 C.F.R. § 42.403. The proposed technical amendment introduced into the House Judiciary Committee would also address this issue. See, <http://www.patentlyo.com/patent/2012/12/hr-6621-proposed-modifications-to-the-america-invents-act-of-2011.html>

⁹⁸ *Gambro v. Baxter*, 110 F.3d 1573 (Fed. Cir. 1997).

⁹⁹ *New England Braiding v. Chesteron*, 970 F.2d 878 (Fed. Cir. 1992); *DeGroff v. Roth*, 412 F.2d 1401 (CCPA 1969); *Agawam v. Jordon*, 74 US 583 (1868).

¹⁰⁰ New 35 U.S.C. § 257(a).

¹⁰¹ New 35 U.S.C. § 257(b).

¹⁰² New 35 U.S.C. § 257(e).

¹⁰³ 37 C.F.R. § 1.610(b)–(c).

art during examination as a way to preempt the issuance of overly broad claims in that patent application.

New Section 122(e) that provides that any third party may submit for USPTO consideration any patent, published patent application or printed publication of “potential relevance” to the examination of a patent application. The written submission must be made before a notice of allowance or before either six months after first publication or a rejection of any claim, whichever is later. The submission must contain (1) a concise description of relevance, (2) a fee prescribed by the Director, and (3) a statement affirming the submission complies with the Section 122. To implement this provision, the final rule creates a new 37 CFR § 1.290, entitled “Submissions by third parties in applications.” The new rule applies to any application filed before, on or after the enactment date, and is effective September 16, 2012. To encourage use of this provision, a relatively small fee of \$180 is required for every 10 documents or fraction thereof submitted, however no fee is required for three or fewer documents filed with a first and only submission.¹⁰⁴ Submissions may be made via the electronic filing system, but this is not required, and service on the applicant is not required. The USPTO will notify applicants by email of compliant third-party submissions.

V. THE REST OF THE “LITTLE” CHANGES

The AIA also includes many other changes that are of a minor and technical nature in terms of USPTO organization, or relating to investigations and reports that the USPTO will be required to undertake. As for the rest of the changes that will impact both prosecution and litigation of patents under the AIA, the following is a quick summary of some of these “little” changes.

A. *Multi-Defendant and Multidistrict Litigation*

The AIA changed one technical aspect of patent litigation that throws an additional wrinkle into what had been the fastest growing area of patent litigation—infringement suits against multiple, different defendants over the same patents.¹⁰⁵ By limiting joinder of multiple defendants, a patent owner is no longer able to join multiple defendants in the same lawsuit on the same patent.¹⁰⁶ This provision went into effect immediately, and prevents a litigation tactic commonly used by non-practicing entities of filing a single lawsuit against multiple defendants based only on the fact that it is a common patent being infringed.¹⁰⁷

While each defendant is now assured of their own separate trial under the AIA, practical joinder of multiple defendants for purposes of consolidated discovery may still be possible under the judicial case management approach of multidistrict litigation (MDL). The Judicial Panel on Multidistrict Litigation (JPML) recently confirmed the use of MDL as a viable option to litigating multiple infringement suits with different defendants over the same patent after the

¹⁰⁴ 37 CFR § 1.17(p).

¹⁰⁵ New 35 U.S.C § 299.

¹⁰⁶ *Id.*

¹⁰⁷ *Id.*

AIA. Under 28 U.S.C. § 1407, a MDL can be used to transfer separate patent infringement actions pending in multiple districts for centralized pre-trial proceedings.¹⁰⁸

B. Expanded Prior User Rights

The AIA expands prior user rights as a personal defense to patent infringement based on prior use by that entity.¹⁰⁹ The AIA also expands the scope of the defense from only patents covering computer business method uses to all patents.¹¹⁰ This expansion of a personalized defense to infringement based on prior use comes as part of the exchange for eliminating secret prior use as a category of “prior art” under the new section 102. Successfully establishing this defense, however, will not be sufficient to invalidate a patent under sections 102 or 103.¹¹¹

Patents owned by universities or tech transfer organizations are subject to an exception from the expanded prior user defense, but this exception does not apply “if any of the activities required to reduce to practice the subject matter of the claimed invention could not have been undertaken using funds provided by the federal government.”¹¹² This appears to revive the prior user defense against university patents for inventions related to stem cell research or human cloning, as well as any other inventions in research areas that are prohibited from receiving federal funding.

The prior user defense is personal and cannot be transferred in isolation, but can be transferred as part of a larger good faith sale of the business or line of business “for other reasons.”¹¹³ Once transferred, assertion of the prior user defense is limited to “sites” where the “uses” occurred before the later of the effective filing date or the date of transfer of the right.¹¹⁴ There is also a potential trap for the unwary as the prior use defense lapses for later activities if the prior use was continued for a time, abandoned and then resumed.¹¹⁵ Unfortunately, there is little guidance in the statute or case law as to how broadly or narrowly these provisions would be applied.

C. Amended Best Mode

While continuing to remain a technical requirement for a patent application, best mode can no longer be used in litigation as a way to invalidate a patent.¹¹⁶ The elimination of failure to disclose best mode as a defense took effect immediately and applies to proceedings commenced on or after September 16, 2011.¹¹⁷ The provision applies to any application filed after the effective date, including applications claiming priority to applications filed prior to the effective

¹⁰⁸ See *In re Bear Creek Technologies, Inc.*, MDL No. 2344 (J.P.M.L. May 2, 2012).

¹⁰⁹ New 35 U.S.C § 273.

¹¹⁰ *Id.*

¹¹¹ New 35 U.S.C § 273(g).

¹¹² New 35 U.S.C § 273(e)(5)(B).

¹¹³ New 35 U.S.C § 273(e)(1)(B).

¹¹⁴ New 35 U.S.C §273(e)(1)(C).

¹¹⁵ New 35 U.S.C § 273(e)(4).

¹¹⁶ New 35 U.S.C § 282(3).

¹¹⁷ *Id.*

date.¹¹⁸ The provision does not modify current patent examining practices for application compliance with the best mode requirement of 35 U.S.C. § 112.¹¹⁹

D. Filing by Assignee

The AIA makes it easier for an assignee to file and prosecute a patent application for any inventors who are under a contractual obligation to assign their inventions.¹²⁰ The changes will also enable the individual who is under the obligation to effectively execute an oath or declaration within an assignment document.¹²¹ The ability to use a combined oath and assignment will solve some existing issues, such as when an inventor is willing to sign a declaration but not an assignment of authority and legal responsibility to represent the inventor as opposed to the assignee. The Final Rules also allow an assignee to file a patent application accompanied with appropriate proof of an obligation of the named inventors to assign the application right to the assignee, e.g., an assignment or employment agreement.¹²² Assignees are required to use these mechanisms as of September 16, 2012.

One option to consider is whether to modify employment agreements to include the language about obligation to assign, preferably in the form of a confirmation of obligation to assign that is a separately executed exhibit or attachment to the employment agreement. This approach would reduce the need for additional consideration in executing the document for existing employees, and may eliminate the need to disclose the entire employment agreement. However, it is not clear how the AIA and USPTO regulations will deal with the various state statutes imposing certain limits on an employee's obligation to assign, e.g., inventions made outside of regular employment and without use of company resources.

E. Changes to Marking Requirements—Both False and Virtual

The AIA retroactively changes the requirements for false patent marking lawsuits to significantly limit the flood of *qui tam* cases that had been filed in recent years. Now, allegations of false marking are limited solely to those raised by actual competitors who can prove actual damage as a result of any mismarking.¹²³ This provision took effect immediately and applies to court cases pending or commenced on or after September 16, 2011.¹²⁴ In addition to limiting lawsuits for false patent marking to only those filed by actual competitors, the AIA provides that patent owners may mark their products by using a web page on the Internet.¹²⁵

¹¹⁸ *Id.*

¹¹⁹ See Memorandum from Robert W. Bahr, Senior Patent Counsel Acting Assoc. Comm'r for Patent Examination Policy, U.S. Patent & Trademark Office on Requirement for a Disclosure of the Best Mode to Patent Examining Corps (Sept. 20, 2011), available at http://www.uspto.gov/aia_implementation/best-mode-memo.pdf (last visited June 28, 2012).

¹²⁰ New 35 U.S.C. § 118.

¹²¹ New 35 U.S.C. § 115(b).

¹²² 37 C.F.R. § 1.46(b) (2012).

¹²³ New 35 U.S.C. § 287(b).

¹²⁴ *Id.*

¹²⁵ New 35 U.S.C. § 287(a).

F. Priority Examinations

The AIA provides for a fast track prosecution option known as “Track One” that allows applicants to have their cases be given priority to ensure final disposition (a Notice of Allowance or Final Rejection) within one (1) year of the filing date. The only requirements to enter the fast track option are a limit on the number of claims (4 independent and 30 total claims that stays in place throughout the prosecution of the application) and an increased fee (\$4,800).¹²⁶

There is an initial limit of 10,000 requests per fiscal year to allow the USPTO to evaluate how this program does, or does not, impact the length of normal prosecution. However, it does not appear that current usage of the fast track option will threaten these initial limits. On December 19, 2011, the USPTO extended the prioritized examination procedure to allow for review of requests for continued examination in existing plant and utility applications.¹²⁷ Statistics for the priority examination proceedings can be found on the USPTO website.¹²⁸

In addition, the AIA authorizes the USPTO Director to promulgate regulations related to priority examination of certain “important” technology areas. The technology-related priority examination is expected be similar to current regulations for green technologies and goes into effect on September 16, 2012 after final regulations are promulgated.¹²⁹

G. The Rest of the Smaller Changes

1. Easier Opportunities to Correct Patents

In several places throughout the bill, the AIA removes various requirements that a party show lack of deceptive intent in order to seek some type of correction or modification to the patent by reissue, disclaimer or the correcting of the names of inventors on the patent.¹³⁰

2. No Patenting of Human Organisms

The AIA included a single sentence on patenting human organisms, stating that “[n]otwithstanding any other provision of law, no patent may issue on a claim directed to or encompassing human organism.”¹³¹ The provision does not change existing law or longstanding USPTO policy that a claim encompassing a human being is not patentable. The provision merely codifies the existing USPTO policy that human organisms are not patent-eligible subject matter.¹³²

¹²⁶ New 35 U.S.C § 41(h)(1)(A).

¹²⁷ See *Changes to Implement the Prioritized Examination for Requests for Continued Examination*, 76 Fed. Reg. 78,566 (Dec. 19, 2011) (to be codified 37 C.F.R. pt. 1).

¹²⁸ See *Patents Examination*, USPTO.GOV (last modified June 27, 2012), http://www.uspto.gov/aia_implementation/patents.jsp#heading-11.

¹²⁹ Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 25, 125 Stat. 284, 337 (2011).

¹³⁰ Leahy-Smith America Invents Act, Pub. L. No. 112-29, §§ 20, 125 Stat. 284, 333-34 (2011).

¹³¹ New 35 U.S.C §§ 116, 251, 253, 256, and 288.

¹³² *Id.*; see Memorandum from Robert W. Bahr, Senior Patent Counsel Acting Assoc. Comm’r for Patent Examination Policy, U.S. Patent & Trademark Office on Claims Directed to on Encompassing a Human

3. *Lower Fees for Micro-Entities*

The AIA adds a category for small and start-up patent applicants who would receive a 75-percent reduction in USPTO fees. These newly defined “micro-entities” include higher education organizations.¹³³

4. *Willful Infringement*

The AIA codifies current case law on willful infringement to the extent that the failure to obtain or present advice of counsel shall not be considered as a factor in determining willful infringement.¹³⁴

5. *No Patents for Tax Strategies*

Any strategy for reducing, avoiding or deferring tax liability is no longer sufficient to differentiate a claimed invention of the prior art whether the strategy was known or unknown at the time of the invention or filing. However, a method, apparatus, technology, computer program, or system is not covered under the new provision if it is (1) used solely for preparation of a tax return or other tax filing, or (2) used solely for financial management to the extent it is severable from any tax strategy and does not restrict the use of the tax strategy by any taxpayer or tax advisor. The effective date for the tax strategies provisions was immediate upon enactment and will apply to patents issued or pending on that date.¹³⁵

VI. CONCLUSIONS

There already has been a flurry of rule making, both proposed and final, and future case law will further define elements of the AIA. Certainly, any time the rules of the game change as significantly as they have been changed under the AIA, there are overhead costs during the transition period associated with educating everyone involved with the patent system about the new rules of game. Only time will tell how the changes put into effect by the AIA impact our patent system as a whole once the transition period has run its course.

Organism to Patent Examining Corps (Sept. 20, 2011), *available at* http://www.uspto.gov/aia_implementation/human-organism-memo.pdf (last visited June 28, 2012).

¹³³ New 35 U.S.C §123.

¹³⁴ Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 14, 125 Stat. 284, 327-28 (2011).

¹³⁵ New 35 U.S.C §298. *See* Memorandum from Robert W. Bahr, Senior Patent Counsel Acting Assoc. Comm’r for Patent Examination Policy, U.S. Patent & Trademark Office on Claims Directed to on Tax Strategies are Deemed to be Within the Prior Art to Patent Examining Corps (Sept. 20, 2011), *available at* http://www.uspto.gov/aia_implementation/tax-strategies-memo.pdf (last visited June 28, 2012).