IP Law Update: America Invents Act Final Rules Take Effect on September 16, 2012

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America Invents Act Final Rules Take Effect on September 16, 2012

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On August 14, 2012, the U.S. Patent and Trademark Office (PTO) released final rules implementing several provisions of the Leahy-Smith America Invents Act (AIA). The final rules govern provisions of the AIA that take effect on September 16, 2012, including:

Changes to the Oath or Declaration Requirements

The AIA amends 35 U.S.C. § 118 to allow assignees (or those to whom the inventor is under an obligation to assign or who otherwise show sufficient proprietary interest) to file and prosecute patent applications filed on or after September 16, 2012. Under the new law, the U.S. system changes from an inventor-applicant regime to an assignee-applicant regime, similar to the approach taken by most other countries. The final rules specify that, absent an applicable exception, each inventor will continue to be required to execute an oath or declaration. A simplified procedure is provided for an assignee to make a "substitute statement" when an inventor is unavailable or unwilling to sign the oath or declaration. These changes apply to U.S. applications filed under 35 U.S.C. § 111(a) on or after September 16, 2012 and U.S. national phase applications based on PCT applications filed under 35 U.S.C. § 363 on or after September 16, 2012.

The AIA also amends 35 U.S.C. § 115, changing the requirements for an inventor's oath or declaration. The new requirements provide increased flexibility. For example, under the new rules,

if the applicant files an application data sheet that identifies all the named inventors and indicates their legal name, residence, and mailing address, then the oath or declaration is no longer required to identify all the named inventors. Additionally, the new rules do not require the oath or declaration to identify the inventor's country of citizenship. And the new rules no longer require an inventor to attest to having read and understood the application, or to acknowledge the duty of disclosure. An inventor, however, is still required to have reviewed the application and have been advised of the duty of disclosure before signing the declaration. Moreover, under the new rules, the filing of an oath or declaration can be delayed until a notice of allowance is issued, provided that an application data sheet indicating the name, residence, and mailing address of each inventor has been filed. Additionally, the new rules allow for combining the declaration and assignment, in lieu of filing separate documents.

Applicants should be aware, however, that amended § 115 substantively changes the oath or declaration requirements for applications filed on or after September 16, 2012. Among other changes, amended § 115(b) requires that the oath or declaration state that "the application was made or was authorized to be made by the affiant or declarant." Current oaths and declarations do not contain this language and will not meet §115(b)'s requirements going forward. Applicants should be mindful that the new requirements are applicable to continuing applications (e.g., continuations, continuations-in-part, and divisionals), thus submitting a copy of the declaration from a parent application filed before September 16, 2012 likely will not meet the new requirements.

The final rules may be viewed here.

Post-Grant Review (PGR)

The AIA creates a new post-grant review (PGR) trial proceeding for reviewing issued patents before the patent trial and appeal board (PTAB). PGR allows for invalidity challenges based on any ground under 35 U.S.C. § 282(b)(2) or (3), except best mode. Accordingly, a PGR petition may allege invalidity for failure to comply with written description, enablement, or patentable subject matter requirements. Moreover, unlike ex parte reexamination and IPR (discussed below), submissions in a PGR are not limited to patents and printed publications; they can include evidence of public use, on-sale activities, or other public disclosures. The threshold standard is whether it is more likely than not that one or more claims are invalid (i.e., a preponderance of the evidence). A PGR petition must be filed within nine months of the patent's grant or reissue, and is not available to a party that has previously filed a declaratory judgment action challenging the validity of the patent. The final rules set the fee for a PGR with up to 20 claims at $35,800, an additional $800 being required for each claim in excess of 20. The final rules also establish an 80 page limit for PGR petitions and include a consolidated set of rules governing practice before the PTAB. With the exception of covered business method patents (discussed below), PGR is

available only for issued patents having a priority date on or after March 16, 2013, so it is not likely to come into use for several years.

The final rules may be viewed here.

Inter Partes **Review (IPR)**

Under the AIA, inter partes reexamination is replaced by inter partes review (IPR). IPR allows a third party to challenge a patent's validity under 35 U.S.C. §§ 102 or 103 based on prior art patents or printed publications. An IPR petition may be filed the later of nine months after the patent's grant or reissue (i.e., after the time for filing a PGR petition has expired), or after the termination of an initiated PGR proceeding. Like PGR, IPR is not available to a party that has previously filed a declaratory judgment action challenging the validity of the patent. A party sued for infringement must file an IPR petition within one year of service of the complaint. The threshold standard is whether there is a reasonable likelihood that the challenge will prevail. The final rules set the fee for an IPR with up to 20 claims at $27,200, an additional $600 being required for each claim in excess of 20. The final rules also establish a 60 page limit for IPR petitions. IPR is available for any patent issued on, before, or after September 16, 2012.

The final rules may be viewed here.

Transitional Program for Covered Business Method Patents

The AIA creates a new trial proceeding similar to PGR for covered business method patents. Unlike PGR, the transitional program is not limited to patents having a priority date after March 16, 2013. The proceeding is only available to a person or real party in interest or its privy that has been sued or charged with infringement of the subject patent. Moreover, the proceeding is not available for a patent directed to a "technological invention." The final rules define a "technological invention" as one in which "the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution." The fee and page limit for a petition under the transitional program are the same as those for a PGR (i.e., $35,800 for up to 20 claims, an additional $800 for each claim in excess of 20, and an 80 page limit). The program is scheduled to sunset on September 16, 2020

The final rules may be viewed here.

Ex Parte **Reexamination Fee Increase**

Under the PTO's new fee schedule, effective September 16, 2012, the fee for filing an ex parte reexamination request increases from $2,520 to $17,750.

Supplemental Examination

Supplemental examination permits a patent owner to request the PTO consider the relevance of up to twelve items of information to specified claims. This new proceeding may help patent owners concerned about material that was not considered as part of the original examination. The items submitted may include not only patents and printed publications, but also information relevant to other issues (e.g., issues under 35 U.S.C. § 112). If the PTO determines that the information raises a substantial new question of patentability (SNQP), it will order ex parte reexamination and issue a reexamination certificate upon its conclusion. If the PTO determines that the information does not raise a SNQP, then it will issue a supplemental examination certificate. Conduct relating to information submitted as part of a supplemental examination cannot be used to hold the patent unenforceable, provided the conduct was not pled with particularity prior to the supplemental examination request. The fee for a supplemental examination request is $5,140. If ex parte reexamination is ordered, the fee is $16,120. The final rules provide that if the PTO becomes aware that "a material fraud on the Office may have been committed in connection with the patent that is the subject of the supplemental examination," the PTO shall refer the matter to the Department of Justice.

The final rules may be viewed here.

Public Submissions

The AIA allows third parties to submit patents, published patent applications, or printed publications of "potential relevance" to the PTO during an application's pendency. Submissions must be accompanied by "a concise description of the relevance of each item listed" (e.g., a claim chart). Submissions may be made before the later of six months after the date of publication or the date of a first Office Action on the merits rejecting any claims, or, if earlier, before the date of a notice of allowance. For each submission of up to ten items, a $180 fee is required. A submission identifying three or fewer items, however, does not require a fee, provided it is accompanied by a statement indicating that it is the first submission by the party or a party in privity with the submitting party. While service on the applicant is not required, the final rules indicate that applicants participating in the e-Office Action program will receive electronic notification of the submission.

The final rules may be viewed here.

The AIA also revises 35 U.S.C. § 301 to permit any party to submit written statements of a patent owner regarding the scope of one or more of the patent's claims made in a court or before the PTO. Such a submission must identify the forum or proceeding in which the patent owner made the statement, cite the specific portion of the submission that contains the statement, explain how the statement takes a position on the scope of any claim, and explain how the statement applies to

the claim. If submitted by a party other than the patent owner, the submission must also reflect that a copy has been served on the patent owner.

The final rules may be viewed here.

Banner & Witcoff is diligently following implementation of the AIA. If you have any questions or concerns about how these changes may affect you or your clients, please do not hesitate to contact one of our attorneys.

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