

INSIGHTS

New America Invents Act Provisions Set to Become Effective in September 2012

August 21, 2012

The switch to a modified first-inventor-to-file system will not take place until March 16, 2013, but notably several provisions of the Leahy-Smith America Invents Act (AIA) will take effect in one month, on September 16, 2012. The U.S. Patent and Trademark Office (USPTO) recently issued its final rules to implement the upcoming changes, largely keeping in place the rules proposed in January 2012. The AIA will replace the Board of Patent Appeals and Interferences with the Patent Trial and Appeal Board. Derivation proceedings will replace interference proceedings. Additionally, a person to whom an inventor has assigned the invention, or who might otherwise have proprietary interests, may now apply for a patent. If an assignee applies for the patent, however, inventors will still be required to execute the oath or declaration that they believe themselves to be the original inventor. The most significant upcoming changes, however, relate to ways of challenging a patent's validity, such as the additions of a supplemental examination, *inter partes* and post grant review, and a transitional program for covered business method patents.

Supplemental Examination

The new supplemental examination procedures set forth in 35 U.S.C. § 257 provide that a patentee may request supplemental examination of a patent to "consider, reconsider, or correct information believed to be relevant to the patent." Only the patent owner may request a supplemental examination. The primary goal of the supplemental examination is to provide patentees with an alternative to litigating inequitable conduct allegations. The supplemental examination process allows completion within a three-month statutory period. If one or more items of information in the request raise a substantial new question of patentability, the USPTO will order an *ex parte* reexamination for a prompt resolution of the issue.

The reason a patentee may choose to use this provision is because information the USPTO considered, reconsidered, or corrected during supplemental examination cannot be the basis for rendering a patent unenforceable due to inequitable conduct. This immunity does not apply to allegations pled in a lawsuit or noticed to the patentee before the date requesting a supplemental examination. It also does not apply unless the supplemental examination and any resulting *ex parte* reexamination are completed before the patentee files a lawsuit against a potential infringer. Supplemental examination represents a risk to the patent owner, because the result could be an invalidated patent upon reexamination. The reward, however, is that potential infringers lose some of the means to challenge the validity of the patent at issue.

***Inter Partes* Review**

Under the AIA, *inter partes* review under 35 U.S.C. § 311(c) will take the place of *inter partes* reexamination. A person who is not the patent owner and has not previously filed a lawsuit challenging the validity of a patent claim may file an *inter partes* review. An *inter partes* review petitioner, however, only may request to invalidate one or more patent claims on the basis of lack of novelty under 35 U.S.C. § 102 (novelty requirement) or as obvious under 35 U.S.C. § 103 (non-obviousness requirement) and only based on prior art consisting of patents or printed publications. An *inter partes* review cannot be filed until after the later of nine months after the grant of a patent or the date of termination of any post grant review of the patent. The patentee may file a preliminary response, providing reasons why no *inter partes* review should be conducted. An *inter partes* review petition must show there was a reasonable likelihood that the petitioner would prevail as to at least one of the claims. Once the petitioner has met that burden, the USPTO will institute an *inter partes* review on a claim-by-claim basis, to be completed within one year from institution.

Post Grant Review

Post grant review is another method for third parties to challenge a patent's validity that becomes available next month. Most aspects of the post grant review will mirror the *inter partes* review. For example, the petition requirements and patentee response are virtually the same. There are some differences, however. Post grant review only will apply to those patents granted through the first-inventor-to-file system. Furthermore, patents subject to post grant review may be challenged under 35 U.S.C. § 101 (utility or patentable subject matter requirement) and 35 U.S.C. § 112 (definiteness requirement) in addition to § 102 (novelty requirement) or § 103 (non-obviousness requirement). Additionally, the post grant review petitioner has a higher burden to initiate this procedure. Before the USPTO will conduct a post grant review, the petitioner must show it is more likely than not that at least one of the challenged claims is not patentable. This is a higher burden on the petitioner than the reasonable likelihood standard used in *inter partes* review.

Transitional Program for Covered Business Method Patents

The AIA also creates a transitional program for some business method patents whereby alleged infringers can challenge a covered business method patent's validity through post-grant review. The AIA defines "covered business method patents" as those claiming "a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological innovations." The final rules issued by the USPTO, however, fail to address what exactly constitutes a "technological innovation." The USPTO leaves that to be determined on a case-by-case basis, by looking at whether the invention uses a technical solution to solve a technical problem. This transitional program permits those accused of infringing business method patents to bring a post grant review proceeding without some of the restrictions, such as the time limitation to file for review. The petitioner, however, must have been sued for or accused of infringing a business method patent before filing for review under this provision.

As always, should questions about the legal issues discussed in this article arise or implications about how the new AIA provisions will affect you, please contact your Bracewell & Giuliani, LLP intellectual property attorneys.