

PATENT REFORM MEANS FAR-REACHING CONSEQUENCES FOR INVENTORS



Paul J. Sutton
Sutton Magidoff LLP

On September 16, 2011, President Barack Obama signed into US law HR 1249, which is also called the Leahy-Smith America Invents Act. This reform of the US Code, Title 35, promises to have far-reaching consequences for individual inventors, small businesses and large corporations. It will have profound effects upon how US patent applications are prepared, and how US patents are obtained, licensed and enforced.

While most changes in these patent laws will take effect a year from signing, on September 16, 2012, some important changes took effect upon President Obama's signing, including litigation-related provisions and a brand new criterion affecting *inter partes* re-examination proceedings. Other fee-related changes took effect on September 26, including a 15 percent surcharge on many, if not most, US Patent and Trademark Office (USPTO) fees and requests for expedited examination. One highly controversial provision, the 'first-to-file' provision, as well as new post-grant review proceedings, will not take effect for 18 months, on March 16, 2013. Post-grant reviews of categories of business method patents can be made on or after September 16, 2012.

New implementation rules, including an opportunity to comment, will affect many of these changes in law. The USPTO has already begun to receive public comments. Some of the key changes in the new law are summarised below:

Amended 35 USC §102, while retaining a one-year grace period for filing a US patent application after public inventor-caused or inventor-derived divulgation of the claimed invention, now creates a 'first-to-file' system conforming to that already adopted by most Western countries. This will virtually eliminate future costly, time-consuming Interference Proceedings under which the 'first-to-invent' was determined. It is widely perceived that this change to 'first-to-file' will work to the advantage of larger corporations with the resources to race to the USPTO with patent applications, and will put a financial strain on individual inventors and small businesses. There may be instances where some may attempt to resort to maintaining their inventions as trade secrets. This will not be possible, however, where the invention is obvious and detected by mere inspection of a product incorporating the invention. The one-year grace period will prevent such disclosures from constituting prior art.

Under 35 USC §282, the common 35 USC §112 defence of "failure to disclose the best mode of carrying out an invention" has been eliminated.

Under new 35 USC. §321-329, US patents can be challenged in USPTO opposition proceedings within nine months of their grant or re-issuance, based on any grounds.

Under the amended 35 USC. §311-319, *inter parte* challenges to US patents are permitted within nine months of their grant or re-issuance, based on issued patents or printed publications.

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Limitations on improper use of review proceedings are designed to protect patentees, such as, by way of example, where a prior district court action by the challenging petitioner already seeks a finding of invalidity of the patent in suit.

The new act creates an opportunity for the post-grant review of business method patents.

Under new 35 USC §298, in a patent infringement litigation, the fact that the accused infringer failed to obtain an opinion from counsel, or who fails to produce such an opinion during the litigation, cannot be used to prove wilful infringement.

The brakes have been put on regarding the proliferation of false marking litigation by parties who have never suffered competitive injury therefrom. Amended 35 USC §292 restricts standing to sue to the US government and person(s) who have so suffered. Any associated damages will be limited to those adequate to compensate for the injury.

Under 35 USC §14, there is an express prohibition against the award of patents covering tax reduction, avoidance and deferral strategies.

Under the new 'first-to-file' law, there will be instances where those who were not the first-to-invent will wind up owning patent protection which, conceivably, may be used against the true first inventor. On the other hand, the elimination of future protracted (many years in some cases) Interference Proceedings will be welcomed by many, since there will be an earlier degree of certainty associated with 'first-to-file'.

Patent practitioners should familiarise themselves with these changes in the law, so that they are best equipped to provide inventors as well as businesses with strategies for protecting their inventions. ■

Paul J. Sutton is a founding partner of Sutton Magidoff LLP. He can be contacted at: paul@suttonmagidoff.com