The Leahy-Smith America Invents Act: 
The Challenge of Implementation

ACPC 2012 Winter Meeting
San Diego, California
January 17, 2012

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Office of Governmental Affairs
U.S. Patent and Trademark Office (USPTO)
• Most significant change in patent law since 1836.

• Provisions discussed over the course of five congresses while:
  • Active discussion in the courts and in industry throughout on what needs to be addressed in real patent reform
  • Significant efforts to address backlog at the agency
  • Uncertain funding levels

• Now, challenge is implementing effectively.
Congressional History of Patent Reform Legislation

- Federal Trade Commission (FTC) and National Academies of Sciences (NAS) Reports issued
- House holds hearings on “Committee Print” (Rep. Smith, April 2004)

109th Congress (2005-2006)
- Senate introduces S.3818 (Sen. Hatch); hearings held
- House introduces H.R.2795 (Rep. Smith); hearings held
- H.R.5096, PDQ Act introduced (Rep. Berman) – *inc. Post Grant, Willfulness, Venue and Injunctions*

110th Congress (2007-2008)
- Senate holds hearings on S.1145; Committee adopts bill but it is never considered on the Floor

111th Congress (2009-2010)
- S.515 and H.R.1260 introduced at Joint Press Conference (March 2009)
- Senate Judiciary Committee Amends and Reports out S.515 (April 2009)
- Administration submits “views letter” supporting much of S.515 (Oct. 2010)

112th Congress (2011-2012)
- S.23 passes the Senate March 8, by a vote of 95-5
- H.R.1249 passes the House June 23 by a vote of 304-117; passes the Senate September 8.
- **H.R. 1249 Signed into law, September 16, 2011 as Public Law 112-29.**
Goals of Patent Reform Legislation:

- Encourage innovation and job creation
- Support USPTO's efforts to improve patent quality and reduce backlog
- Establish secure funding mechanism
- Provide greater certainty for patent rights
- Provide less costly, time-limited administrative alternatives to litigation
The Leahy-Smith America Invents Act, signed by the President on September 16, 2011 as Pub. Law 112-29 (H.R.1249)

Key Provisions of the Act:

- Transition to First-Inventor-to-File
- Provide USPTO Fee-Setting Authority
- Establish Post-Grant and Inter Partes Review Procedures
- Post-Grant Review of Business Method Patents
- Supplemental Examination Procedure
- 3rd Party Submissions of Prior Art
- Priority Examination for Important Technologies
- Limits False Marking Litigation
- Expansion of the Existing Prior User Defense
The Challenge of Implementation

..and getting most of it done in the first year!
The “Leahy-Smith America Invents Act”
Implementation of AIA

**Step 1:** A website: aia_implementation@uspto.gov

- Details/Updates USPTO actions to implement AIA provisions
- Lists outreach/educational events conducted by USPTO staff
- Receives preliminary input and comments from stakeholders and also facilitates formal rule making process
www.uspto.gov/AmericaInventsAct
Challenges of Implementation

Step 2: The Challenge of implementation...

- Numerous provisions to implement simultaneously
  - Challenge: Ensure that regulations and/or guidance are complementary.

- Short time periods for implementation
  - Date of enactment, 10 days after, 12 months, 18 months.

- Coordination within USPTO and with other governmental agencies:
  - Including: U.S. Small Business Association, U.S. Trade Representative, Secretary of State, Attorney General, and Secretary of Commerce.

- Effectively addressing new operational challenges (for example, IT updates, training, hiring personnel).

- Funding uncertainty during the balance of FY12.
Organizing and Prioritizing the Work

**The work to be done:**
- Three Groupings of Rulemakings and Other Actions
- Studies and other Requirements

**How we’ll do it:**
- Stick to a schedule
- Effectively engage / solicit public comment
- Continue doing all the things we know are already working to reduce the backlog and pendency
- Ensure we have the resources to get it done
Patent Reform Legislation – “America Invents Act”

Major Milestones thus far:

✓ **September 26, 2011** - two provisions implemented:
  - Began accepting applications for our “Track 1” accelerated examination
  - Began collecting a 15% surcharge on patent fees to support backlog reduction efforts

✓ **January 6, 2012**, published first 4 Notices of Proposed Rule Making (NPRMs)
  - Inventor’s oath and declaration
  - Third party submission of prior art in a patent application
  - Citation of prior art in a patent file
  - OED Statute of Limitations

✓ **January 13, 2012** – Delivered first 2 studies required under the AIA to Congress
  - Global Patenting for Small Business
  - Prior User Rights Defense (Comparison and Impact Study)
Group 1 Rulemakings and Other Actions
(60-Day and Under Effective Dates)

<table>
<thead>
<tr>
<th>Date of Enactment (Sept. 16, 2011)</th>
<th>10 Days After Date of Enactment (Sept. 26, 2011)</th>
<th>60 Days After Date of Enactment (Nov. 16, 2011)</th>
<th>October 1, 2011 (beginning of the new Fiscal Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Reexamination transition for threshold</td>
<td>• Prioritized examination</td>
<td>• Electronic filing incentive</td>
<td>Reserve fund</td>
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<tr>
<td>• Tax strategies are deemed within the prior art</td>
<td>• 15% transition surcharge</td>
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<td>• Best mode</td>
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<td>• Human organism prohibition</td>
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<td>• Patent term extension for drugs</td>
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<td>• Virtual and false marking</td>
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<tr>
<td>• Venue change from DDC to EDVA for suits brought under 35 U.S.C. §§ 32, 145, 146, 154 (b)(4)(A), and 293</td>
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<tr>
<td>• OED Statute of Limitations</td>
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<tr>
<td>• Fee Setting Authority (Sec. 10)</td>
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<td>• Establishment of micro-entity (effective after Sec. 10 rulemaking completed)</td>
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Inventor’s oath/declaration

Third party submission of prior art for patent application

Supplemental examination

Citation of prior art in a patent file

Priority examination for important technologies

Inter partes review

Post-grant review

Transitional post-grant review program for covered business method patents
Group 3 Rulemakings and Other Actions
(18-Month Effective Date)

- First-Inventor-to-File
- Derivation proceedings
- Repeal of Statutory Invention Registration
### Studies: USPTO as Lead Agency

<table>
<thead>
<tr>
<th>Topic</th>
<th>Objective</th>
<th>Due Date from Enactment</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Protection for Small Businesses</td>
<td>Report on how to help small businesses with international patent protection, including a revolving fund loan or grant program to defray costs</td>
<td>4 months Completed</td>
</tr>
<tr>
<td>Prior User Rights</td>
<td>Report on the operation of prior user rights in other industrialized countries</td>
<td>4 months Completed</td>
</tr>
<tr>
<td>Genetic Testing</td>
<td>Report on providing second opinion genetic diagnostic testing</td>
<td>9 months</td>
</tr>
<tr>
<td>Misconduct Before the Office</td>
<td>Report on impact of new statute of limitations provisions barring disciplinary action in response to substantial evidence of misconduct before the Office</td>
<td>Every 2 years</td>
</tr>
<tr>
<td>Satellite Offices</td>
<td>Report on the rationale for selecting the location of satellite offices, progress in establishment, and achieving identified purposes</td>
<td>3 years</td>
</tr>
<tr>
<td>Virtual Marking</td>
<td>Report on the effectiveness of the virtual marking as an alternative to physical marking articles</td>
<td>3 years</td>
</tr>
<tr>
<td>Implementation of AIA</td>
<td>Report on how AIA is being implemented by the USPTO and its effect on innovation, competitiveness, and small business access to capital</td>
<td>4 years</td>
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### Studies: USPTO as Consultant

<table>
<thead>
<tr>
<th>Topic</th>
<th>Lead Agency</th>
<th>Objective</th>
<th>Due Date from Enactment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effects of First-Inventor-to-File on Small Business</td>
<td>Small Business Administration</td>
<td>Report on effects of switching to a first-inventor-to-file system on small business concerns</td>
<td>1 year</td>
</tr>
<tr>
<td>Patent Litigation</td>
<td>General Accountability Office</td>
<td>Report on impact of patent infringement litigation by non-practicing entities</td>
<td>1 year</td>
</tr>
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## Programs: USPTO to Establish

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<th>Objective</th>
<th>Due Date from Enactment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro Bono</td>
<td>Directs USPTO to work with IP law associations to establish pro bono programs to assist financially under-resourced independent inventors and small businesses</td>
<td>Immediately</td>
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<td>Diversity of Applicants</td>
<td>Requires USPTO to establish methods for studying diversity of patent applicants</td>
<td>6 months</td>
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<td>Patent Ombudsman for Small Businesses</td>
<td>Requires USPTO to establish and maintain a Patent Ombudsman Program to provide support and services to small business concerns and independent inventors</td>
<td>12 months</td>
</tr>
<tr>
<td>Satellite Offices</td>
<td>Requires USPTO to establish 3 or more satellite offices in the U.S.</td>
<td>3 years</td>
</tr>
</tbody>
</table>

4/3/2012
Thank you.

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