USPTO Implementation of the America Invents Act

Teresa Stanek Rea
Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office
America Invents Act

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
### Implemented Provisions

**Group 1; Effective on September 16, 2011 or within 60 days**

<table>
<thead>
<tr>
<th>AIA Provision</th>
<th>Implementation Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Tax strategies are deemed within the prior art</td>
<td>Memo to Examiners, Sept. 20, 2011</td>
</tr>
<tr>
<td>3. Best mode</td>
<td>Memo to Examiners, Sept. 20, 2011</td>
</tr>
<tr>
<td>4. Human organism prohibition</td>
<td>Memo to Examiners, Sept. 20, 2011</td>
</tr>
</tbody>
</table>
# Prioritized Exam Stats
(as of 1/18/12)

<table>
<thead>
<tr>
<th></th>
<th>Petitions Filed</th>
<th>Days to Petition Decision</th>
<th>% Petitions Granted</th>
<th>Days from Petition to first Office action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Numbers</td>
<td>1694</td>
<td>40.8</td>
<td>98.9</td>
<td>852</td>
</tr>
</tbody>
</table>

## Examination Status

<table>
<thead>
<tr>
<th>Examination Status</th>
<th>First Action on Merits mailed</th>
<th>Final Dispositions mailed</th>
<th>Number of Allowances of Final Dispositions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Track 1 applications</td>
<td>648</td>
<td>3</td>
<td>23</td>
</tr>
</tbody>
</table>
Prioritized Exam
(Effective September 26, 2011)

• Original utility or plant patent application accorded special status for expedited examination if:
  – $4,800 fee, reduced by 50% for small entity;
  – no more than 4 independent claims, 30 total claims, and no multiple dependent claims; and
  – must file application electronically (utility application)

• Does not apply to international, design, reissue, or provisional applications or in reexamination proceedings

• May be requested for a continuing application when filed, now also available for RCEs
12 Month Timeline

- **OCT**: OMB Review of G2 NPRMs
- **NOV**: Public Comment on G2 NPRMS
- **DEC**: USPTO Public Roundtables on NPRMs
- **JAN**: Prepare G2 FRs
- **FEB**: OMB Review of G2 FRs
- **MAR**: Delayed Effective Date of G2 FRs
- **APR**: USPTO Public Roundtables on FRs
- **MAY**: USPTO Prepare Internal Guidance, MPEP Updates, Examiner Training, etc. on G2 FRs

Timeline:
- SEPT 16 2011
- JUN 16 2012

1/18/2012
**Proposed Rules in Progress (12 Month timeline)**

<table>
<thead>
<tr>
<th>NPRMs Published Ahead of Schedule</th>
<th>NPRMs Awaiting OMB Clearance*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventor’s oath/declaration</td>
<td>Supplemental examination</td>
</tr>
<tr>
<td>Third party submission of prior art in a patent application</td>
<td>Inter partes review</td>
</tr>
<tr>
<td>Citation of prior art in a patent file</td>
<td>Post-grant review</td>
</tr>
<tr>
<td>OED Statute of Limitations</td>
<td>Transitional program for covered business method patents</td>
</tr>
<tr>
<td></td>
<td>Derivation</td>
</tr>
</tbody>
</table>

* USPTO submitted the proposed rules to OMB on schedule in mid-December 2011 and is expecting OMB clearance by January 18, 2012, per an USPTO-OMB agreement for a 30-day review.
Inventor’s Oath/ Declaration
(Effective September 16, 2012)

- Patent granted on application filed by assignee must be to the real party in interest

- Individual under an obligation of assignment may include required statements in executed assignment and need not file a separate oath/declaration

- Applicant’s citizenship no longer required

- Deceptive intent eliminated from 35 U.S.C. §§ 116, 251, 253, and 256
Citation of Prior Art in a Patent Application (Effective September 16, 2012)

- Allows third parties to submit printed publications of potential relevance to examination if certain conditions are met:
  - must provide, in writing, an explanation of the relevance of the submitted documents;
  - must pay the associated fees; and
  - must include a statement by the third party making the submission affirming that the submission is being made in compliance with new 35 U.S.C. 122(e)
Patent owner may request supplemental examination of a patent to “consider, reconsider, or correct information” believed to be relevant to the patent; if a validity issue is raised within 3 months from the request, the USPTO will reexamine the patent.

- Prompt elimination of invalid patent claims.

- No inequitable conduct allegations can be based upon the information considered, reconsidered, or corrected during a supplemental examination.

- Provides an alternative to having a court consider misconduct and validity issues in a later patent infringement litigation.
Inter partes reexamination
  - Modified by AIA
  - Phasing out

Inter partes review
  - Will replace inter partes reexams, but there will be overlap for years

Post-grant review (PGR)

Transitional program for business method patents
Inter Partes Review

• Effective September 16, 2012

• New threshold
  – “Reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the request”

• New estoppel – 35 USC §315(e)
  – “Raised or reasonably could have raised” estoppel applies to:
    • Other USPTO proceedings/ District Court / ITC Action
  – Estoppel attaches only upon final written decision
Post-Grant Review Proceedings

• Creates a nine-month window in which the patentability of a patent can be reviewed.

• Requires a threshold showing that it is “more likely than not” that at least one of the claims challenged is unpatentable.

• Petitioner may raise invalidity of the patent or any claim.

• Generally limited to patents for which the first-to-file provisions apply.
• Effective September 16, 2012

• Threshold
  – 35 USC §324
  – “More likely than not at least 1 of the claims challenged in the petition is unpatentable”

• Estoppel – 35 USC §325(e)
  – “Raised or reasonably could have raised” estoppel applies to:
    • Other USPTO proceedings/ District Court / ITC Action
  – Estoppel attaches only upon final written decision
## Quality: Contested Case Proceedings
(Effective September 16, 2012)

<table>
<thead>
<tr>
<th>Proceeding</th>
<th>Petitioner</th>
<th>Available</th>
<th>Standard</th>
<th>Basis</th>
<th>Applicable</th>
<th>Estoppel</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post Grant Review (PGR)</td>
<td>Must identify real party in interest</td>
<td>Patent grant to 9 months from patent grant</td>
<td>More likely than not</td>
<td>101, 102, 103, 112, double patenting but not best mode</td>
<td>Patent issued under first-to-file</td>
<td>Raised or reasonably could have raised</td>
<td>Must complete within 12 months from institution, with 6 months good cause exception possible</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>OR</td>
<td></td>
<td></td>
<td>Applied to subsequent USPTO/district court/ITC action</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Novel or unsettled legal question important to other patents/applications</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inter Partes Review (IPR)</td>
<td>Must identify real party in interest</td>
<td>10 months from patent grant for life of patent or termination of a PGR; Director may limit number during first 4 years</td>
<td>Reasonable likelihood</td>
<td>102 and 103</td>
<td>Any patent pending on September 16, 2012</td>
<td>Raised or reasonable could have raised</td>
<td>Must complete within 12 months from institution, with 6 months good cause exception possible</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Applied to subsequent USPTO/district court/ITC action</td>
<td></td>
</tr>
</tbody>
</table>
Contested Cases

Petition Phase

• Initiated by third party petition
• Patentee file preliminary response to petition
• USPTO must decide petition within 3 months from the patentee’s response, if any

Review Phase

• Patentee may file response with evidence
• Patentee has 1 motion to amend claims
• Petitioner may file written comments and supplemental information at least 1 time
Contested Cases: Review Phase (cont.)

- Discovery available to both parties
  - IPR: USPTO to set standards for discovery of relevant evidence limited to:
    - Depositions of witnesses submitting affidavits or declarations; and
    - Otherwise necessary in the interest of justice
  - PGR: evidence directly related to factual assertions advanced by either party
Contested Cases: Review Phase (cont.)

• Protective orders possible

• Oral hearing as a right

• Director may join petitioners and consolidate

• May be settled
Contested Cases: Relationship to Parallel Litigation

- If petitioner files a declaratory judgment action:
  - Before PGR/IPR, then no PGR/IPR
  - After PGR/IPR, then automatic stay of litigation

- If patentee sues for patent infringement within 3 months of patent grant, then court may not stay a preliminary injunction motion in view of the PGR

- If petitioner seeks an IPR more than 1 year after being sued for patent infringement, then no IPR
AIA Roadshows on Proposed Rules

<table>
<thead>
<tr>
<th>Date</th>
<th>Venue</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friday, February 17</td>
<td>USPTO Campus</td>
<td>Alexandria, VA</td>
</tr>
<tr>
<td>Friday, February 24</td>
<td>Sunnyvale Public Library</td>
<td>Sunnyvale, CA</td>
</tr>
<tr>
<td>Monday, February 27</td>
<td>Marriott Library, University of Utah</td>
<td>Salt Lake City, UT</td>
</tr>
<tr>
<td>Wednesday, February 29</td>
<td>Dallas Public Library</td>
<td>Dallas, TX</td>
</tr>
<tr>
<td>Friday, March 2</td>
<td>Broward County Main Library</td>
<td>Ft. Lauderdale, FL</td>
</tr>
<tr>
<td>Monday, March 5</td>
<td>Boston Public Library</td>
<td>Boston, MA</td>
</tr>
<tr>
<td>Wednesday, March 7</td>
<td>Chicago Public Library</td>
<td>Chicago, IL</td>
</tr>
</tbody>
</table>
Fee Setting Implementation

• Fee Setting Authority
  – Authority to set or adjust fees became effective on September 16, 2011
  – Authority to be exercised by rulemaking under 17 month timeline
  – Step 1 of rulemaking involves PPAC fee setting hearings
    • February 15, 2012 @ USPTO
    • February 23, 2012 @ Sunnyvale, CA
Implementation in Future: 18 Month Timeline* (Group 3; Effective on March 16, 2013)

1. First-Inventor-to-File

2. Derivation proceedings

3. Repeal of Statutory Invention Registration
18 Month Timeline*

<table>
<thead>
<tr>
<th>JAN 2012</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUNE</th>
<th>JULY</th>
<th>AUG</th>
<th>SEPT</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
<th>JAN 2013</th>
<th>FEB</th>
<th>MAR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Prepare G3 NPRMs</td>
<td>OMB Review of G3 NPRMs</td>
<td>Public Comment on G3 NPRMs USPTO Public Roundtables on NPRMs</td>
<td>Prepare G3 FRs</td>
<td>OMB Review of G3 FRs</td>
<td>Delayed Effective Date of G3 FRs USPTO Public Roundtables on FRs</td>
<td>USPTO Prepare Internal Guidance, MPEP Updates, Examiner Training, etc. on G3 FRs</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*1/18/2012
First-to-file
(Effective March 16, 2013)

- Transitions the U.S. to a first-to-file patent system while maintaining a 1-year grace period for inventor disclosures

- Prior public use or prior sale anywhere qualifies as prior art (prior public use and sale is no longer limited to the U.S.)

- U.S. patents and patent application publications are effective as prior art as of their priority date (no longer limited to U.S. priority date), provided that the subject matter relied upon is disclosed in the priority application

- Applies to:
  - Claim with an effective filing date on or after March 16, 2013; and
  - Claim for benefit to an application that ever had a claim with an effective filing date on or after March 16, 2013
Derivation Proceedings

- Effective 18 months after enactment
- Apply where another “derived” the invention from an inventor
- Petition requirements
  - Petition must be supported by substantial evidence that the claimed invention was derived from petitioner
  - Petition must be filed within one year of first publication of a claim to an invention that is the same or substantially the same invention as earlier application’s claim to the invention, § 135(a)
• 7 studies for USPTO to conduct as lead

• 2 studies completed

<table>
<thead>
<tr>
<th>Topic</th>
<th>Due Date from Enactment</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Patent Protection for Small Businesses</td>
<td>January 16</td>
</tr>
<tr>
<td>Prior User Rights</td>
<td>January 16</td>
</tr>
<tr>
<td>Genetic Testing</td>
<td>9 months</td>
</tr>
<tr>
<td>Misconduct Before the Office</td>
<td>Every 2 years</td>
</tr>
<tr>
<td>Satellite Offices</td>
<td>3 years</td>
</tr>
<tr>
<td>Virtual Marking</td>
<td>3 years</td>
</tr>
<tr>
<td>Implementation of AIA</td>
<td>4 years</td>
</tr>
</tbody>
</table>
Int’l Patent Protection for Small Businesses Study

- USPTO studied how the USPTO and other federal agencies can best financially help small businesses with patent protection overseas.

- USPTO consulted with the Department of Commerce and the Small Business Administration.

Int’l Patent Protection Report

Recommendations

• Engage in diplomacy and harmonization to reduce the costs associated with filing foreign patent applications (e.g., via small entity discounts);

• Expand IP education and training for U.S. small businesses;

• Engage industry regarding how to best support U.S. small business efforts to patent internationally (e.g., corporate venture capital); and

• Collect more information and conduct further study regarding governmental financial assistance to U.S. small businesses (e.g., loan versus grant)
Prior User Rights Study

• USPTO studied the operation of prior user rights (PUR) in other industrialized countries

• USPTO consulted with the United States Trade Representative, Secretary of State, and Attorney General

• Report (60-pages) timely submitted to Congress on January 13, 2012
Prior User Rights Report
Recommendations

• PUR defense in the AIA is consistent with that offered by major trading partners;

• No substantial evidence that PUR defense in the AIA will have a negative impact on innovation, venture funding, small businesses, universities, or independent inventors;

• U.S. should re-evaluate economic impact of PUR defense in “Implementation of AIA” report due to Congress in 2015;

• PUR defense is appropriate balance between trade secret protection and patent law; and

• U.S. patent law should provide for a PUR defense to address inequity inherent in a first-inventor-to-file system
Genetic Testing Study

• USPTO to report on effective ways to provide independent, confirming genetic diagnostic tests where:
  – gene patents; and
  – exclusive licensing for primary genetic diagnostic tests

• Federal Register RFI to issue next week
  – Hearings:
    • February 16, 2012 @ USPTO
    • March 9, 2012 @ University of San Diego School of Law
  – Written comments: late January to late March

• Report due by June 16, 2012
Satellite Offices

- USPTO required to open 3 satellite offices in three years

- Initial office planned for Detroit; location secured and opening in Summer 2012

- Request for Comments on Additional USPTO Satellite Offices for the Nationwide Workforce Program, 76 Fed. Reg, 73601 (Nov. 29, 2011)
  - Written comments due by January 30, 2012
• Minnesota program running

• Task Force formed to expand the program to other cities; USPTO participating

• First meeting held on October 21, 2011
AIA Micro-Site

The USPTO website devoted to America Invents Act legislation

One-stop shopping for all America Invents Act information.

The full text of the bill and summary documents, including all the legislative history

Implementation plans

Announcements

Contact Information

http://www.uspto.gov/AmericaInventsAct
Thank You