The America Invents Act of 2011

What it means for USPTO and the Challenge Ahead

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The Leahy-Smith America Invents Act, P.L. 112-29

- 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 backlog at the agency and significant efforts to address it
  - Uncertain funding levels
- Now, the challenge of implementation.
Congressional History of Patent Reform Legislation

- Federal Trade Commission (FTC) and National Academies of Sciences (NAS) Reports issued
- House hold 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

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)

Patent Reform Legislation – “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
The Leahy-Smith America Invents Act of 2011, signed by the President on September 16, 2011 as P.L. 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

Significantly, earlier this week, we implemented two provisions:
- Began accepting applications for our “Track 1” accelerated examination
- Began collecting a 15% surcharge on patent fees to support backlog reduction efforts
Preparing for Implementation
...and getting most of it done in the first year!
The "Leahy Smith America Invents Act"

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**Patent Reform Legislation – “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
- Receive preliminary input and comments from stakeholders
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 a Continuing Resolution.
**USPTO’s AIA Implementation Task Force**

- Task Force
- Core Team
- Patent Working Group
- BPAI Working Group
- Finance Working Group

**Group 1 Rulemakings and Other Actions**

<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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<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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Group 2 Rulemakings
(12 Month Effective Date)

- 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</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</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 the 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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</tbody>
</table>

## Studies: USPTO as Consultant

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<tr>
<th>Topic</th>
<th>Lead Agency</th>
<th>Objective</th>
<th>Due Date from Enactment</th>
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<tr>
<td>Effects of First-Inventor-to-File on Small Business</td>
<td>Small Business Administration</td>
<td>Report on effects of small businesses switching to a first-inventor-to-file system.</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>
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<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>
</tr>
<tr>
<td>Diversity of Applicants</td>
<td>Requires USPTO to establish methods for studying diversity of patent applicants</td>
<td>6 months</td>
</tr>
<tr>
<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>
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**Thank you.**

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