

The America Invents Act: Fostering Innovation and Economic Growth



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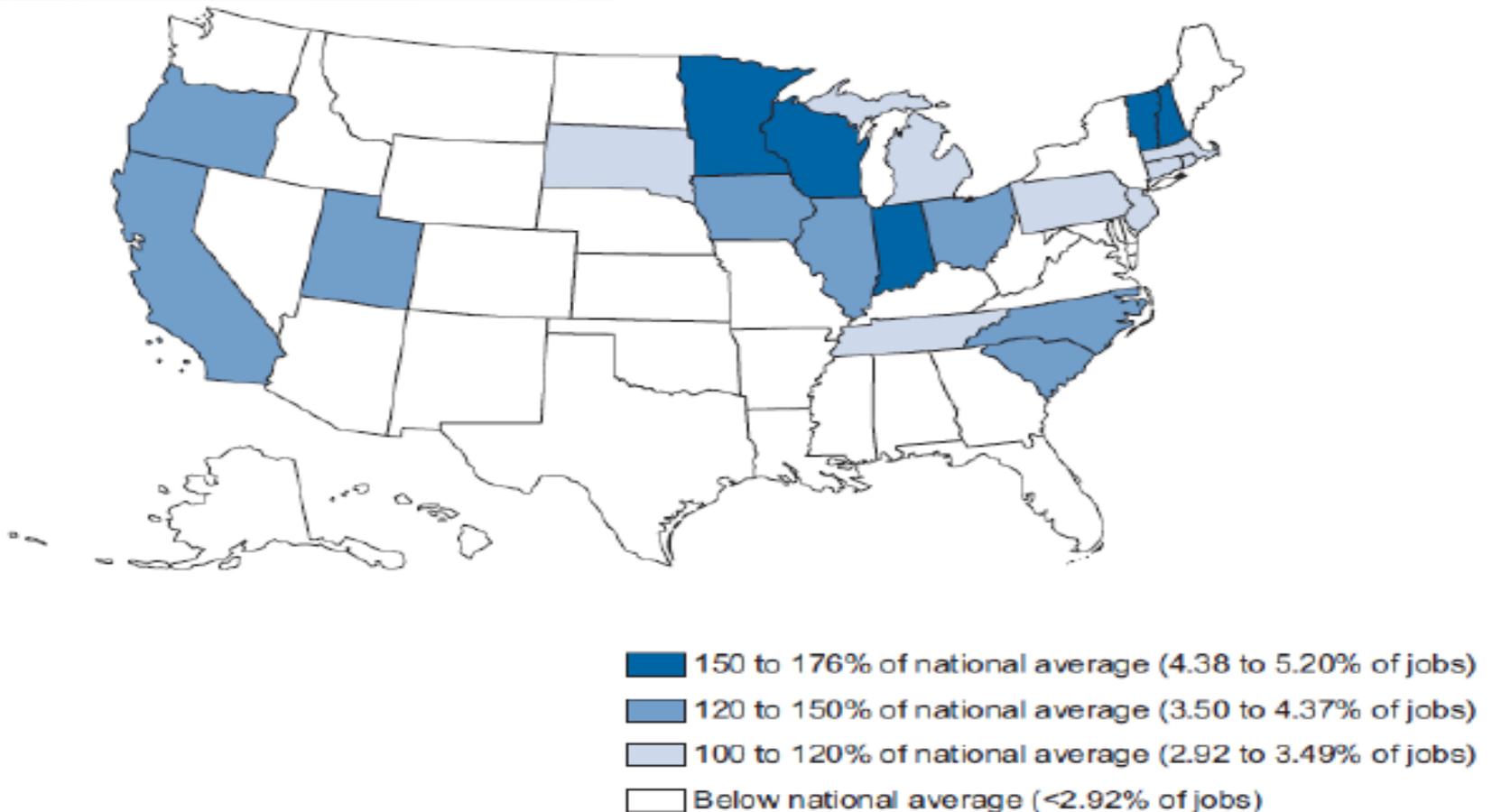


Intellectual Property and the U.S. Economy: Industries in Focus (Data for 2010)

- Entire U.S. economy relies on some form of IP
- 40 million jobs tied to IP-intensive industries
- \$5.06 trillion, or 34.8% of U.S. gross domestic product, attributable to IP-intensive industries
- 42% higher wages in IP-intensive industries
- 60.7% of all exports, or \$775 billion, from IP-intensive industries



IP-Intensive Industries by State



Source: ESA calculations using data from the Bureau of Labor Statistics' Quarterly Census of Employment and Wages.



Characteristics of the AIA

Give certainty to patent rights sooner

Remove/prevent poor quality patents faster

Build a 21st century patent system



First-inventor-to-file (Effective March 16, 2013)

| Aspect of Law | First-to-invent | First-inventor-to-file |
|--|---|---|
| 1 year grace period | YES | |
| Public use or sale as prior art | Geographic limitation to United States only | No geographic limitation —may occur anywhere in the world |
| Patents and patent application publications as prior art | As of effective filing date: -actual filing date; or -filing date of the earliest U.S. application for which a right of priority is sought | As of effective filing date: -actual filing date; or -filing date of the earliest application for which a right of priority is sought, regardless if filed in U.S. or a foreign country |



Supplemental Exam: Availability (Effective September 16, 2012)

- Patent owner may request supplemental examination of a patent to “consider, reconsider, or correct information” believed to be relevant to the patent
- “Information” that forms the basis of the request is not limited to patents and printed publications



Supplemental Exam: Inequitable Conduct Immunization

- Purpose is to immunize the patent against an allegation of inequitable conduct for the information considered, reconsidered, or corrected during supplemental examination
- But immunity does not apply
 - To allegations pled in a civil action or notice to the patentee before the date of the request for supplemental examination, and
 - Unless the supplemental examination and any resulting *ex parte* reexamination is completed before the civil action is brought



Supplemental Exam: Process

- USPTO must decide whether the information in the request raises a “substantial new question of patentability” within 3 months from the request
- Supplemental examination concludes with a supplemental reexamination certificate indicating whether any item of information raised an SNQ
- If an SNQ is raised by one or more items of information, then *ex parte* reexamination will be ordered



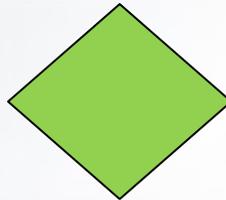
Supplemental Exam: Flowchart

Patent Owner Request



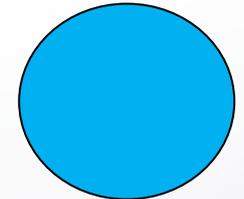
3 months

Decision on Patent Owner Request:
Standard Triggered?



YES

Ex Parte Reexamination



NO

Supplemental Examination Complete



Supplemental Examination: Proposed Rules

- Request limited to 10 items of information
- But more than one request for supplemental examination of the same patent may be filed at any time



Supplemental Examination: Proposed Rules

- Request must include, for example:
 - Identification of the patent and each aspect of the patent for which supplemental examination is sought; and
 - Identification of each item of information that raises an issue with respect to that aspect of the patent



Supplemental Examination: Proposed Rules

- No amendment to any aspect of the patent may be filed in the supplemental examination
- No interview during supplemental examination
- But if *ex parte* reexamination is ordered, an amendment may be filed and interview occur after the issuance of the initial Office action
- Supplemental examination certificate will be in electronic form



Supplemental Exam: Proposed Fees

| Service | Cost |
|---|------------------|
| Filing fee (for processing and treating a request for supplemental examination) | \$ 5180 |
| Reexamination fee (ordered as a result of supplemental examination) | \$16,120 |
| Document size fees for processing and treating a non-patent document over 20 sheets in length | |
| TOTAL | \$21,300+ |
| Refund if the Office decides not to order an ex parte reexamination proceeding | \$16,120 |



Preissuance Submissions: Content (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 fee set by the Director;
 - must include a statement by the third party making the submission affirming that the submission is compliant with statutory requirements; and
 - must meet timing requirements

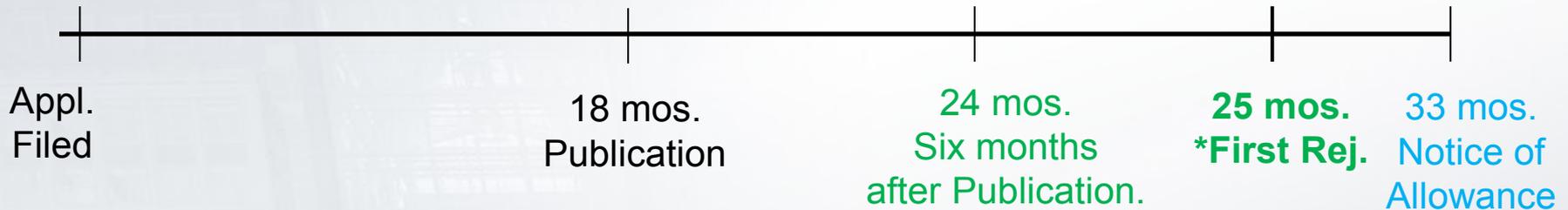


Preissuance Submissions: Timing

- Submission must be made before the earlier of:
 - (A) date a notice of allowance under 35 U.S.C. § 151 is given or mailed in the application; or
 - (B) the later of
 - 6 months after the date on which the application is first published; or
 - date of the first rejection of any claim in the application



Preissuance Submissions: Timing Example



* Preissuance submission must be filed before this date



Preissuance Submission: Proposed Rules

- Submission is filed as of its date of receipt by the Office; cannot use certificate of mailing or transmission
- Third party:
 - can be anonymous; and
 - not required to serve submission on applicant
- No duty on applicant to reply to submission, absent a request by Office



Preissuance Submission: Proposed Rules

- Examiner will consider submissions in the same manner as information in an IDS
- Third party is not permitted to respond to an examiner's treatment of a submission



Preissuance Submission: Proposed Fees

| Service | Cost |
|--|-------|
| First submission of 3 or fewer documents with “first and only” statement | \$0 |
| Submission of 10 documents or fraction thereof | \$180 |



Administrative Trials: Features (Effective September 16, 2012)

| Proceeding | Petitioner | Estoppel | Standard | Basis |
|----------------------------------|--|---|---|--|
| Post Grant Review (PGR) | <ul style="list-style-type: none"> Person who is not the patent owner and has not previously filed a civil action challenging the validity of a claim of the patent | <ul style="list-style-type: none"> Raised or reasonably could have raised Applied to subsequent USPTO/district court/ITC action | More likely than not OR Novel or unsettled legal question important to other patents/applications | 101, 102, 103, 112, double patenting but not best mode |
| Inter Partes Review (IPR) | <ul style="list-style-type: none"> Must identify real party in interest | | Reasonable likelihood | 102 and 103 based on patents and printed publications |

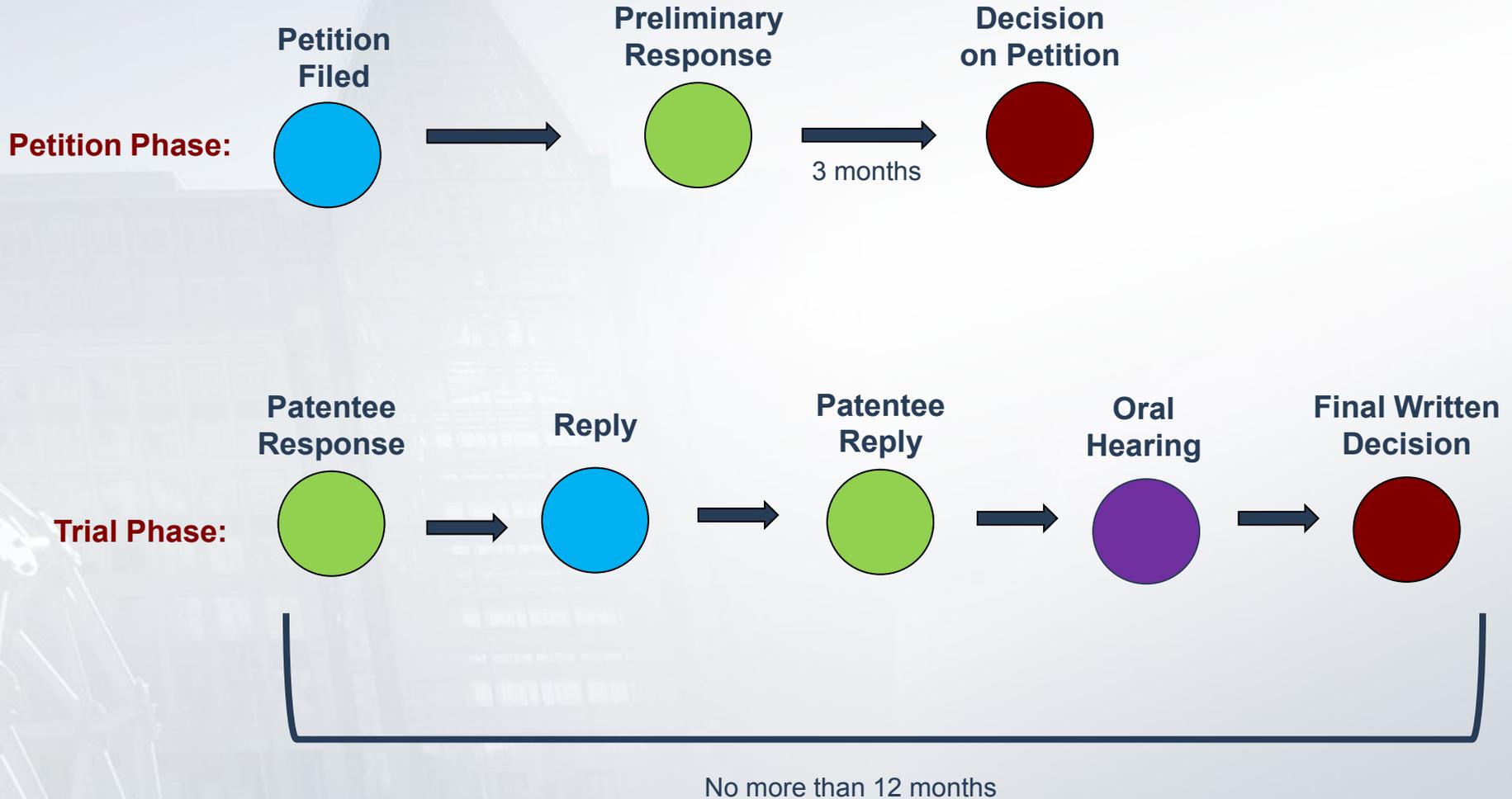


Administrative Trials: Features (Effective September 16, 2012)

| Proceeding | Available | Applicable | Timing |
|----------------------------------|--|---|--|
| Post Grant Review (PGR) | From patent grant to 9 months from patent grant or reissue | Patent issued under first-inventor-to-file | Must be completed within 12 months from institution, with 6 months good cause exception possible |
| Inter Partes Review (IPR) | From the later of: (i) 9 months after patent grant or reissue; or (ii) the date of termination of any post grant review of the patent | Patent issued under first-to-invent or first-inventor-to-file | |



Administrative Trials: Process





Administrative Trial: Proposed Rules

- Pro hac vice admission for non-registered practitioners
- Board to issue scheduling order to govern timing during trial phase
- Page limits apply to briefing:
 - 50 pages for IPR petitions
 - 70 pages for PGR petitions
 - Claim charts included in page count



Administrative Trial: Proposed Rules

- Patent owner preliminary response (before trial institution) limited to documentary evidence
- Patent owner response (after trial institution) may include both documentary and testimonial evidence
- Petitioner may file supplemental evidence within 1 month after institution



Administrative Trial: Proposed Rules

- 1 motion to amend the claims as of right with subsequent motions permitted in Board's discretion
- Options for claim amendments:
 - Cancel challenged claims; or
 - Propose a reasonable number of substitute claims
- Broadest reasonable interpretation standard applies to claim construction



Administrative Trial: Proposed Rules

- Discovery divided into (i) routine; and (ii) discretionary
 - Routine discovery for:
 - Cited documents;
 - Cross-examination for submitted testimony; and
 - Information inconsistent with positions advanced during the proceeding
 - Discretionary discovery by request upon a showing of:
 - IPR: Interests of justice
 - PGR: Good cause



Administrative Trial: Proposed Rules

- Patent owner is precluded from taking any action inconsistent with an adverse judgment, including seeking a claim directed to substantially the same invention



Administrative Trial: Proposed Inter Partes Review Fees

| Inter Partes Review | Cost |
|------------------------------------|-------------|
| Up to 20 claims | \$ 27,200 |
| 21 to 30 claims | \$34,000 |
| 31 to 40 | \$40,800 |
| 41 to 50 | \$54,400 |
| 51 to 60 | \$68,000 |
| Each additional group of 10 claims | \$27,200 |



Administrative Trial: Proposed Post Grant Review Fees

| Post Grant Review | Cost |
|------------------------------------|-------------|
| Up to 20 claims | \$ 35,800 |
| 21 to 30 claims | \$44,750 |
| 31 to 40 | \$53,700 |
| 41 to 50 | \$71,600 |
| 51 to 60 | \$89,500 |
| Each additional group of 10 claims | \$35,800 |



Fee Setting Authority (Effective September 16, 2012)

- Authorizes the USPTO to set or adjust patent and trademark fees by rule for 7 years
- Patent/trademark fees may be set to recover only the aggregate estimated cost of patent/trademark operations, including administrative costs





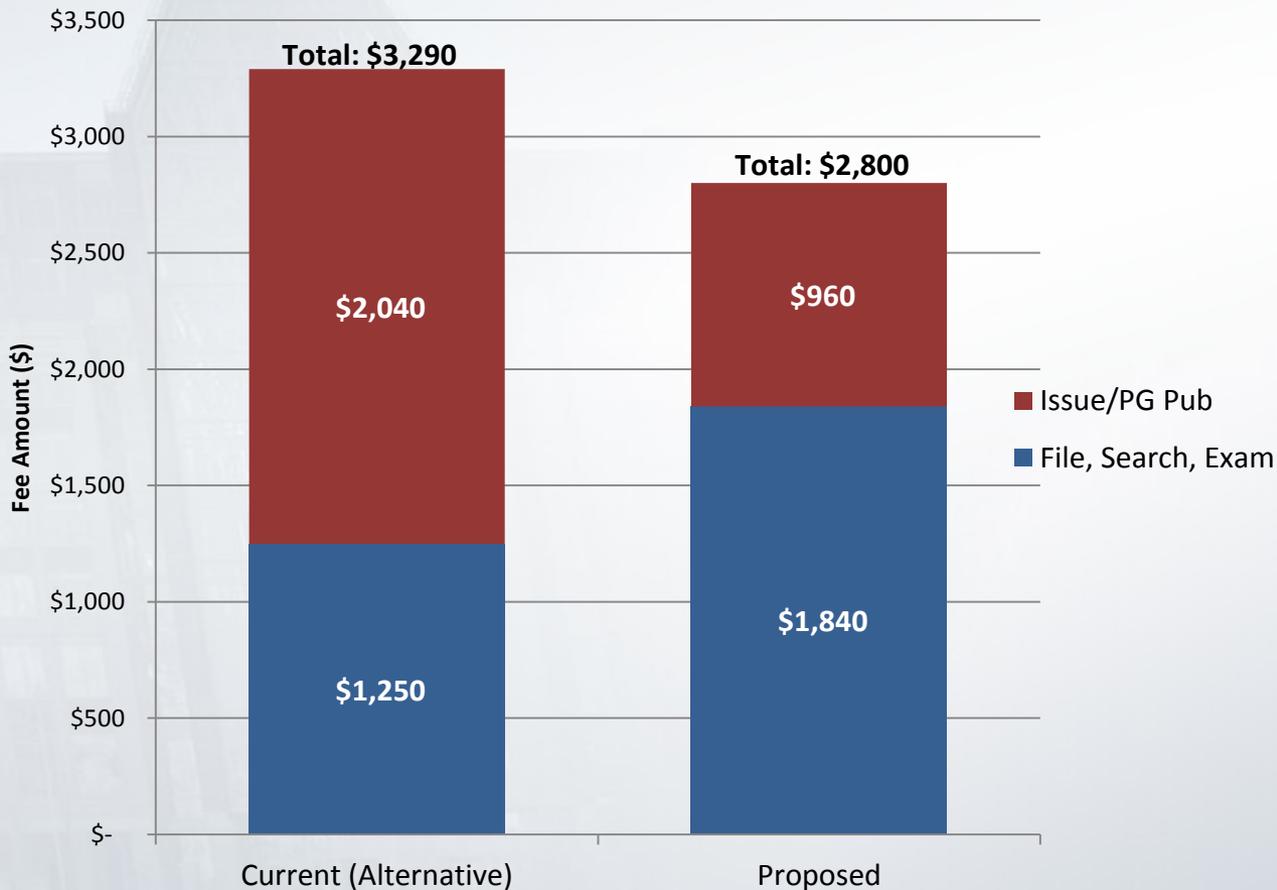
USPTO Fee Setting Principles

- Accelerate USPTO's progress in reducing the backlog of unexamined patent applications and reducing patent application pendency;
- Realign the fee structure to add processing options during patent application prosecution; and
- Put USPTO on a path to financial sustainability



Preliminary Proposed Fee Structure for a Basic Patent

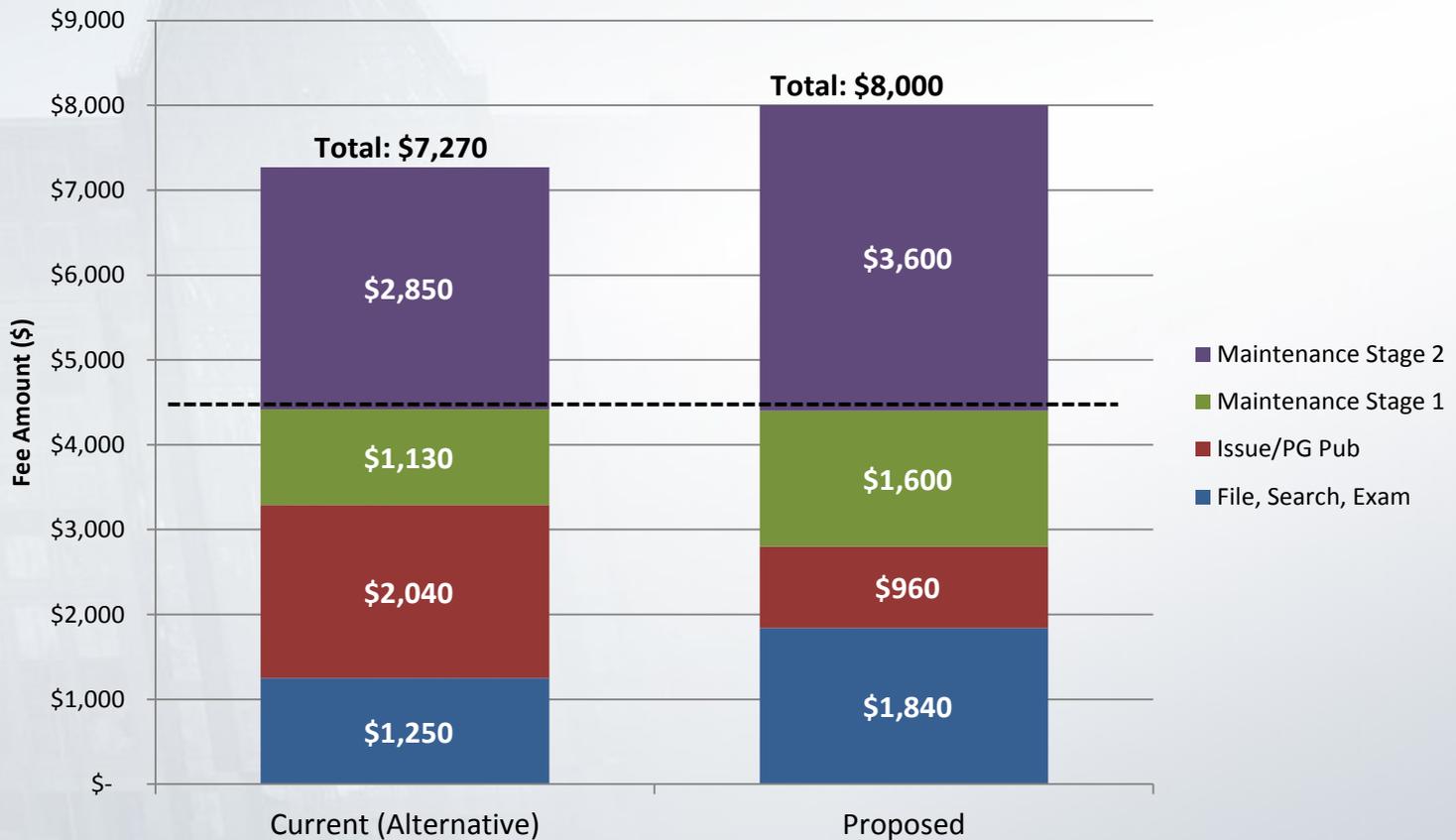
Current (Alternative) vs. Preliminary Proposed
F/S/E & Issue/PG Pub





Preliminary Proposed Fee Structure for a Basic Patent

Current (Alternative) vs. Proposed Fees through Maintenance Stage 2





Micro-entity

(Effective September 16, 2012)

- New size-based entity status
- Entitled to a 75% discount on fees for “filing, searching, examining, issuing, appealing, and maintaining” patent applications/patents, once the USPTO exercises its fee setting authority
- Discount not available until USPTO exercises fee setting authority
- 2 alternative definitions



Micro-entity Notice of Proposed Rulemaking

- Changes to Implement Micro Entity Status for Paying Patent Fees, 77 Fed. Reg. 104 (May 20, 2012)
- Addresses:
 - Procedures to claim micro-entity status;
 - Paying fees as a micro-entity;
 - Notification of loss of micro-entity status; and
 - Correction of payments erroneously paid in the micro-entity amounts
- Public comments due by July 30, 2012



Pro Bono Program

- 2 programs established:
 - Minnesota (pilot): 12 clients and 1 issued patent
 - Denver (partly operational)
- Nationwide clearing house for pro bono intake, screening, and referral set to launch in summer 2012
- Additional programs to be operational by end of 2012:
 - Northern California
 - Southern California
 - Texas
 - Washington, DC, Maryland, and Virginia



Satellite Offices

- USPTO required to open 3 satellite offices in three years from AIA enactment
- Detroit office opening on July 13, 2012
- USPTO plans to announce additional office locations in summer 2012





Summer AIA Activities

June 16, 2012
Genetic Testing Study Report
Due

July-August 2012
First-inventor-to-file
NPRM and
Guidance to publish

July-August 2012
Patent Ombudsman Program
Commences



Summer AIA Activities (cont.)

July-August 2012

Fee Setting NPRM to publish

**By August
16, 2012**

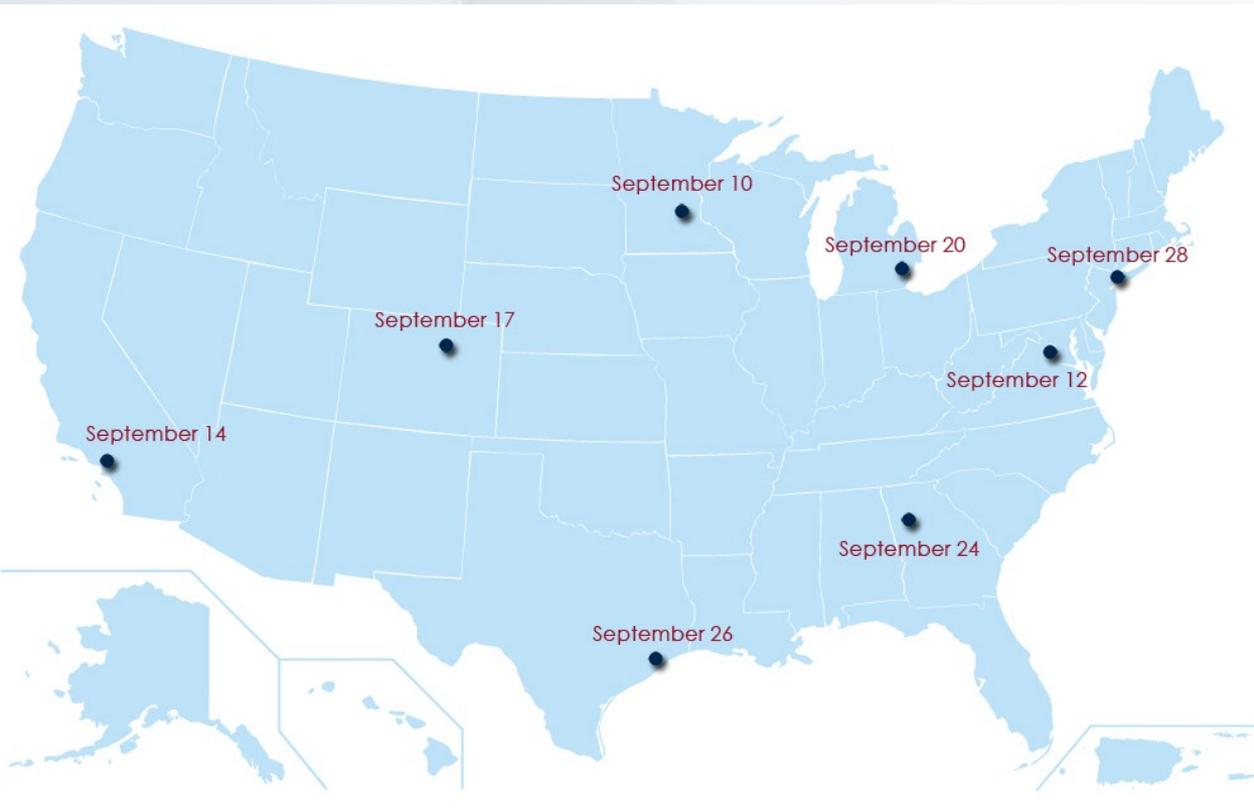
Patent
Related and
Board Final
Rules Publish

July 13, 2012

Detroit Satellite Office to Open



Fall Roadshows on Final Rules



| Date | Location |
|--------------------|-----------------|
| Monday, Sept 10 | Minneapolis, MN |
| Wednesday, Sept 12 | Alexandria, VA |
| Friday, Sept 14 | Los Angeles, CA |
| Monday, Sept 17 | Denver, CO |
| Thursday, Sept 20 | Detroit, MI |
| Monday, Sept 24 | Atlanta, GA |
| Wednesday, Sept 26 | Houston, TX |
| Friday, Sept 28 | New York, NY |

Thank You



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