

NYSBA

Intellectual Property Law Section

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IP Today

- Highly innovative firms rely on patents to attract venture capital—76% of startup managers' report that venture capital investors consider patents when making funding decisions.
- Innovation is linked to three-quarters of America's post-WW II growth rate.
- Capital investment and increased efficiency represent roughly 70 percent -- of the 3.4 percent average annual growth rate achieved since the 1940's.
- New ventures create 2 out of every 3 new jobs in our country.



USPTO Overview

- Approximately 535K application filed
- Increased filings of approximately 4.9% over fiscal year 2010
- Backlog reduced to 669,625
- Applications in progress = 1,217,842
- Our production rate has remained very high

First Office Action Pendency = 28.0 months

Total Pendency = 33.7 months

Allowance Rate = 48.0%

- The EFS filing rate for FY '11 was 93.1% compared to 89.5% in FY '10



Leahy-Smith America Invents Act

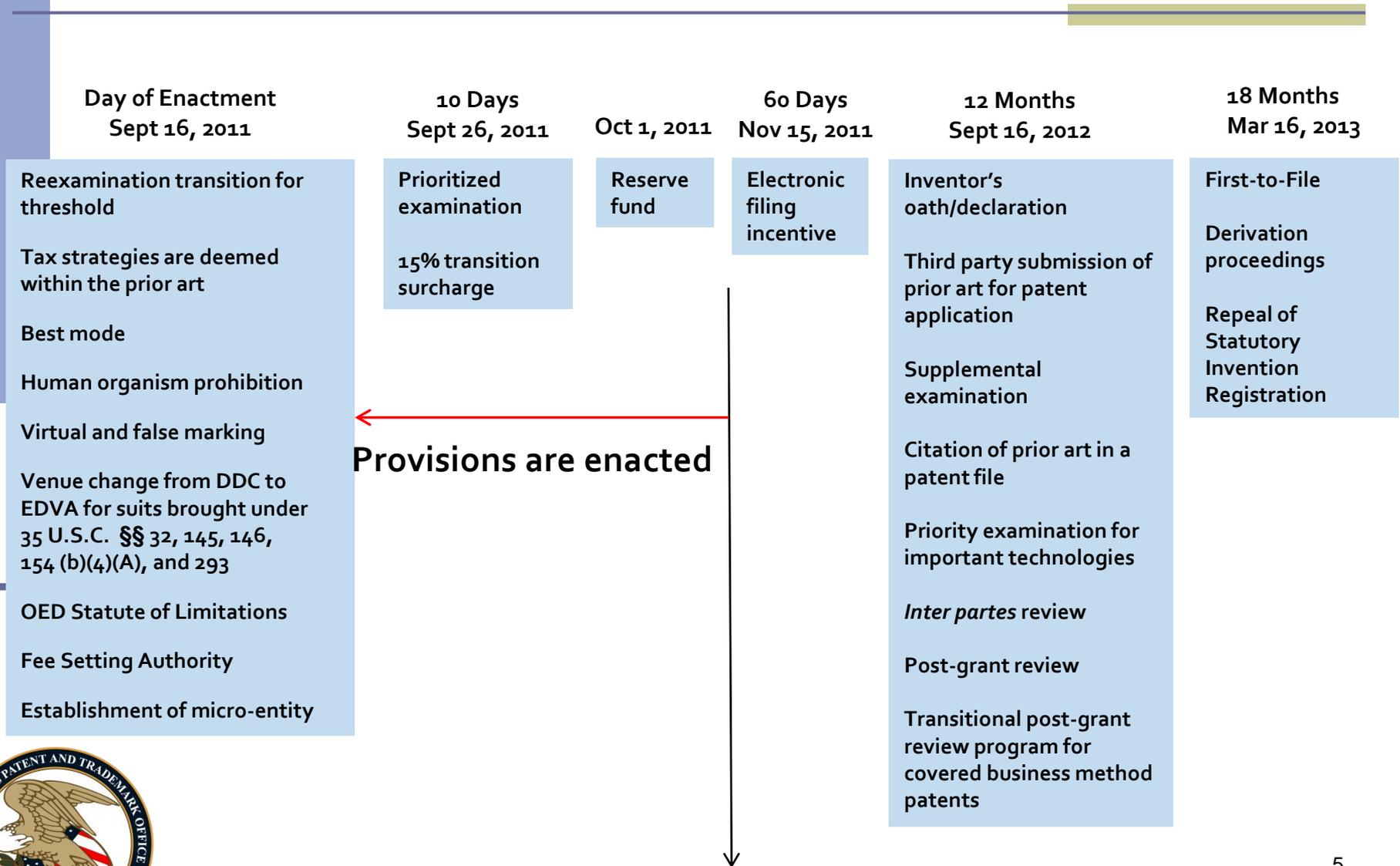
On September 16, 2011, President Barack Obama signed into law the Leahy-Smith America Invents Act.

Important Provisions

- First to file provision
- Fee setting authority
- 15% Surcharge
- Prioritized Examination (Track I)
- Changes to Inter Partes Reexamination
- Supplemental Examination
- Post Grant Review
- Inter Partes Review
- Best Mode Requirement
- Preissuance Submission by 3rd Parties



Enactment Timeline



Day of Enactment Provisions

- Fee setting authority
- Establishment of micro-entity definition, fee establishment after rule making
- Reexamination transition for threshold
 - Change from “substantial new question of patentability” to a “reasonable likelihood that the requestor would prevail”
- Tax strategies are deemed within the prior art
- Best mode
- Human organism prohibition
- Virtual and false marking
- Venue change from DDC to EDVA for suits brought under 35 U.S.C. 32, 145, 146, 154 (b)(4)(A), and 293
- OED Statute of Limitations



Fees and Funding Provisions

Sept 16, 2011

- Fee setting authority (effective after rule making)
- Micro-Entity (effective after rule making)

Sept 26, 2011

- 15% Transition surcharge
- Prioritized examination (Track I) Establishes prioritized examination fee of \$4,800 (above usual fees) with 50% reduction for small entities.

Oct 1, 2011 – Start of Fiscal Year 2012

- Reserve fund
- Funding issues

Nov 15, 2011

- Electronic filing incentive - incentive to file applications electronically by applying an additional \$400.00 fee to paper submissions



Track I – Prioritized Examination

- 853 Applications filed, in the first 10 days
- 1,094 applications received
- Final disposition on average within 12 months of prioritized examination request grant
- Utility applications must be filed via the Office's electronic filing system (EFS-Web)
- Plant applications must be filed via paper
- The application contains or is amended to contain no more than 4 independent claims and 30 total claims



12 Months from Enactment

- 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



Supplemental Examination

- The patent owner may request supplemental examination of a patent to “*consider, reconsider, or correct*” information believed to be relevant to the patent.
- USPTO must conduct supplemental examination and conclude it by issuing a certificate indicating whether the information raises a substantial new question of patentability (SNQ) within **three months** of the supplemental examination request date.
- Upon a determination that a “substantial new question of patentability” is raised, the Director must order an *ex parte* reexamination.
 - *Ex parte* reexamination conducted under 35 U.S.C. chapter 30 and 37 CFR 1.510 et seq. (the *ex parte* reexamination statute and rules), except—
 - The patent owner does not have the right to file a statement under 35 U.S.C. 304
 - The USPTO will address each SNQ without regard to whether it is raised by a patent or printed publication



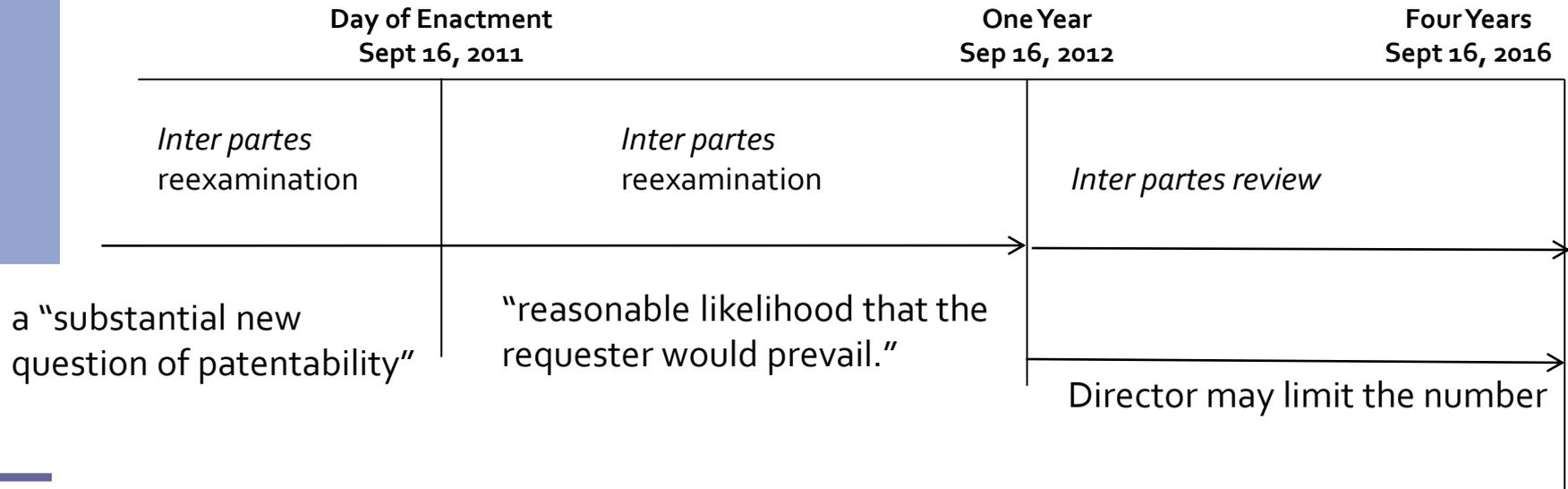
Third Party Submission of Prior Art

- Allows third parties to submit printed publications of potential relevance to examination.
 - must provide, in writing, an explanation of the relevance of the submitted documents.
 - must pay the associated fees.
 - 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).

- The submission must be made before the earlier of:
 - (1) the date a notice of allowance under 35 U.S.C. 151 is given or mailed in the application; or
 - (2) the later of
 - (i) 6 months after the date on which the application is first published under 35 U.S.C. 122 or
 - (ii) the date of the first rejection under 35 U.S.C. 132 of any claim in the application.



Inter Partes Review



Inter Partes Review Proceedings

- Effective on the day of enactment, the threshold for granting an *inter partes* reexamination was changed from a “substantial new question of patentability” to a higher threshold of “reasonable likelihood that the requester would prevail.”
- One year after enactment, *inter partes* reexamination will be replaced by “*inter partes* review”, which retains the “reasonable likelihood” threshold and will be adjudicated by the Patent Trial and Appeal Board.
- Petitioner may only raise grounds under 35 U.S.C. 102 and 103 and only on the basis of prior art consisting of patents and printed publications.
- Any third party may petition for a review of the patentability of an issued patent after the later of: 9 months from issuance of the patent or termination of a post-grant review of the patent.
- The Director may limit the number of petitions to institute IP review during the first 4 years.



Post-grant Review Proceedings

- Creates a nine-month window in which the patentability of a patent can be reviewed.
- Instituting post-grant review requires a threshold showing that it is “more likely than not” that at least one of the claims challenged is unpatentable.
- Petitioner may raise any ground that may be raised under paragraph (2) or (3) of 35 U.S.C. 282 (b).
- Generally limited to patents for which the first-inventor-to-file provisions apply.



18 Months from Enactment

- First-to-File
- Derivation proceedings
- Repeal of statutory invention registration



First-to-File

- Transitions the U.S. to a first-to-file patent system while maintaining a 1-year grace period for inventor disclosures.
- Establishes “derivation” proceeding in place of interference proceeding for first-to-file applications and patents.
- A 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.



Gathering Public Input

- Pre-enactment stakeholder meetings
 - Two sessions held in July 2011
- Notice and comment rule making
 - Formal comments
- Public roundtables to be announced
- Email: aia_implementation@uspto.gov
 - Informal comments



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

Implementation plans

Announcements

Contact Information



<http://www.uspto.gov/americaninventsact>



Thank You

