USPTO Implementation of the America Invents Act



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Scope of America Invents Act

- Creates or amends patent provisions of law
- Requires USPTO to conduct studies into specific areas of patent law
- Requires USPTO to set up new programs

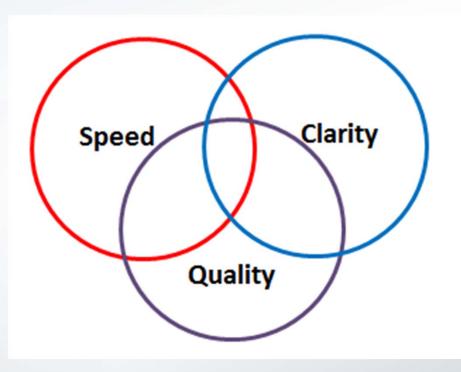
Patent Provisions





Three Pillars of the AIA

- 20 provisions related to USPTO operations to implement over next 12 to 18 months
 - 7 provisions implemented to date
 - 9 provisions under implementation now
 - 4 provisions for future implementation



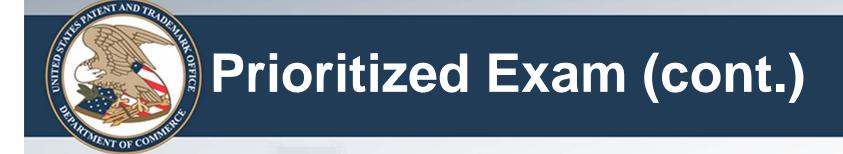


Prioritized examination

Fee setting authority / micro-entity



- Utility or plant patent application may qualify 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
- Expanded to include requests for continued examinations (RCEs)



- USPTO goal for final disposition (e.g., mailing notice of allowance, mailing final office action) is on average 12 months from date of prioritized status
- Prioritized exam is terminated without a refund of prioritized exam fee if patent applicant:
 - petitions for an extension of time to file a reply or to suspend action; or
 - amends the application to exceed the claim restrictions
- USPTO may not accept more than 10,000 requests for prioritized exam per fiscal year



Fiscal Year	Pending	Granted	Dismissed	Total
FY2011	24	819	12	855
FY2012	638	854	24	1516

	First Action on the Merits Mailed	Final Dispositions Mailed	Number of Allowance of Final Dispositions
Prioritized Applications	1135	122	99



- 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





Fee Setting Authority (cont.)

- USPTO will exercise fee setting authority under a 17 month timeline
- Step 1: USPTO released its preliminary proposed patent fee structure for PPAC Fee Setting Hearings
- Step 2: PPAC Fee Setting Hearings held
 - Patent Public Advisory Committee Public Hearings on the Proposed Patent Fee Schedule, 77 Fed. Reg. 4509 (Jan. 20, 2012)
 - Written comments due by February 29, 2012



- Step 3: PPAC will issue report to USPTO
- Step 4: Proposed fees will issue in Federal Register Notice in early June 2012
 - 60-day public comment period
- After additional steps, final fees will be in effect in mid-February 2013



- 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 Fees

Description	Current Large Entity Fee (Alternative)	Proposed Large Entity Fee	Dollar Change	Percent Change	Rationale
UtilityBasic Filing, Search, and Exam (total)	\$1,250	\$1,840	\$590	47%	More closely aligns fee revenue with cost of service.
Request for prioritized exam (Track 1)	\$4,800	\$4,000	(\$800)	-17%	Encourages greater program participation and aligns the large entity fee with cost of service.
Excess claims (Independent in Excess of 3)	\$250	\$460	\$210	84%	Encourages applicants to file compact and carefully devised
Excess claims (Total in Excess of 20)	\$60	\$100	\$40	67%	applications.
Application size	\$310	\$400	\$90	29%	аррисаціоні.
Extensions for Response within 1st Month	\$150	\$200	\$50	33%	
Extensions for Response within 2nd Month	\$560	\$600	\$40	7%	For a superior of the superior and assists in well-rise and
Extensions for Response within 3rd Month	\$1,270	\$1,400	\$130	10%	Encourages efficient prosecution and assists in reducing patent pendency.
Extensions for Response within 4th Month	\$1,980	\$2,200	\$220	11%	pendency.
Extensions for Response within 5th Month	\$2,690	\$3,000	\$310	12%	
Request for continued examination (RCE)	\$930	\$1,700	\$770	83%	Achieves cost recovery and continues to offer applicants a viable option to dispute a final rejection when the applicant believes the examiner has erred.
Notice of Appeal *	\$620	\$1,500	\$880	142%	
Filing a Brief in Support of an Appeal	\$620	\$0	(\$620)	-100%	Better aligns services with costs and reduces fee burdens associated with examiner withdrawal of final rejections.
Filing an Appeal	\$0	\$2,500	\$2,500	102%	associated with examiner withdrawar or final rejections.
Supplemental Examination	\$5,180/\$16,120	\$7,000/\$20,000	\$5,700	27%	Encourages applicants to submit complete applications with all relevant information during prosecution.
Combined Pre-grant publication and Issue	\$2,040	\$960	(\$1,080)	-53%	Combined to streamline the fee structure; reduced to promote public information to encourage follow-on innovation and reduce initial costs to patent owners who may not know the value of their invention immediately.
Maintenance - 1st Stage	\$1,130	\$1,600	\$470	42%	Increased to achieve goals and better align front-end and backend fees; early stage fees are lower in recognition of the
Maintenance - 2nd Stage	\$2,850	\$3,600	\$750	26%	uncertainty of patent value; as time goes on, an inventor can
Maintenance - 3rd Stage	\$4,730		\$2,870	61%	better measure the value of an invention and determine whether maintenance is truly worthwhile.

^{*} The Office is also proposing a \$0 issue fee when the examiner withdraws final rejection before the applicant pays the filing of an appeal fee.



Aggregate Cost-Revenue Balance under Preliminary Proposed Fees

- For FY 2013, the USPTO estimates that its aggregate patent operational costs, including administrative costs, will total \$2.549 billion
- Under the proposed fee schedule in FY 2013, the USPTO anticipates collecting \$2.686 billion in patent fee revenue
 - \$2.549 billion directed to paying for known costs
 - \$137 million placed in an operating reserve for long-term financial stability



Impact of Preliminary Proposed Fees on Backlog

- Reduce the backlog of patent applications
 - from 669,625 applications at the end of FY 2011
 - to 329,500 at the end of FY 2015





Impact of Preliminary Proposed Fees on Pendency

- Reduce average first action pendency from 28 months at the end of FY 2011 to 10.1 months in FY 2015; and
- Reduce the average total pendency from 33.7 months at the end of FY 2011 to 18.3 months in FY 2016

Utility, Plant and Reissue	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017		
Applications	506,924	533,300	565,300	599,200	632,200	666,900	700,300		
Growth Rate	5.3%	5.2%	6.0%	6.0%	5.5%	5.5%	5.0%		
Production Units	502,488	539,700	620,600	671,900	694,200	645,200	656,200		
End of Year Backlog	669,625	621,800	529,100	421,600	329,500	328,400	358,000		
Performance Measures									
Inventory Position (Months)	21.2	17.9	12.9	9.5	(7.3)	8.3	9.2		
Avg. First Action Pendency (Months)	28.0	22.5	16.9	15.9	10.1	(9.4)	9.4		
Avg. Total Pendency (Months)	33.7	34.7	30.1	24.6	22.9	18.3	18.1		
Examiners at End-of-Year	6,685	7,800	8,700	8,600	8,300	8,300	8,200		



 Establish operating reserve at the optimal level of three months of operating expenses in FY 2015

Description	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
3 Months Operating Expense	\$562 M	\$637 M	\$675 M	\$702 M	\$712 M	\$736 M
Estimated End of Year Balance	\$121 M	\$277 M	\$459 M	\$756 M	\$712 M*	\$736 M*



- General 4-part definition for an "applicant" who certifies that he/she/it:
 - 1. Qualifies as a small entity;
 - Has not been named as an inventor on more than 4 previously filed patent applications;
 - Applicants are not considered to be named on a previously filed application if he/she has assigned, or is obligated to assign, ownership as a result of previous employment



- General definition for an "applicant" who certifies that he/she/it (cont.):
 - 3. Did not have a gross income exceeding 3 times the median household income in the calendar preceding the calendar year in which the applicable fees is paid; and
 - 4. Has not assigned, granted, conveyed a license or other ownership interest (and is not under an obligation to do so) in the subject application to an entity that exceeds the gross income limit



 Micro-entity automatically includes an "applicant" who:

 certifies that his/her employer is an institution of higher education as defined in section 101(a) of the Higher Education Act of 1965; or

has assigned, or is obligated to assign,
 ownership to that institute of higher education

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Micro-entity (cont.)

- Institution of higher education under the Higher Education Act of 1965 means an educational institution, among other things, that:
 - Is located in any State (i.e., no foreign universities);
 - Admits persons having a certificate of graduation from a secondary education school;
 - Awards a bachelor's degree; and
 - Is public or non-profit



- Director may impose additional limits as are "reasonably necessary to avoid an undue impact on other patent applicants or owners or are otherwise reasonably necessary and appropriate"
- Entitled to a 75% discount on fees, once the USPTO exercises its fee setting authority
- Small entity and micro-entity discounts apply to fees for "filing, searching, examining, issuing, appealing, and maintaining" patent applications/patents



- Electronic filing incentive
- Preissuance submissions
- Citation of prior art in a patent file
- Supplemental examination



- Establish a \$400 fee, reduced by 50% for small entities, for all original (non-reissue) applications filed by non-electronic means
- Fee does not apply to design, plant, or provisional applications
- Fee must be deposited in a general account at Treasury and is not available for the PTO to spend in appropriations account



- New 35 U.S.C. § 122(e)
- 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; and
 - must include a statement by the third party making the submission affirming that the submission is compliant with statutory requirements. § 122(e)(1) & (2)



- Submission must be made before the earlier of:
 - the date a notice of allowance under 35 U.S.C. § 151 is given or mailed in the application; or
 - the later of
 - 6 months after the date on which the application is first published; or
 - the date of the first rejection of any claim in the application. § 122(e)(1)(A) & (B)



- Proposed rule 290(d): recites contents of submission and consists of 5 parts including:
 - List of documents being submitted;
 - Description of the relevance of each document; and
 - Copy of each document, except a U.S. patent or U.S. patent application publication



 Proposed rule 290(g): requires fee for submission as set forth in current rule 1.17(p) (i.e., fee for Rule 99 submission)

 Three or fewer documents are free if first preissuance submission by third party;

- \$180 for 1 to 10 documents; and

- \$360 for 11 to 20 documents



- Proposed rule 290(h): applicant has no duty to respond to the submission
 - Third party not required to serve the submission on the applicant, 77 Fed. Reg. at 449; and
 - USPTO will not notify the applicant of entry of the submission into an application, 77 Fed. Reg. at 450
- Examiners will acknowledge the submission in a manner similar to an IDS submission, 77 Fed. Reg. at 450

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- Amends 35 U.S.C. § 301
- Expands the information that can be submitted in the file of an issued patent to include written statements made by a patent owner before a Federal court or the Office regarding the scope of any claim of the patent. § 301(a)(2)
- Requires written statement to include any other document, pleading, or evidence from the proceeding in which the statement was filed that addresses the written statement. § 301(c)
- Limits the Office's use of such written statements to determining the meaning of a patent claim in *ex parte* reexamination proceedings that have already been ordered and in *inter partes* review and post grant review proceedings that have been instituted. § 301(d)

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Citation of Patent Owner Statement (cont.)

- Proposed rule 501(a)(2):
 - Permits submission of patent owner claim scope statement in patent file;
 - Statement must be accompanied by documents, pleadings, or evidence from the proceeding which the statement was made about the statement; and
 - Patent owner claim scope statement made outside of a proceeding not permitted
- Proposed rule 501(b)(1): must explain the pertinence and manner of applying any submission
- Proposed rule 501(b)(2): if citation made by the patent owner, may include an explanation how the claims differ from patent owner claim scope statement



Citation of Patent Owner Statement (cont.)

- Submissions should include:
 - Forum in which the statement was made;
 - Case or proceeding citation/designation;
 - Current status of the case or proceeding;
 - Relationship between the case or proceeding and the patent;
 - Identification of the specific papers being submitted; and
 - Relevant portion(s) of the papers being submitted.

77 Fed. Reg. 444



- Submitter's identity may be kept confidential upon request. § 301(e)
 - Proposed rule 501(d): submission may be made anonymously
- Proposed rule 501(e): submission must be served on patent owner or a bona fide attempt at service demonstrated



- New 35 U.S.C. § 257
- Patent owner may request supplemental examination of a patent to "consider, reconsider, or correct information" believed to be relevant to the patent. § 257(a)
 - Proposed rule 601(a): Request must be filed by owner of the entire right, title, and interest in the patent
 - Proposed rule 601(c): Third party participation is prohibited



Supplemental Exam (cont.)

- "Information" that forms the basis of the request is not limited to patents and printed publications. § 257(a)
 - Proposed rule 605(a): Number of items of information is limited to 10 per request
 - Proposed rule 605(a): Unlimited number of requests may be filed at any time



Supplemental Exam (cont.)

- Proposed rule 610: Recites contents of a request and consists of 12 parts including:
 - List of each item of information and its publication date;
 - Identification of each issue raised by each item of information;
 - Explanation for each identified issue;
 - Identification of how each item of information is relevant to each aspect of the patent to be examination and how each item of information raises each identified issue;
 - Copy of each item of information; and
 - Summary of each document over 50 pages in length



- USPTO must decide whether the information in the request raises a "substantial new question of patentability" within 3 months from the request. § 257(a)
 - Proposed rule 620 (a): SNQ decision "will generally be limited to" review of the issue identified in the request as applied to the patent claims
 - Proposed rule 620(e): No interviews in supplemental examination, but possible if ex parte reexamination instituted
 - Proposed rule 620(f): No claim amendment in supplemental examination, but possible if ex parte reexamination instituted



- Supplemental examination concludes with a supplemental reexamination certificate indicating whether any item of information raised an SNQ. § 257(a)
 - If SNQ, then the Director must order an ex parte reexamination. § 257(b)
 - Proposed rule 625(a): certificate will be electronic



- 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:
 - Patent owner does not have the right to file a statement; and
 - USPTO will address each SNQ without regard to whether it is raised by a patent or printed publication. § 257(b)



- Inequitable conduct immunization, § 257(c)
 - Information considered, reconsidered, or corrected during supplemental examination cannot be the basis for rendering a patent unenforceable so long as the supplemental exam and any ordered ex parte reexamination are finished before the civil action is brought, § 257(c)(1) & (c)(2)(B)
 - But does not apply to information raised in a civil action brought before supplemental exam sought.
 § 257(c)(2)(A)



- Director is authorized to establish fees, and if ex parte reexamination is ordered, fees for ex parte reexamination to be collected in addition to fee for supplemental examination, § 257(d)(1)
 - Proposed rule 20(k)(1) & (2): \$5,180 for supplemental examination and \$16,120 for ex parte reexamination order pursuant to a supplemental examination (total of \$22,100)
 - Proposed rule 610(a): total fee must accompany request
 - Proposed rule 26(c): ex parte reexamination fee will be refunded if ex parte reexamination not ordered
 - Proposed rule 20(k)(3): non-patent document over 20 sheets has extra cost



- If Director learns of "material fraud" committed in connection with the patent subject to supplemental exam, the Director:
 - must confidentially refer the matter to the Attorney General; and
 - may take other action. § 257(e)
- Office regards "material fraud" to be narrower in scope than inequitable conduct as defined in *Therasense*. 77 Fed. Reg. at 3667

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 Proposed rule 20(c)(1): Ex parte reexamination fee not pursuant to a supplemental examination is increased to \$17,750 from current \$2,520

3/20/2012



Inventor's oath/declaration

First-inventor-to-file and derivation



- Permits patent application to be filed by assignee
- 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
- USPTO has issued proposed rules: Changes to Implement the Inventor's Oath or Declaration Provisions of the Leahy-Smith America Invents Act, 77 Fed. Reg. 982 (Jan. 5, 2012)
 - Public comments due by March 6, 2012



- Transitions the U.S. to a first-inventor-to-file patent system
 - Hybrid between first-to-invent (current U.S. law) and first-to-file (used in all other industrialized countries)
- Maintains 1-year grace period for inventor disclosures
 - If an inventor makes a disclosure during the 1-year period before its U.S. filing date, then that disclosure is excepted from being patent defeating prior art



- Broadens prior art:
 - Prior public use or prior sale anywhere qualifies as prior art
 - U.S. patents and patent application publications are effective as prior art as of their "effective filing date," provided that the subject matter relied upon is disclosed in the priority application
 - Effective filing date = (i) actual filing date; or (ii) filing date of the earliest application for which a right of priority is sought
- Few proposed rules; mainly implemented by agency guidance and revisions to the Manual of Patent Examining Procedure



March	April	May	June
A invents	B invents	A files patent application	B files patent application

New law: A gets the patent



March	April	May	June
A invents	B invents	B files patent application	A files patent application

New law: B gets the patent



		A's Grace Period	
April 2013	June 2013	July 2013 to June 2014	July 2014
A invents	A publishes		A files

- Old law: A does NOT get the patent
- New law: A does NOT get the patent



		A's Grac	e Period	
April 2013	June 2013	July 2013 to June 2014		July 2014
A invents		A publishes		A files

New law: A gets the patent



		A's Grace	e Period	
April 2013	June 15, 2013	July 20 June 2		July 2014
A invents	B invents	B publishes		A files

New law: A does NOT get the patent



		A's Grace Period		
April 2013	June 15, 2013	July 2013 to June 2014		July 2014
A invents	B invents	A publishes	B publishes	A files

New law: A gets the patent

Studies and Programs





Topic	Due Date from Enactment
International Patent Protection for Small Businesses	4 months
Prior User Rights	4 months
Genetic Testing	9 months
Misconduct Before the Office	Every 2 years
Satellite Offices	3 years
Virtual Marking	3 years
Implementation of AIA	4 years

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 USPTO directed to study how the USPTO and other federal agencies can best financially help small businesses with patent protection overseas

 USPTO consulting with the Department of Commerce and the Small Business Administration

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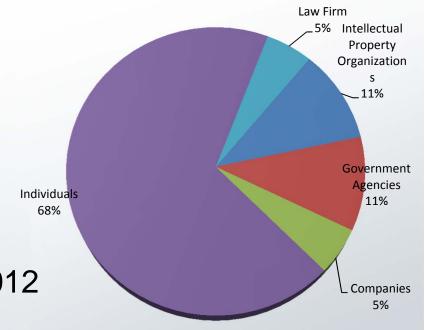


Int'l Protection Study (cont.)

 Request for Comments and Notice of Public Hearings on the Study of International Patent Protection for Small Businesses, 76 Fed. Reg. 62389 (Oct. 7, 2011)

- Public input:
 - 19 written comments
 - 2 public hearings;12 witnesses

Report due by January 14, 2012





- USPTO to report on effective ways to provide independent, confirming genetic diagnostic tests where:
 - gene patents; and
 - exclusive licensing for primary genetic diagnostic tests
- Request for Comments and Notice of Public Hearings on Genetic Diagnostic Testing, 77 Fed. Reg. 3748 (Jan. 25, 2012)
 - Hearings:
 - February 16, 2012 @ USPTO
 - March 9, 2012 @ San Diego
 - Written comments due by March 26, 2012
- Report due by June 16, 2012



Topic	Due Date from Enactment
Pro Bono	Immediately
Diversity of Applicants	6 months
Patent Ombudsman for Small Businesses	12 months
Satellite Offices	3 years

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- Provides pro bono legal assistance to financially under-resource independent inventors and small businesses to file and prosecute patent applications
- Minnesota program running
- Task Force formed to expand the program to other cities; USPTO participating



- USPTO is interested in gathering information on potential cities and regions for future satellite offices
- Initial office planned for Detroit; opening 2012
- 2 more offices required
- Request for Comments on Additional USPTO Satellite Offices for the Nationwide Workforce Program, 76 Fed. Reg, 73601 (Nov. 29, 2011)
 - Public comments due by January 30, 2012

AIA Information





http://www.uspto.gov/americainventsact

Implementation Information

- · Patent Examination
- · Inter Partes Disputes
- · Fees and Budgetary Issues
- · AIA Studies and Reports
- Miscelaneous

AIA Resources

AIA Informational Videos

AIA Press Releases and Speeches

AIA Frequently Asked Questions

AIA Comments

AIA Blog

Announcements and Upcoming AIA Events

Tuesday, September 20, 2011 @ 2:10pm: Commissioner Robert L. Stoll The 21st All Ohio Annual Institute on Intelectual Property Cleveland, OH

Wednesday, September 21, 2011 @ 2:10pm: Commissioner Robert L. Stoll The 21st All Ohio Annual Institute on Intellectual Property Cincinnati, OH

Friday, September 23, 2011 @ 1:00pm: Commissioner Robert L. Stoll Virginia State Bar IP Law Section Arlington, VA

Tuesday, September 27, 2011 @ 1:00pm: Commissioner Robert L. Stoll American Conference Institute America Invents Act Webinar https://www2.gotomeeting.com/register/1275 Registration is complimentary

Leahy-Smith America Invents Act Implementation



Message from Director David Kappos

On September 16, 2011, President Barack Obama signed into law the Leahy-Smith America Invents Act, which will foster innovation and spur job creation in the United States. This Act sets into motion the most comprehensive overhaul to our nation's patent system since 1836.

The new law will afford more certainty for patent applicants and owners, and provide the USPTO the resources needed to operate efficiently and issue high-quality patents. Implementation of the new law will occur over a period of months, and our USPTO team will seek input and provide updates all along the way. I strongly encourage you to use this site to regularly track progress pertaining to the agency's implementation efforts.

All of us at USPTO look forward to working together with the innovation community to tackle the exciting challenges of rolling-out this historic law. Here are a few documents to get started:

- America Invents Act Signing Ceremony
- White House chat on the America Invents Act
- Press Release: President Obama signs America Invents Act
- Leahy-Smith America Invents Act
- America Invents Act Effective Dates
- USPTO Fee Schedule

Timeline: Major Milestones



AIA Subscription Center

http://enews.usptoenews.gov/lists/?p=subscribe&id=1



Dear AIA Subscribers:

Thank you for registering to receive regular updates about new features added to the AIA micro-site. We are delighted to have 3,057 subscribers to date and look forward to others joining as our implementation activities continue over the next several months. This is our first subscription center update since we launched our micro-site on September 16, 2011 – the date that President Obama signed the America Invents Act into law. Going forward, we plan to send additional email alerts to you on a monthly basis.

AIA Micro-site (cont.)

aia_implementation@uspto.gov

Comments

Thank you for visiting the Comments area for AIA implementation. The agency welcomes, encourages, and will consider all comments received about AIA implementation. We also will post all comments received to foster a dialogue among stakeholders about AIA implementation.

To Submit Comments

Comments may be submitted to the USPTO via e-mail (preferred) or postal mail to the following addresses:

Please click on the respective Rulemaking to provide comments:

Provision	Before Proposed Rules	Response to Proposed Rules	Response to Final Rules/Guidance
Group 1 Rulemakings	'		l.
Inter Partes Reexamination Threshold	N/A	N/A	<u>Open</u>
Tax Strategies deemed within Prior Art	N/A	N/A	Open
Best Mode	N/A	N/A	Open
Human Organism Prohibition	N/A	N/A	Open
Prioritized Examination	N/A	N/A	Open
15% Surcharge	N/A	N/A	Open
Electronic Filing Incentive	N/A	N/A	Open
Fee Setting	Open until late February 2012	Mid-June 2012 to mid-August 2012	TBD





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