

The America Invents Act Alternative Dispute Resolution

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Increase in Court Litigation

- In the U.S., litigation of IP disputes has drastically increased. Specifically, in a 2007 Patent and Trademark Damages Study (Price Waterhouse Cooper), patent and trademark case filings in U.S. courts almost doubled from approximately 3,400 cases in 1991 to 6,400 cases in 2005.
- In a knowledge economy, intellectual property may be the most significant asset and affect a company's ability to survive.



Disadvantages of United States Court Litigation

- In the average patent infringement case, a party incurs about US\$2.6 million in legal fees and costs. (AIPLA).
- Judges must be educated.
- Court litigation is time consuming and often appealed to higher courts.



Arbitration of Intellectual Property Disputes

- Available by agreement. Include an arbitration clause in licensing agreement or agree after the dispute has arisen.
- In 1983 the U.S. patent laws were amended to include a “voluntary arbitration” provision, 35 U.S.C. § 294.
- International Disputes. Award enforceable under New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.



Advantages of Arbitration

- Less Costly.
- Faster Resolution-(average time to award 12 months or less; AAA).
- Party Autonomy - Parties have flexibility to narrow the scope of the issues.
- Expertise - Parties may select arbitrators that have background in the legal and technical fields that are the subject of the dispute.
- Flexibility - Arbitrators have broad remedial powers including the power to award damages and issue injunctions.



Advantages of Arbitration - *continued*

- Confidentiality - Arbitrations can provide greater confidentiality than litigation in courts (for example, other licensees).
- Finality – Arbitration awards are only subject to appeal on narrow grounds, not including issues interpretation and adjudication of law.
- Preservation of Business Relationships - Arbitrations are normally viewed as less formal, less antagonistic proceedings which can lead to the preservation of business relationships.



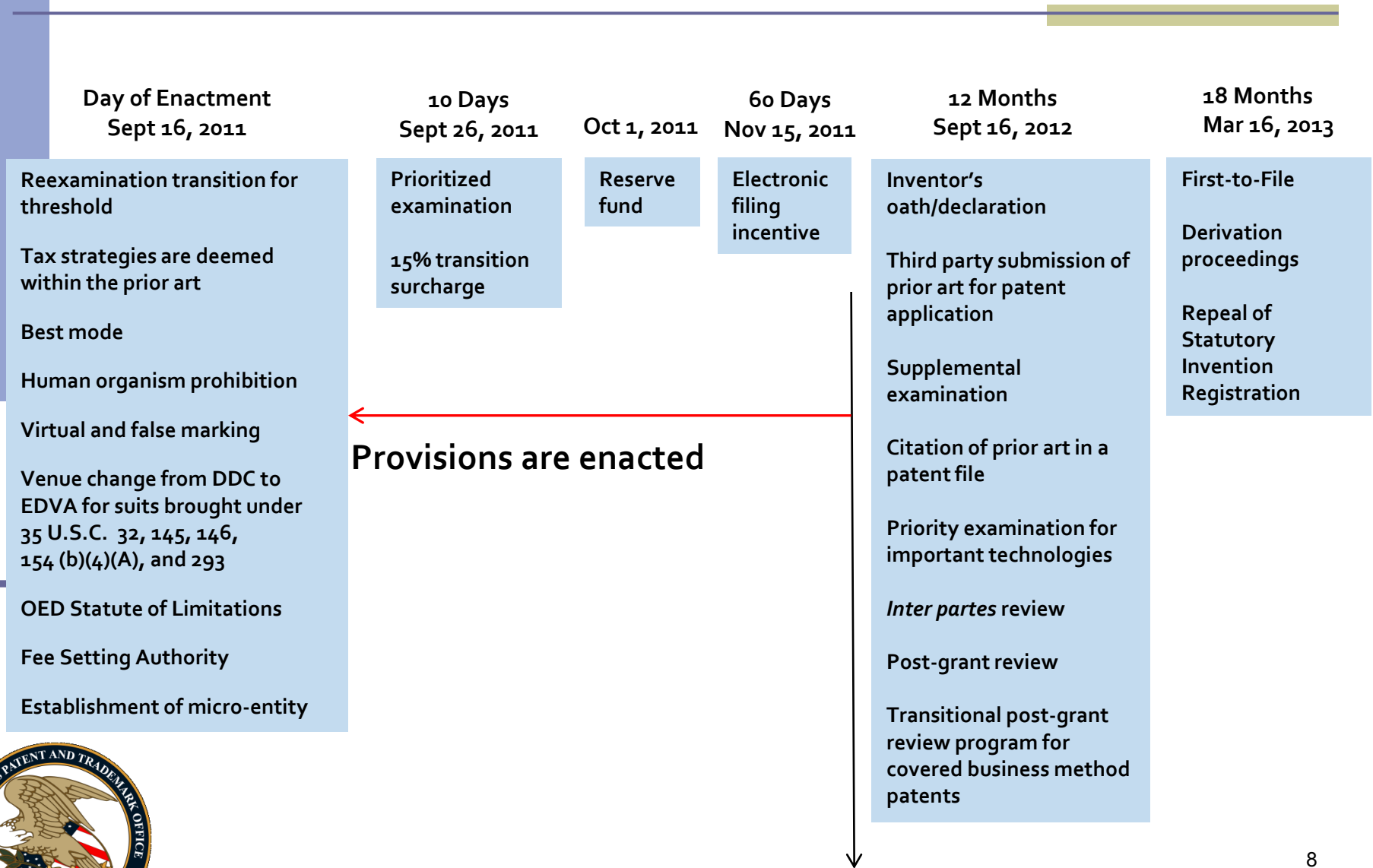
Leahy-Smith America Invents Act

On September 16, 2011, President Barack Obama signed into law the Leahy-Smith America Invents Act. The Act provides four major alternatives to litigation.

- Supplemental Examination
- Post-Grant Review
- *Inter Partes* Review
- Derivation Proceedings



Enactment Timeline



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.
- Two-Step Process
- Deviations from *ex parte* procedure
- Inoculation from IC charge
- Fraud on the PTO
- 10 items of information each
- \$5,180 plus \$16,116 (refund)
- Must be filed by all owners
- Supplemental Examination v. *Ex Parte* Reexamination



Inter Partes Review

- 9/16/12--*inter partes* reexamination will be replaced by “*inter partes* review” and adjudicated by the Patent Trial and Appeal Board
- Applies to any petition filed on or after 9/16/12 – both first-to-invent and first-to-file patents
- 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—if they have not previously filed a civil action challenging the validity of a claim of the patent
- Timing after the later of: 9 months from issuance of the patent or termination of a post-grant review of the patent
- Standard for Institution – reasonable likelihood of prevailing
- One motion to amend after institution
- Completed within 1 year from institution
- The Director may limit the number of petitions to institute IP review during the first 4 years



Post-Grant Review

- Applies to first-inventor-to-file patents (filed on or after 3/16/2013).
- PGR allows challenges based on §§ 101, 102, 103 and 112, except best mode.
- Must be filed within 9 months of grant or issuance of a reissue patent.
- More likely than not (*i.e.*, a higher threshold than IPR) that at least one of the claims challenged in the petition is unpatentable.
- Fee up to 20 claims - \$35,800



Similarities of PGR and IPR

- Most aspects of PGR and IPR are effectively the same.
 - Petition – the requirements for a petition are essentially the same.
 - Preliminary Patent Owner Response – requirements are essentially the same. Due 2 months from petition docketing date.
 - Institution – within 3 months of Preliminary Patent Owner Response.
 - Patent Owner Response (after institution) - requirements are essentially the same.
 - Amendments – requirements are essentially the same.
 - Estoppel—claim by claim basis.



Derivation

- Only an applicant for patent may file a petition to institute a derivation proceeding.
- Two applicants claim to be the true inventor.
- The petition must set forth with particularity the basis for finding that an inventor named in an earlier application or patent derived the claimed invention from the inventor in the later filed application.
- The petition must be filed within 1 year of the date of the first publication of a claim to an invention.
- Ensures that first person to file is the true inventor.



Fee Setting

- Section 41
- Section 10 of the AIA
- PPAC Hearings and Report
- NPRM
- Final Rule



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



President Barack Obama signs the America Invents Act, Friday September 16, 2011, at Thomas Jefferson High School for Science and Technology in Alexandria, VA



Thank You

