

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

AIA Information





AIA Roadshows



Date	Venue	Location
Friday, February 17	USPTO Campus	Alexandria, VA
Friday, February 24	Sunnyvale Public Library	Sunnyvale, CA
Monday, February 27	Marriott Library, University of Utah	Salt Lake City, UT
Wednesday, February 29	Dallas Public Library	Dallas, TX
Friday, March 2	Broward County Main Library	Ft. Lauderdale, FL
Monday, March 5	Boston Public Library	Boston, MA
Wednesday, March 7	Chicago Public Library	Chicago, IL



AIA Roadshows

	Date	Location	Live Audience	Virtual Audience	Total
1	Friday, February 17	Alexandria, VA	103	193	296
2	Friday, February 24	Sunnyvale, CA	107	160	267
3	Monday, February 27	Salt Lake City, UT	62	--	62
4	Wednesday, February 29	Dallas, TX	103	--	103
5	Friday, March 2	Ft. Lauderdale, FL	93	--	93
6	Monday, March 5	Boston, MA	98	--	98
7	Wednesday, March 7	Chicago, IL	125	--	125
	TOTAL	--	--	--	1364



AIA Roadshow Highlights

- Purpose = educate public about proposed rules to encourage public participation in rulemaking process
- 9 member roadshow teams included:
 - Director Kappos/Deputy Director Rea
 - 2 Patents Business Unit representatives
 - 2 BPAI judges
 - 1 Governmental Affairs representative
 - Patent Reform Coordinator
- Audiences provided helpful questions and feedback
- Videos and slides available to public on AIA micro-site



AIA Microsite

www.uspto.gov/AmericanInventsAct

uspto.GOV

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an agency of the Department of Commerce

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Leahy-Smith America Invents Act Implementation



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

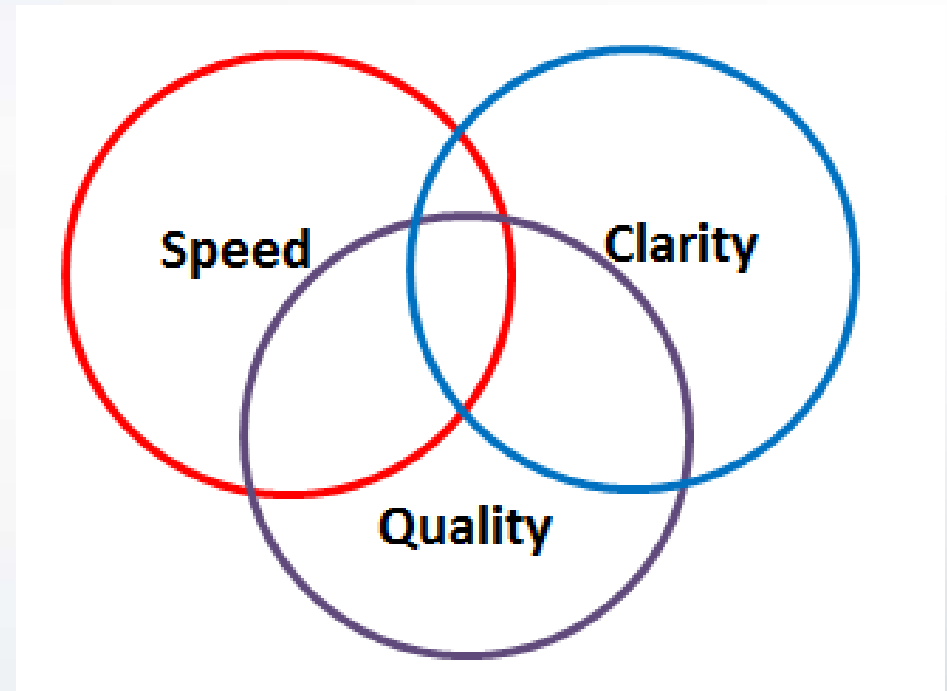
Patent Provisions





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





Speed

- Prioritized examination
 - Implemented
- Fee setting authority / micro-entity
 - Under development now



Prioritized Exam

(Effective September 26, 2011)

- Utility, plant, and continuing patent applications and requests for continued examination 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



Prioritized Exam (cont.)

- 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



Prioritized Exam (cont.)

(Data as of 2/24/12)

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



Fee Setting Authority

(Effective September 16, 2011)

- 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 Process

- USPTO will follow APA rulemaking process under a 17 month timeline
- USPTO released preliminary proposed patent fees:
 - USPTO Transmittal Letter to PPAC for Patent Fee Proposal
 - USPTO Executive Summary: Patent Fee Proposal
 - USPTO Detailed Appendices: Patent Fee Proposal
 - USPTO Table of Patent Fee Changes
 - USPTO Aggregate Revenue Calculations
 - Aggregate Revenue Calculations (Excel version)



Fee Setting Process (cont.)

- Patent Public Advisory Committee (PPAC) conducted two hearings and collected written comments
- PPAC tentatively will issue report to USPTO by early June 2012
- USPTO will publish proposed fees in Federal Register in June 2012
 - 60-day public comment period triggered
- USPTO will implement final fees in February 2013



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



Proposed Fee Structure - Summary of Significant Changes

Description	Current Large Entity Fee (Alternative)	Proposed Large Entity Fee	Dollar Change	Percent Change	Rationale
Utility--Basic 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 applications.
Excess claims (Total in Excess of 20)	\$60	\$100	\$40	67%	
Application size	\$310	\$400	\$90	29%	
Extensions for Response within 1st Month	\$150	\$200	\$50	33%	
Extensions for Response within 2nd Month	\$560	\$600	\$40	7%	
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%	
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%	Better aligns services with costs and reduces fee burdens associated with examiner withdrawal of final rejections.
Filing a Brief in Support of an Appeal	\$620	\$0	(\$620)	-100%	
Filing an Appeal	\$0	\$2,500	\$2,500	102%	
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 back-end fees; early stage fees are lower in recognition of the uncertainty of patent value; as time goes on, an inventor can better measure the value of an invention and determine whether maintenance is truly worthwhile.
Maintenance - 2nd Stage	\$2,850	\$3,600	\$750	26%	
Maintenance - 3rd Stage	\$4,730	\$7,600	\$2,870	61%	

* 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.



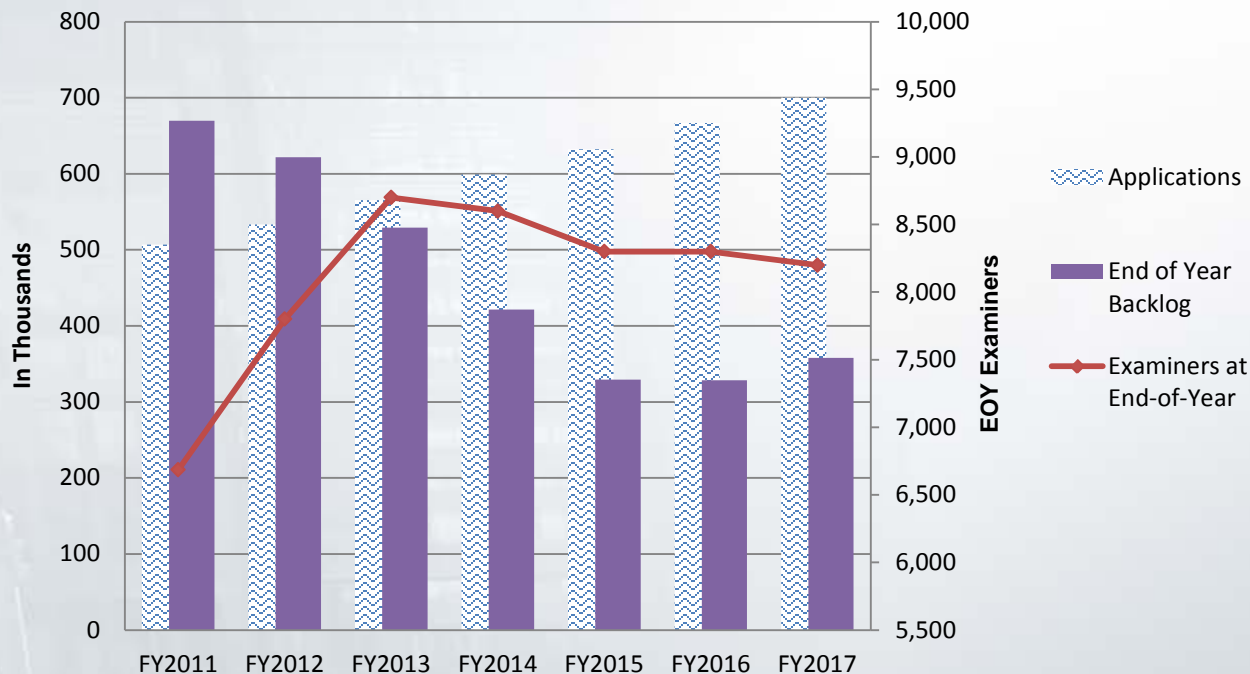
Projected FY 2013 Aggregate Cost Revenue Balance With Preliminary Proposed Fees

- USPTO estimates that its aggregate patent operational costs, including administrative costs, will total \$2.549 billion
- 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



Projected Impact of Preliminary Proposed Fee Schedule 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





Projected 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
 - 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



Projected Impact of Preliminary Proposed Fees on Operating Reserve

- Builds operating reserve to the optimal level of three months of operating expenses

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



Micro-entity

(Effective September 16, 2011)

- General 4-part definition for an “applicant” who certifies that he/she/it:
 1. Qualifies as a small entity;
 2. 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



Micro-entity (cont.)

- 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 (cont.)

- 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



Micro-entity (cont.)

- 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
- USPTO engaged in rulemaking under 18 month timeline



Electronic Filing Incentive (Effective November 15, 2011)

- 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



Preissuance Submissions

(Effective September 16, 2012)

- 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)



Preissuance Submissions (cont.)

- Submission must be made before the earlier of:
 - 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
 - date of the first rejection of any claim in the application. § 122(e)(1)(A) & (B)



Citation of Patent Owner Statement

(Effective September 16, 2012)

- 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 documentation of 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)



Supplemental Exam

(Effective September 16, 2012)

- 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)
- Information” that forms the basis of the request is not limited to patents and printed publications. § 257(a)



Supplemental Exam (cont.)

- USPTO must decide whether the information in the request raises a “substantial new question of patentability” within 3 months from the request. § 257(a)
- 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)



Supplemental Exam (cont.)

- *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)



Supplemental Exam (cont.)

- 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)



Inventor's Oath/Declaration

- Replaces language in 35 U.S.C. 115 with new language
- An application for patent * * * shall include * * * the name of the inventor for any invention claimed in the application
- [E]ach individual who is the inventor or a joint inventor * * * shall execute an oath or declaration



Inventor's Oath/Declaration (cont.)

- Inventor's oath/declaration must include statements that:
 - application was made or authorized to be made by the affiant/declarant; and
 - affiant/declarant believes himself to be the original inventor

- Inventor's oath/declaration no longer has to include statements that:
 - affiant/declarant believes himself to be the first inventor;
 - citizenship of the inventor;
 - statement that the application is made without deceptive intent



Inventor's Oath/Declaration (cont.)

- Substitute statement permitted where an inventor is:
 - deceased;
 - legally incapacitated;
 - unable to be found or reached after diligent effort; or
 - refuses to sign despite obligation to assign



Inventor's Oath/Declaration (cont.)

- Oath/declaration for a deceased or incapacitated inventor may now be made by:
 - legal representative;
 - assignee;
 - party to whom the inventor is under an obligation to assign; or
 - party who otherwise shows sufficient proprietary interest



Inventor's Oath/Declaration (cont.)

- Assignment may include the statements required in an oath/declaration
- Notice of Allowance may be issued only if:
 - inventor's oath/declaration filed;
 - substitute statement filed; or
 - assignment containing the inventor's oath/declaration recorded



First-inventor-to-file

(Effective March 16, 2013)

- 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



Contested Cases

- 4 kinds:
 - Inter partes review: new 35 U.S.C. 311 to 319
 - Post grant review: new 35 U.S.C. 321 to 329
 - Covered business method review
 - Derivation: new 35 U.S.C. 135



Contested Cases (cont.)

(Effective September 16, 2012)

Proceeding	Petitioner	Available	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 	From patent grant to 9 months from patent grant or reissue	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 	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	Reasonable likelihood	102 and 103 based on patents and printed publications



Contested Cases (cont.)

(Effective September 16, 2012)

Proceeding	Applicable	Estoppel	Timing
Post Grant Review (PGR)	Patent issued under first-inventor-to-file	<ul style="list-style-type: none">• Raised or reasonably could have raised• Applied to subsequent USPTO/district court/ITC action	Must be completed within 12 months from institution, with 6 months good cause exception possible
Inter Partes Review (IPR)	Patent issued under first-to-invent or first-inventor-to-file		



Administrative Trials: Petition Phase

- Initiated by third party petition
- Patentee may file preliminary response to petition
- USPTO must decide petition within 3 months from the patentee's preliminary response, if any

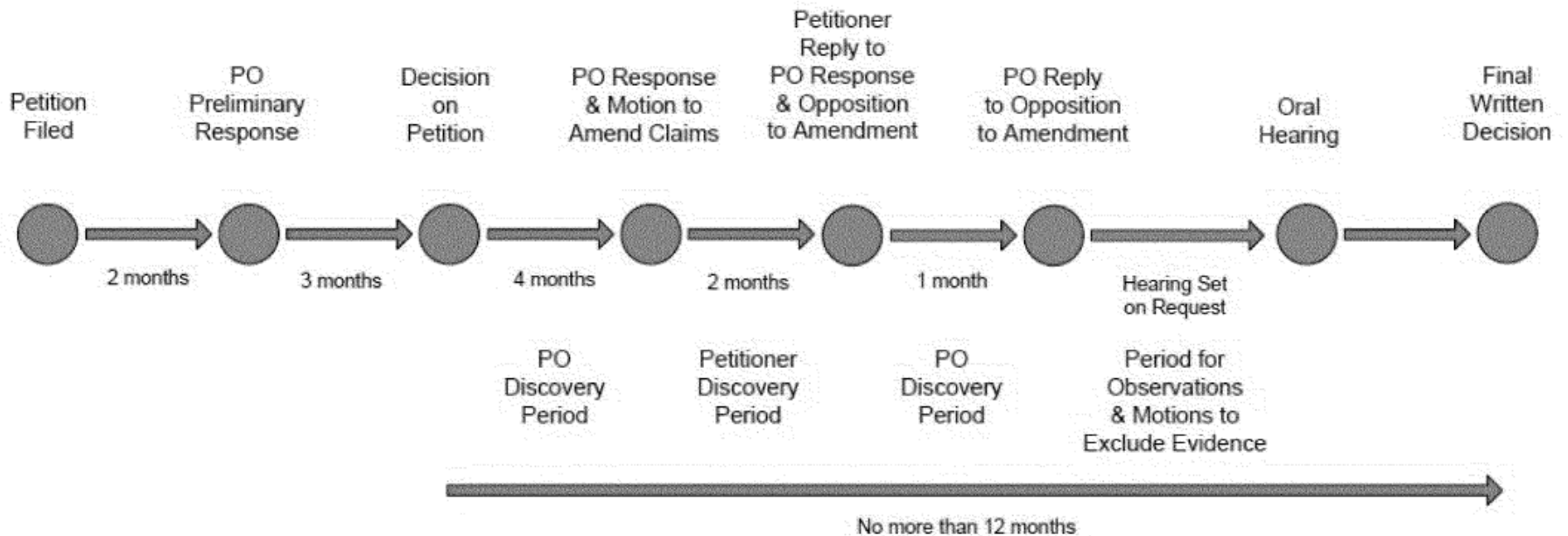


Administrative Trials: Trial Phase

- Patentee may file response and must include any additional factual evidence and/or expert opinions
- Patentee may file 1 motion to amend claims that may be limited in scope after consultation with the Board
- Petitioner may file supplemental information after a trial is instituted with Board authorization



Administrative Trials





General Aspects of Administrative Trials

- Discovery available according to standards and procedures set by the Board
- Protective orders possible
- Oral hearing as a right
- Director may join petitioners and consolidate
- May be settled



First-inventor-to-file (cont.)

- 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; under 18 month timeline



Programs

	Topic	Due Date from Enactment	Status
1	Pro Bono	Immediately	Complete
2	Diversity of Applicants	6 months	Ongoing
3	Patent Ombudsman for Small Businesses	12 months	Future
4	Satellite Offices	3 years	Ongoing



Pro Bono Program

- 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



Satellite Offices

- USPTO required to open 3 satellite offices in 3 years
- Initial office planned for Detroit; opening 2012
- USPTO issued Federal Register Notice seeking public comments on the locations of the 2 other satellite offices
 - 626 comments received
 - >100 localities recommended



Thank You



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