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Implementing the American Inventors Protection Act of 1999

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The American Inventors Protection Act of 1999 was enacted on November 29, 1999, as part of Public Law 106-113 (Consolidated Appropriations Act for Fiscal Year 2000). The AIPA includes eight subtitles (A-H), which make both fundamental changes to the patent law and the United States Patent and Trademark Office, such as the publication of patent applications and providing a third party with expanded participation during reexamination, as well as relatively minor changes such as amending the limitation on damages for patent infringement of a medical method patent. The USPTO's Web site (www.uspto.gov) includes a site devoted to the AIPA. A complete copy of the legislation is available at the AIPA site.

Implementing these changes is made more challenging as the Subtitles, and often individual portions of a Subtitle, become effective on a variety of dates and the changes made applicable to only certain applications.

Since August of 1999, when a predecessor bill to the AIPA passed the House of Representatives, the USPTO's patents operation has been working to implement the substantive patent provisions of the AIPA. Six rule packages and one *Official Gazette* notice have been published to implement, propose to implement, and to provide guidance regarding these provisions. At least one more *Official Gazette* notice is planned. Highlights of subtitles A-F and H and of each of the rule packages are given below, together with the publication dates and citations for the documents. The future implementation efforts are also described. Implementation of Subtitle G, the Patent and Trademark Office Efficiency Act, however, is not discussed here.

Subtitle A

Subtitle A is entitled "Inventor's Rights Act of 1999" and provides that the USPTO will make all complaints involving invention promoters, and any reply of the invention promoter publicly available. The statute also provides definitions of invention promoters together with statutory exceptions. It is important to note that Subtitle A of the AIPA, unlike some of the predecessor bills, does not provide a statutory exception for registered patent practitioners. Subtitle A became effective on January 28, 2000.

The USPTO has published an interim rule entitled "Complaints Regarding Invention Promoters" in the *Federal Register* at 65 *Fed. Reg.* 3127 (January 20, 2000) and in the *Official Gazette* at 1231 *Off. Gaz. Pat. Office* 37 (February 8, 2000). This rulemaking implements Subtitle A of the AIPA by establishing certain definitions, procedures to receive complaints concerning invention promoters, procedures to notify the alleged promoters, procedures for the alleged promoter to reply, and procedures to publish both

the complaint and reply. The interim rules became effective on January 28, 2000, and the comment period for this rulemaking expired on February 22, 2000.

The rules define invention promoter as any entity who offers to perform or performs invention promotion services for a customer, and who holds itself out through advertising as providing those services. Exceptions to this definition are provided to exclude government entities, certain charitable organizations, and certain acts of others directed to traditional sales of intellectual property. For example, persons involved in the commercial potential of, or offering to license or sell, a utility patent or a previously filed nonprovisional application are excluded from the definition. Invention promotion services is defined as the procurement or attempted procurement for a customer to develop and market products or services that include the invention of the customer.

The rules establish procedures to accept complaints and to forward the complaint to the alleged invention promoter. The rules also provide procedures concerning the formal requirements of complaints and replies. The USPTO will not conduct any independent investigation of the invention promoter. The USPTO will, however, publish the complaint and any reply received, in the *Official Gazette*, the *Federal Register*, or electronically on the USPTO's Internet home page.

A system for accepting and maintaining records of complaints against invention promoters and responses, and for publishing both, will be handled by the Office of the Independent Inventors Program.

Subtitle B

Subtitle B is entitled "Patent and Trademark Fee Fairness Act of 1999." This subtitle, in recognition that patent fee income of the USPTO was offsetting a portion of the costs of trademark operations, provided a decrease in both patent filing fees, and the first stage maintenance fee to provide for a proper allocation of costs between the patent and trademark operations. The statute also provided that the USPTO could raise certain trademark fees to offset the decrease in revenues due to the lowered patent fees. The changes to the patent fees became effective on December 29, 1999, while the trademark fees established by rulemaking were effective on January 10, 2000.

A final rule entitled "Revision of Patent and Trademark Fees for Fiscal Year 2000" was published in the *Federal Register* at 64 *Fed. Reg.* 67774 (December 3, 1999) and in the *Official Gazette* at 1229 *Off. Gaz. Pat. Office* 38 (December 14, 1999). This rulemaking implements Subtitle B of the AIPA by raising certain trademark fees to offset the statutory lowering of patent filing and first maintenance fees. The rules related to the statutory changes to patent filing and first maintenance fees were also amended to conform to the new lower levels.

Subtitle C

Subtitle C is entitled "First Inventor Defense Act of 1999." This subtitle provides a limited defense to certain infringement actions where the asserted claim(s) is directed to a business method as defined in the AIPA. Since the USPTO is not required to change any

of its procedures in view of the new defense to infringement actions, no rulemaking has been promulgated. Further the USPTO has not provided any guidance on what infringement actions would be subject to the defense, nor what evidence must be shown by the alleged infringer in order to successfully assert the defense.

Subtitle D

Subtitle D is entitled "Patent Term Guarantee Act of 1999." This subtitle provides for adjustment of the term of patents issuing from utility and plant applications filed on or after May 29, 2000, and for continued examination of utility and plant applications. The legislation provides three bases of adjustment. The first basis provides adjustment when the USPTO fails to act on an application within specified time periods. The second basis provides adjustment when the USPTO fails to issue a patent within three years of the actual filing date, subject to a number of statutory restrictions. The third basis provides adjustment for the time consumed by interferences, imposition of secrecy orders, and for successful appeals.

The statute requires the USPTO to reduce the patent term adjustment for the time during which an applicant failed to engage in reasonable efforts to conclude processing or examination of an application. The statute also requires the USPTO to prescribe regulations establishing the circumstances that would constitute such conduct.

A notice of proposed rulemaking entitled "Changes to Implement Patent Term Adjustment under Twenty-Year Patent Term" was published in the *Federal Register* at 65 *Fed. Reg.* 17215 (March 31, 2000) and the *Official Gazette* at 1233 *Off. Gaz. Pat. Office* 109 (April 25, 2000). This rule implements a portion of Subtitle D of the AIPA by proposing procedures for a patent term adjustment (extension) system that became effective May 29, 2000, and applies to patents resulting from applications filed on or after May 29, 2000. The comment period for this rulemaking expired May 30, 2000. The next step is to reconsider the proposed procedures and to adopt procedures for the patent term adjustment system by undertaking a final rulemaking process. Publication of the final rulemaking is anticipated before August 22, 2000.

The proposed rules indicate that only utility and plant applications filed on or after May 29, 2000, are eligible for the new patent term adjustment provisions. These rules provide for patent term adjustment according to the three statutory bases, and provide for the explicit statutory reduction. The rules also propose to implement the statutory requirement to define conduct where an applicant fails to engage in reasonable efforts to conclude processing or examination of an application by setting forth that the period of adjustment would be reduced by any period of time during which an applicant failed to engage in reasonable efforts to conclude prosecution. The rules also provide 17 specific circumstances that would define such conduct.

It is important to note that any utility or plant application that is filed on or after May 29, 2000, is subject to the new patent term adjustment statutory provisions. Any patent that issues after the final rules are effective will be subject to those final rules regardless of the status of the rules when the application was filed. Therefore, applicants should

carefully review the proposed rules to avoid conduct that will be considered a failure to engage in reasonable efforts to conclude prosecution.

Subtitle D also requires the USPTO to prescribe regulations to provide for continued examination of utility and plant applications filed on or after June 8, 1995, at the request of applicants for a fee.

An interim rule entitled "Changes to Application Examination and Provisional Application Practice" was published in the *Federal Register* at 65 *Fed. Reg.* 14865 (March 20, 2000) and the *Official Gazette* at 1233 *Off. Gaz. Pat. Office* 47 (April 11, 2000). This rulemaking implements a portion of Subtitle D of the AIPA by establishing procedures for continued examination practice effective May 29, 2000, as well as a few miscellaneous provisions that became effective on enactment of the AIPA. The comment period for this rulemaking expired May 19, 2000. The next step is to reconsider the interim rule in view of the public comments, and adopt final changes by undertaking a final rulemaking process. Publication of a final rule is expected by August 15, 2000. The effective date for any final rule will be the date of publication of the final rule.

The interim rules provide a procedure by which an applicant may file a request for continued examination (RCE), with a fee, and continue prosecution of an application regardless of the status of the prior office action in most circumstances. A RCE withdraws the finality of the last office action. Therefore, continued examination may be requested after a final rejection, an allowance, an appeal, or an action under *Ex parte Quayle*, 1935 Comm'r Dec. 11(1935). If a reply to the prior office action was due, the RCE must be accompanied by a reply in response to the last office action. Responsiveness of the reply is determined after the finality of the office action is withdrawn. Therefore, if an RCE is submitted in an application under a final rejection, the RCE must be accompanied by a reply that would be fully responsive to the merits of the final rejection if that final rejection had been a non-final rejection. If the reply is not fully responsive, but is a *bona fide* attempt to reply to the prior office action, the period for reply to the prior office action is tolled by the reply, and a new time period should be set to provide a complete reply. If the reply is neither fully responsive nor a *bona fide* attempt to reply to the prior office action, then the period for reply in the prior office action is **not** tolled.

The fee for filing a RCE is the basic filing fee for a utility application. This fee does not include additional claims fees previously paid for. Additional claims which would have required additional claims fees in the application prior to the RCE, which claims are submitted for the first time with the RCE, will require payment of additional claim fees, however.

Filing a RCE in an application after a notice of appeal, and prior to decision on that appeal, will be interpreted as a request to withdraw the appeal, regardless of the payment of the fee for the RCE or the presence of a submission. The result of filing such an RCE in an application with no claims indicated as allowable would be abandonment of the application. Similarly, if that RCE is filed in an application after a notice of appeal, and

some of the pending claims were previously indicated as allowable, the USPTO would simply cancel the rejected claims, and pass the application to issue with only the previously allowed claims. Applicants, therefore, should be careful to provide both the appropriate fee, and a proper submission if an RCE is filed after a notice of appeal.

Subtitle E

Subtitle E is entitled "Domestic Publication of Patent Applications Published Abroad Act of 1999." This subtitle provides for the publication of most applications filed on or after November 29, 2000, 18 months after the earliest effective filing date or priority date claimed by the application. The statute also provides for the publication of only a portion of an application's disclosure for applicants disclosing more subject matter in the U.S. application than in any corresponding foreign application. The statute also allows for publication of applications filed before November 29, 2000, at the request of an applicant and for publication of applications filed after that date earlier than 18 months after filing. The statute additionally provides for prior art treatment of published applications based on the application's effective filing date. Provisional rights are available from the period of publication of the application to the issue date.

A notice of proposed rulemaking entitled "Changes to Implement Eighteen-Month Publication of Patent Applications" was published in the *Federal Register* at 65 *Fed. Reg.* 17946 (April 5, 2000) and the *Official Gazette* at 1233 *Off. Gaz. Pat. Office* 121 (April 25, 2000). This rule implements Subtitle E of the AIPA by proposing procedures for an application publication system. The comment period for this rulemaking expired May 22, 2000. The next step is to reconsider the proposed procedures and to adopt procedures for the application publication system by undertaking a final rulemaking process. Publication of the final rulemaking is anticipated before September 5, 2000, with an effective date for the rule changes being November 29, 2000.

The USPTO also anticipates publishing Examination Guidelines in the *Official Gazette* in view of the changes to 35 U.S.C. § 102(e) to identify which applications are subject to the new prior art created by the amendment, and the other effects of the changes. The USPTO does **not** anticipate publishing any guidance to define the terms "substantially identical" or "actual notice" as those terms are used in the AIPA provisions related to provisional rights.

The proposed rules provide for the statutory requirement of publication of most applications filed on or after November 29, 2000, 18 months after the earliest effective filing date or priority date claimed by the application. An applicant who has not and will not file in a foreign country or under an international agreement that publishes applications after an 18 month period from the effective filing or priority date of applications, may request nonpublication, but the request must be submitted with the application filing. Rescission of this nonpublication request may be done at any time, and must be done to avoid abandonment of the application should a foreign filing be made after making the request.

The rules require use of the USPTO's Electronic Filing System (EFS) for requests that applications be published as redacted (eliminating matter disclosed only in the U.S. version of the application), or as amended. EFS is also required for any request for voluntary publication (for publication of an application filed before November 29, 2000) or any republication request for applications previously published when an applicant desires an additional, later publication for amendments which have been made. Use of EFS will enable the USPTO to provide for the publication of applications other than as filed after November 29, 2000, without substantial delays that would otherwise be caused by removing the applications from the examination process.

The rules also propose to require that all benefit claims under 35 USC 119, 120, 121, and 365 be made within the later of four months from filing or 16 months from the filing date of the priority application. The rules, however, provide for unintentionally delayed claims for priority or benefit of a prior application's filing date to be accepted after that time period on petition.

Following publication, submission of a limited number of printed patents or publications by third parties is proposed for a two-month period. Additionally, the USPTO proposes to provide access to the file history of published applications by providing photocopies of file wrappers on request. While not part of the rules, access to the electronic records of papers entered into the file wrapper of published patent applications is planned.

Subtitle F

Subtitle F is entitled "Optional Inter Partes Reexamination Procedure Act of 1999." This subtitle provides for expanded participation of a third party during the reexamination of a patent throughout the proceedings through a final decision by the Board of Patent Appeals and Interferences as an alternative option to *ex parte* reexamination. The third party, however, does not have a right to participate in any appeal to the Court of Appeals for the Federal Circuit. The subtitle also imposes significant estoppel provisions after the conclusion of proceedings should a party to the *inter partes* reexamination proceedings subsequently litigate any fact that was, or could have been, determined during the reexamination proceedings. While the *inter partes* provisions of the subtitle were in effect on November 29, 1999, the provisions only apply to patents that issue from applications filed on or after November 29, 1999.

A notice of proposed rulemaking entitled "Rules to Implement Optional Inter Partes Reexamination Proceedings" was published in the *Federal Register* at 65 *Fed. Reg.* 18154 (April 6, 2000) and the *Official Gazette* at 1234 *OG* 93 (May 23, 2000). This rule proposes to implement Subtitle F of the AIPA by proposing procedures for *inter partes* reexamination which becomes effective for patents issued from original applications filed on or after November 29, 1999. The rule also implements miscellaneous changes in *ex parte* reexamination practice. The comment period for this rulemaking expired June 12, 2000. The next step is to reconsider the proposed procedures and to adopt procedures for *inter partes* reexamination practice by undertaking a final rulemaking process. Publication of the final rulemaking is anticipated before September 5, 2000, with an effective date for the rule changes being two months thereafter.

Following a request for *inter partes* reexamination, an examiner must determine whether to order the reexamination. Unlike *ex parte* reexamination proceedings, an office action will typically accompany an order of *inter partes* reexamination. The office action must address all proposed rejections made in the request by either adopting the rejection or expressly declining to adopt the rejection and by giving the rationale of the examiner for not adopting the proposed rejection. If the action indicates allowability of all of the claims, the action should be one closing prosecution which is discussed below.

Following the first action, the rules propose an entirely new procedure by establishing that the third party may once file comments on any response filed by the patent owner. Thereafter, the examiner reconsiders the first office action in view of all of the comments by both parties, and prepares a second office action addressing all of the claims, and all of the comments. This second action will typically be made an action closing prosecution which is made when the issues in the reexamination proceedings are clear. After this action the third party and patent owner again submit comments on the office action and comments on the other party's submission. Thereafter, the examiner may issue a Examiner's Right of Appeal Notice which must address the comments made in response to the action closing prosecution or the examiner may reopen prosecution by preparing a new office action.

After the Examiner's Right of Appeal Notice either the patent owner or third party, or both, may appeal the decision of the examiner to the Board of Patent Appeals and Interferences. Importantly, the third party may appeal any decision to not make or sustain a rejection proposed by the third party. The appeal phase will include a right of either the patent owner or third party to file a reply brief in opposition to the original brief of the opposing party. The examiner would thereafter prepare an examiner's answer responsive to the positions asserted by the patent owner and the third party on both patentability and non-sustainability of rejections not adopted by the examiner. Following final decision by the Board of Patent Appeals and Interferences, only the patent owner may file an appeal to the Court of Appeals for the Federal Circuit.

Subtitle H

Subtitle H is entitled "Miscellaneous Patent Provisions." Of greatest importance within the USPTO, the subtitle amended both the treatment of provisional applications and the treatment of commonly owned or assigned patents as prior art. Statutory authority to treat a provisional patent application as a nonprovisional patent application was provided without regard to the presence of a claim. The copendency requirement between a provisional and a nonprovisional application seeking to claim the benefit of priority of the provisional application was eliminated. Additionally, for most provisional applications, if the 12-month pendency period ends on a non-business day, the period is extended to the next business day.

Subtitle H also provides for the exclusion of commonly owned or assigned patents used in obviousness rejections applied against the later invention if the patent is available as prior art only under 35 USC 102(e).

The USPTO implemented the changes to the provisional application practice in an interim rule entitled "Changes to Application Examination and Provisional Application Practice" which was published in the *Federal Register* at 65 *Fed. Reg.* 14865 (March 20, 2000) and the *Official Gazette* at 1233 *Off. Gaz. Pat. Office* 47 (April 11, 2000). The comment period for this rulemaking expired May 19, 2000. The next step is to reconsider the interim rule in view of the public comments, and adopt final changes by undertaking a final rulemaking process. Publication of a final rule is expected by August 15, 2000. The effective date for any final rule will be the date of publication of the final rule.

A notice entitled "Guidelines Concerning the Implementation of Changes to 35 USC 102(g) and 103(c) and the Interpretation of the Term Original Application in the American Inventors Protection Act of 1999" was published in the *Official Gazette* at 1233 *Off. Gaz. Pat. Office* 54 (April 11, 2000). This notice provides guidance on the position of the USPTO concerning the applications that are eligible for the new exclusion to certain commonly owned or assigned patents.

Quick Reference to Effective Dates of AIPA

P.L.106-113 (S.1948 as incorporated into H.R.3194 and signed into law on November 29, 1999)

Section Number/Description	Effective Date
<u>Subtitle A - Inventors Rights/Invention Promotion Services</u>	
4102/4103 (inventor's rights)	January 28, 2000
<u>Subtitle B - Patent and Trademark Fee Fairness</u>	
4202/4206 (fee adjustment - patents)	December 29, 1999
4203/2406 (trademark fees)	November 29, 1999
New trademark fees effective 1/03/00 per rulemaking.	
4204-4205/4206 (fee study, PTO funding)	November 29, 1999
<u>Subtitle C - First Inventor Defense/Methods of Doing or Conducting Business</u>	
4302/4303	November 29, 1999
<u>Subtitle D - Patent Term Guarantee</u>	
4402/4405 (patent term adjustment)	May 29, 2000
4403/4405 (continued examination of applications)	May 29, 2000
4404/4405 (technical clarification to 156(c))	May 29, 2000
<u>Subtitle E - Domestic Publication of Patent Applications Published Abroad</u>	
4502/4508 (publication at 18 months)	November 29, 2000
4503/4508 (time for claiming benefit of earlier filing date)	November 29, 2000
4504/4508 (provisional rights based on actual notice of published application)	November 29, 2000
4505/4508 (prior art effect of published applications)	November 29, 2000

4506/4508 (cost recovery for publication)	November 29, 2000
4507/4508 (conforming amendments)	November 29, 2000

Subtitle F - Optional Inter Partes Reexamination

4604/4608(a) (optional inter partes reexam)	November 29, 1999
4605(a)/4608(b) (conforming amendments (revival fees))	November 29, 2000
4605(b)/4608(a) (conforming amendments (appeals))	November 29, 1999
4606/4608(a) (report to Congress)	November 29, 1999
4607/4608(a) (estoppel provisions)	November 29, 1999

Subtitle G - Patent and Trademark Office

4711-4720/2731 (various)	March 29, 2000
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Subtitle H - Miscellaneous Patent Provisions

4801/4801 (provisional applications - to permit conversion and to eliminate the copendency requirement)	November 29, 1999
4802 (international applications)	November 29, 1999
4803 (certain limitations on damages (med. meth.))	November 29, 1999
4804 (electronic filing and publication)	November 29, 1999
4805 (study and report on biological deposits)	November 29, 1999
4806 (prior invention - 35USC102(g))	November 29, 1999
4807/4807 (prior art exclusion for certain commonly assigned patents)	November 29, 1999
4808 (exchange of copies of patents with FCs)	November 29, 1999