

# There's a New Patent Law in Town

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*And It Will Change the Way You Protect Your Inventions* On September 16th, President Obama signed a new patent law entitled the Smith-Leahy America Invents Act, or the AIA, which has been called the “greatest change in the patent laws since 1836.” It contains many significant changes, some of which go into effect immediately, and others of which are phased in over time, up through March 16, 2013. The changes will require significant adjustments in the procedures that businesses use to protect their inventions and to defend themselves against patent infringement suits.

## How the New Law Will Impact Patent Litigants & Competitors

- Additional challenges will be available to challenge the validity of business method patents. Beginning next year, if you are charged with infringement of a business method patent, you can challenge the validity of that patent in the PTO, with more relaxed standards and a lower cost than litigation. This provision was specifically intended to provide some relief to financial institutions, which have been increasingly targeted in patent litigation.
- Submission of prior art against competitor’s application. Third parties can submit this prior art for consideration any time during the examination of the competitors application. This gives competitors and industry groups a new opportunity to prevent a competitor’s patent from issuing in the first place, instead of having to challenge it in the courts or through reexamination after it’s already in place.
- Up to nine months after the grant of a patent, anyone can challenge the patent by showing that at least one of the claims is more likely than not to be unpatentable on the basis stated. This can be far less expensive for challenging validity of a patent than a law suit.
- New prior commercial use defense to infringement. If you are accused of patent infringement, and can prove commercial use of the invention at least one year before the filing date of the claimed invention, you may have a complete defense to the infringement claim.
- Near elimination of false marking actions. The new law imposes heavy limitations on false marking actions and will likely eliminate this type of patent troll litigation.

## How the New Law Might Impact Inventors

- After March 16, 2013, the first inventor to file wins. This is the biggest change, moving “first to invent” to a “first inventor to file system” that is more similar to the rest of the world. With this change it is more important than ever to file at least a provisional patent application in the Patent and Trademark Office (“PTO”) as soon as possible for each new invention.
- Tax strategy patents are effectively barred. It will rarely be worth applying for such a patent.
- Pay for priority examination. For an additional fee of \$4800, an applicant can have an application moved to the front of the line, with a final decision on patentability to be rendered within one year after filing. In the right circumstances, this provision can provide you issued patent protection much sooner than standard examination.
- Micro-entities can receive a 75% discount, provided that the inventor’s household income is less than \$150,000 per year, and the application cannot be assigned to an entity having a greater annual income.
- Virtual marking of patents. Patent numbers applying to a product can be provided on a publicly available website, with just “Patented” and the web site address printed on the product or its packaging. This simplifies product and package design.

There are numerous additional, more technical changes that are of primary interest to your patent attorney. These significant changes make it important for you to consult with your patent attorney and take prompt action to protect any invention of importance to your business. **What Do You Need to Do in Light of the New Law?** 1. It is important that you review your invention disclosure and patent filing policies. The change to a “first inventor to file” system makes it even more important than before to have policies in place that ensure employees disclose inventions early and that each potential invention is considered promptly for potential patent filings. 2. If you are involved in a patent dispute now, or expect that you may be soon, you should discuss the new law with patent litigation counsel to see how it may impact your dispute. In addition to creating new ways to challenge patents, the AIA also adds new defenses and changes or eliminates some defenses that used to be common. 3. Document your business processes and product designs. The expansion of the prior use defense will likely be very helpful to patent defendants. But it will mean that the defendant has to prove what it did in the past, and do so in some detail. Accordingly, you should consider revising your document retention policies to ensure that you are keeping copies of procedure manuals, product manuals, and similar documentation that may be needed to establish a prior use defense. 4. Consider monitoring your competitors’ filings. If you are in an industry in which patent litigation by your competitors is likely, you should consider regularly reviewing your competitors’ published patent applications to determine if you want to try to take advantage of the new third party submission provision to challenge the application before it issues. Some of the changes brought by the AIA are already in effect, while others become fully effective in September

of 2012 and in March of 2013. However, it is important for patent applicants and patent owners to be aware of the changes both because you may want to decide if it is advantageous to file before or after all of the new provisions take effect, and because some of the deferred provisions actually effect applications being filed today.

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