

LAW WEEK

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U.S. Patent Reform Of 2011

By **Craig Mueller**
SHERIDAN ROSS

The U.S. Senate recently passed the Leahy-Smith America Invents Act, which signals a major overhaul to U.S. patent law in place since 1952. President Barack Obama signed the act into law on Sept. 16, 2011. Coupled with the potential for a new satellite of the United States Patent and Trademark Office, or USPTO, based in Denver, the changes could help Denver and the Rocky Mountain Region in the ongoing push for economic recovery and long-term stability for companies working to protect their innovations fairly and in a time-efficient manner.

The most radical change to U.S. patent practice is the move from a "first-to-invent" to a "first-inventor-to-file" system, which is generally followed by most countries outside the U.S. The new rules will change the way certain "prior art," i.e., prior public uses, publications, sales, etc. of an invention, is treated by the USPTO when assessing its patentability. Presently, public use or sale of an invention that occurred outside the U.S. after the date of invention, is not considered "prior art" that will affect the patentability of the invention. In addition, publication of the invention in a patent application, an issued patent, or other printed publication does not qualify as prior art in some circumstances.

If such prior art is cited by a patent examiner to reject the claims of an application filed after the date of publication, an inventor may seek to disqualify the prior art by filing a declaration showing the claimed invention was conceived before the effective date of the reference and that the inventor was diligent in filing the application or reducing his invention to practice. This course of action will no longer be available to inventors.

More specifically, under the first-inventor-to-file system, a person will be entitled to a patent unless a claimed invention was patented, described in a printed publication, in public use, on sale, or otherwise available to the public before the effective filing date of the application (not before the date of invention). Thus the date of conception is generally no longer relevant in most instances and the inventor's ability to file a declaration to "swear behind" a prior art reference will be eliminated from U.S. patent practice. The first-inventor-to-file provisions will take effect on March 16, 2013.



CRAIG MUELLER

Another change is related to pre-filing disclosure of an invention. The current law allows inventors to publically disclose *and* commercially exploit their inventions to assess their economic viability without jeopardizing their patent rights, as long as a patent application is filed within one year of the disclosure, sale or offer for sale.

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Most countries do not follow this "one-year grace period," they follow an "absolute novelty" standard where a public disclosure or sale of an invention could negatively affect the patentability of an invention.

The one-year grace period was not abolished regarding public disclosures, but the affect of a sale or offer for sale of the invention is unclear as the act is silent as to pre-filing on-sale activities. Some have speculated that courts may treat a sale or offer for sale by the inventor as a public disclosure under the new rules, but inventors should strongly consider filing an application before any disclosure, sale or offer for sale.

It has been argued that these two portions of the act will be harmful to small or medium-sized inventors. In reality, it depends on inventor sophistication.

SHERIDAN ROSS attorneys at innovation
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Seasoned inventors and applicants who regularly seek U.S. and foreign patent protection are cognizant of the foreign absolute novelty requirements and rarely sell or publicly disclose their products before a patent application is filed. Unfortunately, many independent inventors and smaller companies do not appreciate this aspect of patent law and publically disclose or commercially exploit their inventions before filing a patent application. These inventors could still take advantage of the public disclosure rules, but they must now weigh the risk/benefit of pre-filing disclosure or sale of their invention.

More specifically, others currently working on similar technology could see the product on sale and be the first to file a patent application, thereby complicating

followed in many foreign jurisdictions. Further, the new U.S. system offers a second post-grant proceeding that can be requested after the nine-month period.

Patent holders may also seek to strengthen their patents by requesting supplemental examination which asks the USPTO to review the patent in light of newly-discovered relevant prior art. This would occur before enforcing the patent, thereby addressing possible invalidity and unenforceability issues outside of litigation.

Proponents of the new provisions argue that new post-grant procedures will strengthen patents. However, these procedures will likely add additional cost to inventors. Further, in view of these new opportunities to challenge patents, companies may now feel it necessary to take up the burden of constantly monitoring the patent activity of their competitors to identify opportunities to request a post-grant patent review.

Another change is the fee structure. The act allows an inventor to obtain prioritized examination by paying higher filing, search, and examination fees. Further, a new micro entity has been defined that includes inventors who are employed by, or have assigned their inventions to, institutions of higher learning. Such entities would have a fee structure similar to that currently enjoyed by small entities.

The act also provides: a reduction in the availability of false patent marking suits; a prior use defense to infringement that will be expanded from business method patents to all areas of technology; and the "best mode" requirement, which required an inventor to describe the preferred method of manufacturing or performing a claimed invention, has effectively been eliminated. •

— Craig Mueller, Sheridan Ross

CMueller@SheridanRoss.com

www.sheridanross.com

Denver: 303-863-9700

Colorado Springs: 719-749-6013