Path to harmonisation

David Halstead looks at how the shift to first-to-file – and other, less publicised changes – brings the US closer to international standards

The America Invents Act changes many aspects of US patent law. One driving force for this legislation was the concern about patent quality and the perception that shoddy patents result in expensive litigation that hampers US research and development. The Act creates new mechanisms to combat patents and applications in administrative proceedings at the USPTO, hopefully at a fraction of the cost of patent litigation. Another key force was international harmonisation. Harmonisation increases the USPTO's efficiency by allowing it to rely more heavily on the examination of corresponding applications in other patent offices around the world. Harmonisation also makes the examination process more consistent and reliable for inventors and companies with global interests. Other parts of the bill combat the various perceived scourges of the day, such as the recent wave of false marking suits and the knee-jerk pleading of inequitable conduct and best mode violations. But at some level, most of the changes move the US patent system closer to international standards. The most highly publicised change – the change from a first-to-invent paradigm to a twist on the international first-to-file paradigm – is just the most obvious aspect of this harmonisation.

Prior art

Overhaul of section 102, which governs what documents and circumstances are available as prior art, is central to the Act. In part because it defined the first-to-invent model, it is one of the most radically rewritten provisions of US patent law under the Act. But beyond the loss of interference-spawning 102(g) and the blanket grace period of 102(b), international harmonisation found its way into other aspects of the new 102. Gone is the language referring to disclosures made "in this country" that once peppered 102(a) and (b); under the Act, public use and sale can occur anywhere on the globe and still count as prior art against a US patent or application. Gone is the "in the United States" reference that appeared in 102(e); under the Act, a published US patent or application is available as prior art back to its effective filing date, which includes priority claims under 119, 121, and 365, thus sweeping in not only US provisional applications and Patent Cooperation Treaty (PCT) applications, but foreign national filings as well. These changes put foreign applicants – as well as domestic applicants with foreign research and development sites – on equal footing with traditional US applicants. Under the Act, there will be no reason for foreign applicants to engage in filing acrobatics to secure an early 102(e) date against competitors. Any foreign application filed in a WTO member country will serve as prior art against others, provided that it becomes a validly claimed priority document of a US or PCT application.

This is hardly to say that seeking a patent in the US will be just like doing so in other countries. Europe, for example, has no mercy for the applicant who files an application after disclosing the invention. Not only does the Act preserve the one-year grace period of 102(b) where it is the inventor himself who disclosed, it also allows an inventor to use such a pre-filing disclosure as a shield against the later disclosures of others prior to his application filing date.

The Act also preserves – and indeed expands – the preferential treatment given to

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One-minute read

International harmonisation makes the examination process more consistent and reliable for inventors and companies with global interests. The change to a first-to-file system is just one way the US has done that. Other significant changes involve prior art, post-grant review and supplemental examination. In some instances, the result opens new avenues to revisit one's own patents or to interfere with the patents of others. Other changes have brought the process for protecting inventions in the US closer to international norms.

entities engaged in joint research. For many years, 103(c) has disqualified commonly owned prior-filed patents and applications from being used to show obviousness of the claimed invention. Under the CREATE Act of 2004, this disqualification was expanded to include prior-filed patents and applications of entities working together under a joint research agreement. The America Invents Act expands these protections yet again, this time into the realm of novelty: 102 itself now disqualifies commonly owned patents and applications and those owned by parties to a joint research agreement. The laws of other countries typically do not recognise joint research relationships, and permit even an applicant's own filings to be raised against the novelty of its later applications. In this important respect, US patent law is much more forgiving. However, the doctrine of obviousness-type double patenting limits the extent to which this exception can be exploited to obtain extended patent terms.

Implementation timeline

On enactment: Best mode and patent marking changes took effect, the standard for declaring *inter partes* reexamination changed, tax strategies became unpatentable, micro entities were instituted, human organism provision became effective.

10 days after enactment: Fees increased, prioritised examination became available.

One year after enactment: Supplemental examination, post-grant review, and inter partes review, and preissuance submissions are instituted. Transitional system for challenging business method patents takes effect.

18 months after enactment: Prior art changes take effect, applying to applications filed after this date or that contained at any time a claim not entitled to a filing date prior to this date, and patents that result from these applications. For inventions whose validity depends on the first-to-invent regime, applicants will want to take great care in drafting and presenting claims throughout the entire prosecution process to avoid permanently forfeiting access to that regime.

Best mode

The best mode requirement is an idiosyncratic US requirement that many foreign applicants are unprepared for. However, rather than eliminate best mode entirely, the Act takes the unusual step of eliminating best mode as a ground upon which a claim can be challenged as invalid in litigation; best mode still exists as a requirement under section 112. Because the best mode depends on each inventor's subjective viewpoint, best mode is rarely if ever questioned by examiners at the USPTO. Amnesty in litigation largely guts the best mode requirement. Nevertheless, even though the Act states that failure to disclose the best mode "shall not be a basis on which any claim of a patent may be ... held invalid or otherwise unenforceable", applicants should continue to make at least a good-faith effort to satisfy the best mode requirement until this revision is tested in court.

Filing by owner

The Act takes a baby step toward allowing owners, rather than inventors, to file patent applications, as is common in international patent systems. In truth, from a very technical perspective, the Act does permit this type of filing. However, the US requirement for a signed declaration from each inventor continues. Moreover, the Act declaration requires the inventor to state that the patent filing was made or authorised to be made by the inventor. Employers may want to include such advance authorisations in their employment agreements with potential inventors to avoid running afoul of this provision, if, for example, an inventor leaves the company and becomes difficult – but not impossible – to reach.

As before, the only exceptions to inventor declarations are when the inventor is deceased, incapacitated, or unreachable. The one concession to simplicity: the required statements can be included in an assignment, so each inventor need only sign a single document. However, foreign assignment documents are unlikely to include these statements, so foreign applicants will likely still need to seek another signature from their inventors when entering the US patent system.

Third-party challenges

Perhaps the only aspect of the Act that is talked about as frequently as the end of the first-to-invent system is the institution of post-grant review (PGR). In general contours, PGR resembles the oppositions of Europe, Australia, and other countries around the world: for a fixed period of time after a patent grants, third parties can challenge the validity of the patent on virtually any ground as a less expensive alternative to litigation. As in Europe, this fixed period of time is nine months from the time the patent is granted. PGR is initiated if the unrebutted petition would demonstrate that it is more likely than not that at least one claim of the challenged patent is unpatentable, or if it raises a novel or unsettled legal question that is important to other patents or applications. The resulting proceeding is conducted by the Patent Trial and Appeal Board (PTAB), the successor to the Board of Patent Appeals and Interferences. A final decision in a PGR creates estoppel for the petitioner: the petitioner is estopped from pursuing any ground that was raised or reasonably could have been raised in the PGR.

The Act does not disturb the existing system of *ex parte* reexamination, and does little to change *inter partes* reexamination, aside from a name change (to *inter partes* review), some procedural restrictions based on other proceedings (such as litigation and PGR), and the assignment of the proceedings to the PTAB instead of the examining corps. Under the Act, *inter partes* reviews are instituted only where "there is a reasonable likelihood that the requester would prevail with respect to at least 1 of the claims challenged in the request", compared to the "substantial new question of patentability" that suffices to institute an *inter partes* reexamination. Whether this change raises the bar in practice remains to be seen. *Ex parte* reexaminations will remain subject to the substantial new question of patentability standard. As before, *ex partes* review and *inter partes* review challenges can only be raised on the basis of anticipation or obviousness over patents and printed publications, a much narrower range of options than are available under PGR.

The Act also introduces a new avenue for third parties to insert themselves into the examination of pending applications. Preissuance submissions allow a third party to submit patents or publications and a description of their relevance for consideration by the examiner, but must be filed early in the examination process – generally before the application is rejected or allowed by the examiner. Although this procedure does increase the opportunities to intervene in a competitor's patent applications, it requires considerable proactivity, if not preparation, to act within this window.

How to prepare

Since most international applicants (and even US applicants with global patent portfolios) are accustomed to operating under a first-to-file system, the changes to the prior art system can largely be taken in stride. However, entities will want to consider whether the change to the first-to-file system would negatively impact unfiled inventions, especially if a pre-filing disclosure is known or if there is a concern that a competitor may file or publish on similar or identical technology, and file before that change takes effect.

Applicants who wish to minimise exposure of their patents to some of the new opportunities for third-party intervention should make every effort to seek rapid allowance and issuance of pending applications.

Supplemental examination

In another change that takes the edge off of idiosyncratic aspects of US patent law, the newly minted procedure of supplemental examination finally offers a way to cleanse the stain of inequitable conduct. Under this provision, a patentee can request the USPTO consider, reconsider, or correct information relevant to patentability. The USPTO can then issue a certificate that the information does not present a new question of patentability or enter the application into reexamination to consider the information more fully. Either way, provided that the supplemental examination is initiated prior to a third-party's claim of inequitable conduct and completed before the patentee sues on the patent, the patent cannot be held unenforceable on the basis of the information considered.

Subject matter-specific provisions

As a general rule, international patent regimes are largely restricted to inventions grounded in advances in traditional science and technology. The Act cuts back a bit on the generally more expansive US patent system. The Act renders tax strategies unpatentable by deeming them to be in the prior art whether or not they were in fact previously known. With respect to business methods, the Act establishes a special eight-year transitional system for challenging business method patents. Under this system, parties sued for infringing business method patents can initiate a form of post-grant review of those patents, regardless of the time restrictions that would otherwise apply. While international applicants, whose home patent systems are likely hostile to both tax strategies and business methods, are unlikely to encounter difficulties from these changes, the new avenue to challenge business method patents will be welcomed by all who find themselves accused of infringing such patents.

On the opposite end of the spectrum, the Act bars claims "directed to or encompassing a human organism." Many international patent systems contain provisions of this type, though the specifics vary widely among different jurisdictions. Given the novelty of this provision within the US legal system and the relative vagueness of its terms, it may be some time before its scope and effect are fully understood.

Fees

Finally, the Act makes sweeping changes to the costs of doing business with the USPTO. The Act increases existing fees by 15%, creates certain additional fees, such as a $400 fee for not filing an application electronically, and grants the USPTO greatly expanded authority to set fees in the future, solely for the purpose of recovering costs. On the other hand, the Act creates a new category of applicant, the micro entity. Micro entities, entitled to a 75% reduction in fees (compared to the 50% reduction currently available for small entities), are generally restricted to institutions of higher education and inventors with no more than four prior applications.

On a related note, the Act creates a prioritised examination track, available for a $4,800 surcharge on regular filing fees. Other jurisdictions, such as Europe, offer similar benefits for the asking. The effect is similar to the current accelerated examination procedure without the burdensome requirements for independent searches and detailed examination support documents – indeed, $4,800 may be a bargain compared to the costs for preparing a full submission requesting accelerated exam. For applicants seeking a shorter path to a patent, this track offers a welcome alternative to the burdens of the traditional accelerated examination procedure.

On the whole, the Act goes considerably farther than other recent amendments to US patent law both in terms of harmonising to global norms and in putting foreign and domestic applicants on more equal footing. While in some ways the result is more complex – there are now even more ways to revisit one's own patent or interfere with the patents of others – other aspects smooth out the rough edges, disarm traps for the unwary, and provide a cleaner, more straightforward approach to protecting inventions.

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