

Berkeley Center for Law & Technology

Back to School:

The New Patent Law Explained

Changes at the PTO

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Claremont Hotel

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Overview: Changes at the PTO

- Some Causes for Reform
- Patent Trial and Appeals Board (“PTAB”)
- Third Party Submission of Prior Art
- Prioritized Examination
- Satellite Offices
- Miscellaneous
- Prosecution Fees & PTO Funding

References:

- “AIA” = “America Invents Act” (H.R. 1249)
- “Sec.” = Section of the AIA
- “§” = Section of the Patent Law, as codified,
35 United States Code (U.S.C.), as amended

Patent Reform 2011:

Some Causes for Reform

Some Causes for Reform

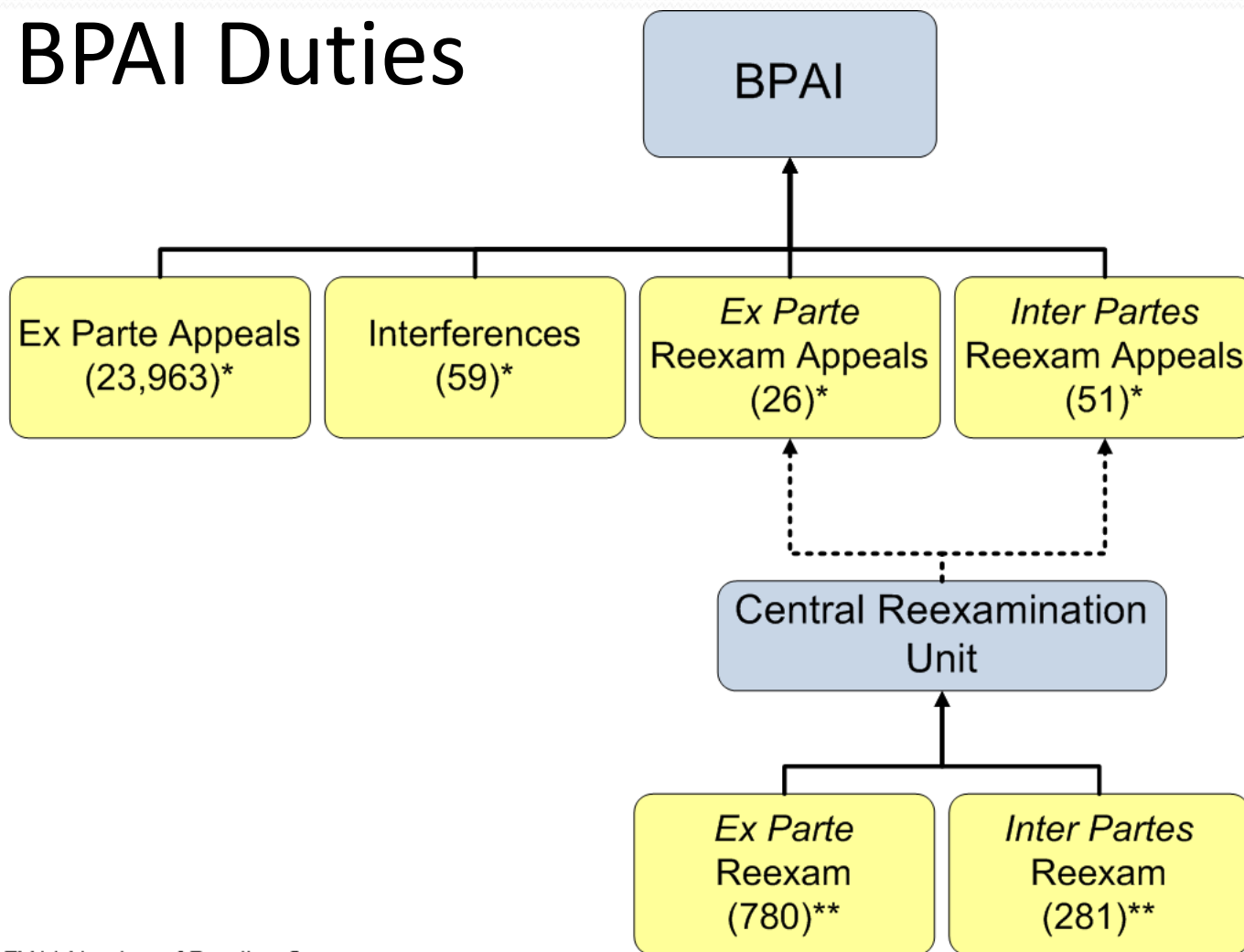
- Removing patent disputes from courts to the Patent Office
- Allowing Patent Office to focus on patents of consequence
- Streamlining procedures within Patent Office
- Imposing deadlines on Patent Office proceedings
- Providing fast-track for key patents
- Managing human resources for Patent Office
- Ensuring adequate Patent Office funding

➔ Bigger, Faster, Smarter, Better PTO

Patent Reform 2011:

Patent Trial and Appeal Board

BPAI Duties



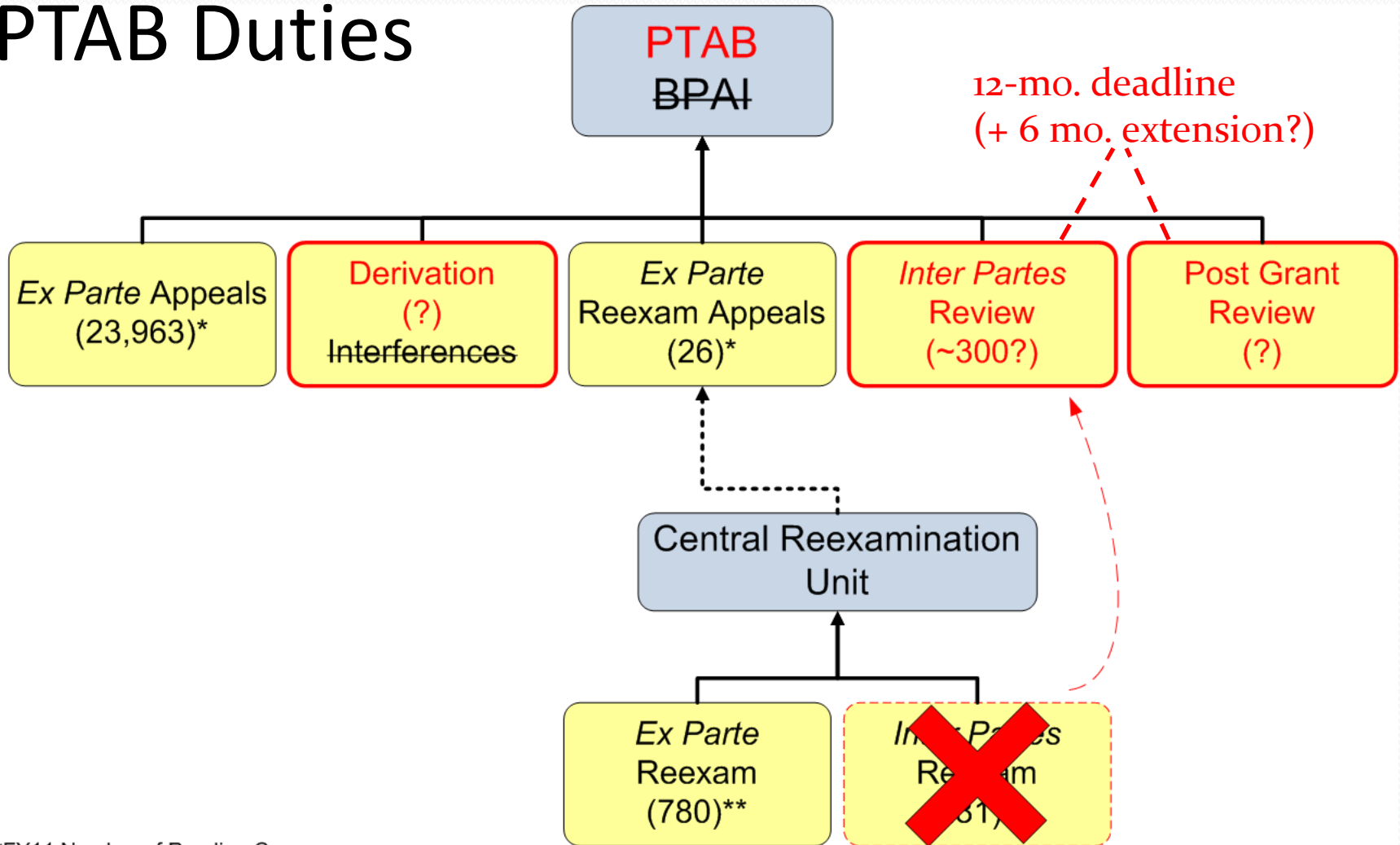
*FY11 Number of Pending Cases

Source: <http://www.uspto.gov/ip/boards/bpai/stats/process/fy2011sepb.jsp>

**FY10 Number Filings

Source: http://www.uspto.gov/patents/stats/Reexamination_Information.jsp

PTAB Duties



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New PTAB Duties

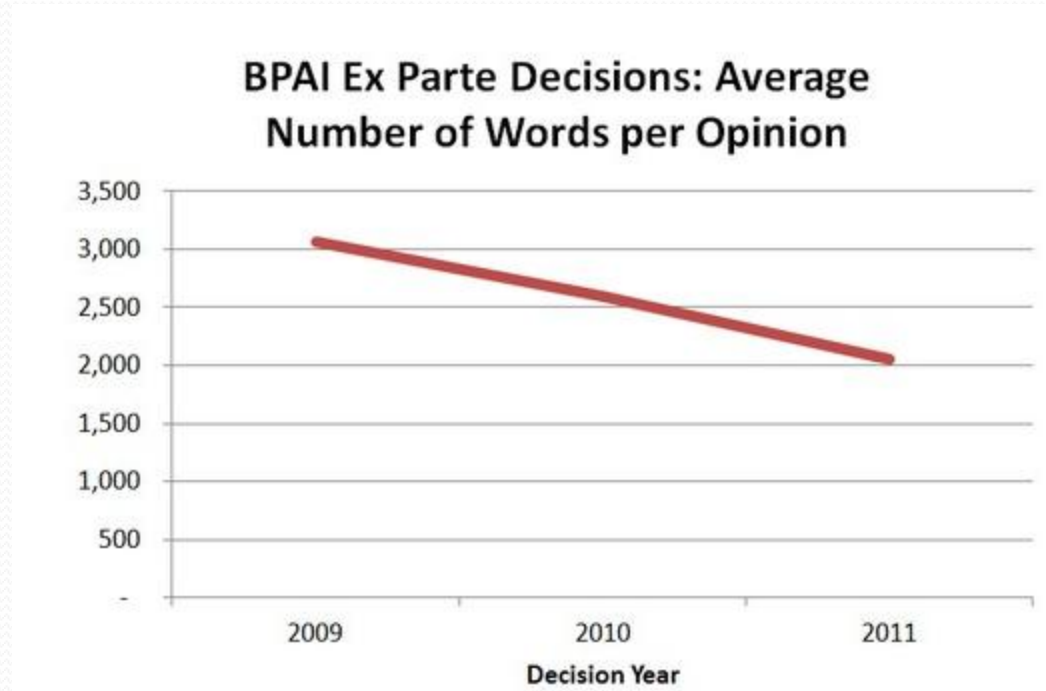
Speed

- Deadlines for post-grant review and *inter partes* review:
 - 12-month deadline for final determination (starting from institution after institution of proceeding)
 - Possible 6-month extension for good cause

Discovery

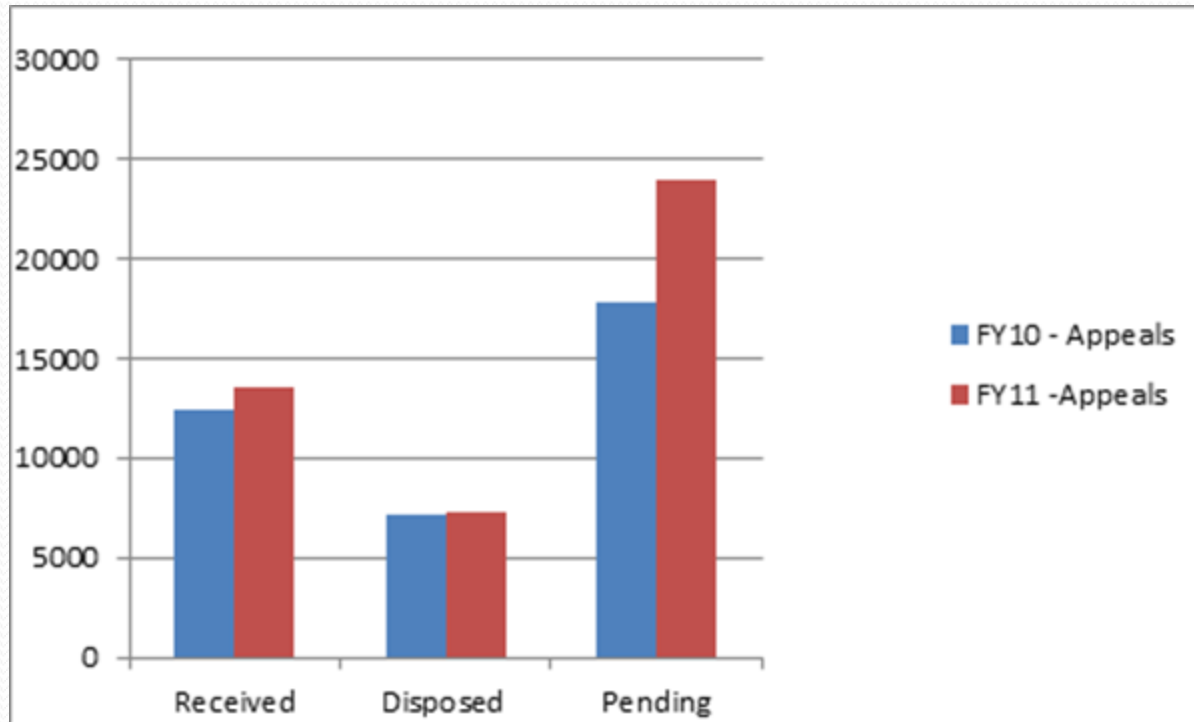
- New evidentiary roles (*e.g.*, public use, on-sale determinations)
- Discovery (*e.g.*, depositions of declarants)
- Protective orders, motions to seal the record (no longer just patents and pubs...)

Current Backlog: PTO Response?



Source: Dennis Crouch, *“Today's Study: The BPAI's Response to its Backlog”*, Patently O, March 4, 2011

Patenting Appeals: Pendency Increasing



Source: PTO Process Production Report (FY2011)

http://www.uspto.gov/ip/boards/bpai/stats/process/fy2011_sep_b.pdf

PTO Proceedings - Overview

Proceeding	Threshold	Prior Art	Estoppel?
Third party pre-issuance submissions	N/A	Patents/printed pubs	N/A
Post-grant review (9-month window)	More likely than not that at least 1 claim unpatentable	Any ground	Raised or could have raised
Inter partes review (after P.G.R.)	Reasonable likelihood that petitioner would prevail on at least 1 claim	Patents/printed pubs	Raised or could have raised
Ex parte reexam (unchanged)	Substantial new question of patentability	Patents/printed pubs	None (although courts may differ)
Supplemental Examination	Substantial new question of patentability	Any information	N/A
Derivation Proceedings	Claimed invention derived from another	N/A	N/A

Inter Partes Review (Sec. 6, §§ 311-319): Comparison to Current *Inter Partes* Reexam

Aspect	<i>Inter Partes</i> Reexam (now)	<i>Inter Partes</i> Review (reform)
Tribunal	Central Reexamination Unit	Patent Trial and Appeals Board
Timing for filing	Any time	After the later of closing of PGR window (or termination of PGR)
Threshold	Substantial new question of patentability	Reasonable likelihood that petitioner would prevail on at least 1 claim
Conclusion	Open-ended	Within 1 year after institution
Prior art	Patents and printed pubs	Patents and printed pubs
Appeal	To BPAI, then Fed Circuit	Directly to Fed Circuit
Barred if D.Ct. proceedings	No bar	Barred if already filed DJ suit; or barred if > 1 yr after being sued

Patent Reform 2011:

Third Party Pre-Issuance Submissions

Third Party Pre-Issuance Submissions (Sec. 8)

During prosecution, **any third party** may submit:

- Any patent application, patent, or printed publication
- Concise statement of relevance and fee required
- May include statements of the patent owner before a federal court or the Office taking a position on the scope of any claim of a particular patent. (See Sec. 6(g) and 8)

§ 122(e) Any third party may submit for consideration and inclusion in the record of a patent application, any patent, published patent application, or other printed publication of potential relevance to the examination of the application, if such submission is made in writing before the earlier of--

‘(A) the date a notice of allowance under section 151 is given or mailed in the application for patent; or

‘(B) the later of--

‘(i) 6 months after the date on which the application for patent is first published under section 122 by the Office, or

‘(ii) the date of the first rejection under section 132 of any claim by the examiner during the examination of the application for patent

Third Party Pre-Issuance Submissions: Pro's and Con's

Pro	Con
Anonymous – no requirement to identify real party in interest	Lack of control – no active participation in prosecution
No estoppel	Target audience is likely junior examiner, rather than ALJ on PTAB
Cheap (fee to be determined)	Likelihood of getting “lost in the stack”
Concise statement of relevant allows some argumentation	Difficulty in monitoring
If successful, prevents patent from ever issuing	If unsuccessful, prior art becomes of record, strengthening patent

Comparison: Third Party Pre-Issuance Submissions v. “Rule 99” Submissions

Reform Provisions	“Rule 99” Submissions
Concise statement of relevance OK	No explanation allowed
Expanded time window (see rule)	Tight window: earlier of 2 months from publication, or notice of allowance
Unlimited number of references	Maximum of 10 patents or pubs

Patent Reform 2011:

Prioritized Examination

Prioritized Examination

- Essentially implements “Track I” of the 3-Track Examination process, which was put on hold due to budget issues (see 76 FR 23876 (Apr. 29, 2011))
- Goals:
 - Provide applicants with greater control over when their utility and plant applications are examined
 - Promote greater efficiency in the patent examination process
- New Final Rule -- Changes to Implement Prioritized Examination Track (Track I) of the Enhanced Examination Timing Control Procedures Under the Leahy-Smith America Invents Act, 76 Fed. Reg. 59050 (Sept. 23, 2011), implements Sec. 11(h) of the AIA
- Final Rule effective on September 26, 2011

Prioritized Examination (continued)

- Effective for Utility and Plant patent applications filed on or after Sept. 26, 2011
- Currently NOT eligible:
 - Design
 - Reissue
 - Provisional
 - Reexaminations
 - International/national stage applications
- May be requested for a continuing application (could use by-pass continuation filing for International applications)

Prioritized Examination (continued)

- Filing requirements:
 - Application must be complete under 37 CFR 1.51(b) (*e.g.*, no missing parts)
 - Fees:
 - \$1,250 (\$530 small entity) in filing fees
 - \$380 (\$95 small entity filing by EFS-Web) filing fee,
 - \$620 (\$310 small entity) search fee, and
 - \$250 (\$125 small entity) examination fee;
 - \$4,800 (\$2,400 small entity) prioritized examination fee;
 - \$130 processing fee; and
 - \$300 publication fee.
 - Total: \$6,480 (assuming no excess claims fee or application excess size fee)
 - No more than 4 independent claims, 30 total claims, and no multiple dependent claims
 - Request for Prioritize Examination (see Form PTO/SB/424)
 - Must file application electronically (utility application)

Prioritized Examination (continued)

- Currently, USPTO may not accept more than 10,000 requests for prioritized exam/fiscal year
- As of October 13, 2011:
 - FY2011 – 842 pending requests
 - FY2012 – 92 pending requests
 - See http://www.uspto.gov/aia_implementation/patents.jsp

Prioritized Examination (continued)

- Timeline: USPTO goal for final disposition is on average 12 months from date of prioritized status
- That is, USPTO wants one of the following to occur within that time period:
 - Mailing of a notice of allowance
 - Mailing of a final Office action
 - Filing of a notice of appeal
 - Filing of a request for continued examination (RCE)
 - Abandonment of the application

Prioritized Examination (continued)

- **Note**: An application under prioritized examination is NOT accorded special status throughout its entire course of appeal or interference before the BPAI, or after the filing of request for continued examination.
- **WATCH OUT** -- Prioritized exam can be terminated **without a refund** of the prioritized exam fee if patent applicant:
 - Petitions for an extension of time to file a reply;
 - Requests to suspend action; or
 - Files an amendment which results in more than 4 independent / 30 total claims

Patent Reform 2011:

Satellite Offices

Satellite Offices (Sec. 23)

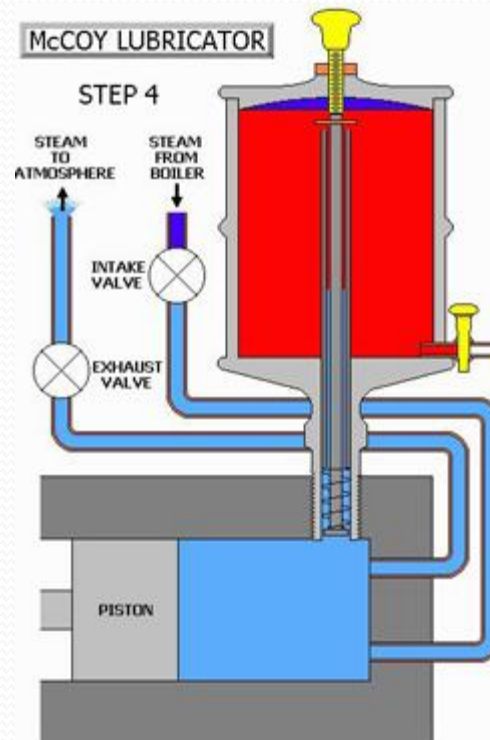
- Three or more satellite offices to be created within 3 years
- One will be in Detroit (“Elijah J. McCoy United States Patent and Trademark Office”)
- Other offices up for grabs

(b) Purposes- The purposes of the satellite offices established under subsection (a) are to-

- (1) increase outreach activities to better connect patent filers and innovators with the Office;
- (2) enhance patent examiner retention;
- (3) improve recruitment of patent examiners;
- (4) decrease the number of patent applications waiting for examination; and
- (5) improve the quality of patent examination.

“The Real McCoy”

Elijah McCoy's Oil Drip Cup for Steam Locomotive Lubrication



Satellite Offices (Sec. 23)

Considerations:

- Forum shopping?
- Filing related applications in different offices?
- Consistency among offices?
- What resources will be shared?

Patent Reform 2011:

Miscellaneous

Enforcing Best Mode Requirement (Sec. 15, § 282)

- Best mode remains a requirement for patentability
- BUT, the best mode defense for invalidity or unenforceability will be eliminated
- A toothless tiger?
 - OR will PTO invoke disciplinary rules?

“failure to disclose the best mode shall not be a basis on which any claim of a patent may be canceled or held invalid or otherwise unenforceable”



Inventor's Oath (Sec. 4, § 41)

- **Sec. 4(a)** – Amends § 115 to allow an applicant to submit a substitute statement in lieu of executing an inventor's oath or declaration if the inventor is:
 - Unable (*e.g.*, deceased, under legal capacity, cannot be found or reached after diligent effort); or
 - Unwilling and is under an obligation to assign the invention
- **Sec. 4(b)** – Amends § 118 to allow the inventor's assignee (or person with right to assignment) the right to file the patent application.

Studies To Be Conducted

- Study on implementation
- Study on genetic testing
- Study on international patent protections for small businesses
- Study on patent litigation

Other Provisions

- Venue for suits against Patent Office is changed from the District of Columbia to the Eastern District of Virginia.
- Denying state courts jurisdiction over patents, plant variety, copyright actions and vesting all appellate jurisdiction for patent or plant variety claims and counterclaims in the CAFC (modifying *Holmes Group v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826, 122 S.Ct. 1889 (2002)).

Patent Reform 2011:

Prosecution Fees and PTO Funding

Prosecution Fees (Sec. 11, § 41)

- The PTO Director now has fee-setting authority by rule-making
 - Subject to review by Public Advisory Committee & Congress
- The AIA imposes an interim, 15% fee surcharge
 - Effective September 26, 2011
 - Substantially all patent & trademark fees
 - New Fees: <http://www.uspto.gov/about/offices/cfo/finance/fees.jsp>
 - See Notice of Availability of Patent Fee Changes Under the Leahy-Smith America Invents Act, 76 Fed. Reg. 59115 (Sept. 23, 2011)
- \$400 “incentive” fee for non-electronic filing of applications
 - Effective November 15, 2011

Small & Micro Entities

- **Small Entities**
 - 50% reduction in major fees for **small entities** continues
- **Sec. 10 -- § 123 Micro Entities (New)**
 - Entitled to a 75% fee reduction
 - Requirements -- § 123(a):
 - Qualify as small entity
 - Not named in more than 4 previously filed applications
 - Excluding foreign, international, and provisional applications
 - Excluding applications assigned to former employer
 - Limit on gross income (not exceeding 3 times median household income for preceding calendar year)
 - **Micro entity** status will be available to certain applicants primarily employed by, or who assign their application to, an **institution of higher education**

PTO Funding (Sec. 22, § 42(c))

- The PTO's revenues are less likely to be subject to diversion, as a result of the AIA.
 - Fees collected by the PTO shall be solely for the use of the Office and any excess over the amounts authorized ("appropriated") for expenditure shall be placed in a separate reserve fund and—in theory—will not be subject to diversion. (Sec. 22).
 - The Senate's PTO revolving fund proposal was **not** approved by the House; therefore, annual appropriations will be necessary to approve PTO spending.

Patent Reform 2011

Thank you

For further information, see “Patent Reform”
at www.fr.com



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