

米国特許改正法の概要と実務への影響*

<英語原文>

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The U.S. Congress has sought to improve the U.S. patent system for many years. Each year, key congresspersons proposed legislation containing provisions seeking to bring the U.S. system towards a first-to-file system rather than a first-to-invent system, and to address the continued growing number of non-practicing entity litigations. Each year, competing interest groups prevented passage of any legislation.

Last fall, the U.S. Congress finally passed new patent legislation, Public Law 112-29, called the Leahy-Smith America Invents Act, or “AIA” in short. Every patent practitioner working in the global economy must understand the changes to U.S. patent law. Some provisions

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have an immediate impact, e.g., certain provisions impacting patent disputes, the standard for initiating inter partes reexamination and the availability of fee-based expedited examination. Other significant changes will become effective either September 2012 or March 2013. Yet, even for these latter changes, companies must consider – and possibly change – their strategy well in advance.

This article summarizes several important AIA provisions, and identifies just a few issues that companies face with this transition in U.S. law. While the AIA brings U.S. law in the direction of better conformity with most of the world, the U.S. law remains unique in most respects and each patent practitioner needs to pay special attention to the precise provisions in the U.S. law. The new U.S. law will have its greatest impact on patent applications filed on or after March 16, 2013, but even pending applications and granted patents will be affected.

This article discusses the following major topics:

- (I) Changes to patent-defeating prior art section 102
- (II) Pre-grant submissions, Post Grant Review and inter partes review
- (III) Supplemental Examination
- (IV) Replacement of interference proceeding with the more limited derivation proceeding
- (V) Expansion of prior user rights
- (VI) Elimination of the best mode defense
- (VII) Limitations on joining multiple defendants in a single suit
- (VIII) Handling of opinions of counsel for willfulness and induced infringement
- (IX) Transitional program for business method patents
- (X) Virtual marking

In this article, new statute sections are referred to as “AIA section”, and the current law applicable before the AIA as “current section.”

I. AIA SECTIONS 102 AND 103

A. NOVELTY UNDER AIA SECTION 102

AIA Section 102 is extremely different compared to current section 102, especially reflecting a move towards a first-to-file system. The major changes over the current section 102 include the following:

- (1) The patent-defeating disclosures under AIA section 102 are tied to effective filing dates rather than invention dates.
- (2) All patent-defeating activities can occur anywhere in the world, rather than having some limited to occurring in the U.S.
- (3) Some provisions of current section 102 are eliminated:
 - (a) abandonment (old § 102(c))
 - (b) premature foreign patenting (old § 102(d))
 - (c) statutory derivation (old § 102(f)), and
 - (d) prior invention of another (§ 102(g))

AIA Section 102(a)(1): Push towards Harmonization, but Retaining a Grace Period for Inventor Disclosures

AIA section 102(a)(1) essentially replaces current sections 102(a) and (b). AIA section 102(a)(1) provides as follows:

- (a) Novelty; Prior Art- A person shall be entitled to a patent unless--
 - (1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention;

Under AIA section 102(a)(1), the patenting, printed publication, public use, on sale or “otherwise available to the public” can occur anywhere in the world. Current section 102(b) requires that the “public use” or “on sale” occur in the U.S. Also, current sections 102(a),(b) only have “known” compared to the AIA section 102 including a catchall category of “otherwise available.” The “otherwise available” aspect is expected to be an area of dispute and clarification through case law in the next few years.

AIA Section 102(b)(1): Exception to AIA Section 102(a)(1) - Grace Period for Inventors

AIA section 102(b)(1) contains a one-year grace period for inventors. AIA section 102(b)(1) provides as follows:

A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if –

(A) the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

(B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

AIA section 102(b) is narrow compared to the “grace period” available under current sections 102(a) and (b), because it is tied to subject matter disclosed by the inventor. Also, AIA section 102(b) does not embody the broader ability to generally “swear behind” a publication such as under current section 102(a).

Under AIA section 102(b)(1)(A), the disqualified disclosure must be made by an inventor, or by someone that obtained the disclosed subject matter from the inventor. In other words, the inventors have an apparent safeguard for their U.S. patent rights when they disclose the subject matter of the invention within one year of filing their application. If this exception is treated like the current “swearing behind” practice, patent applicants may be able to disqualify a disclosure by filing an affidavit attesting that the earlier publisher obtained the subject matter from the inventor. Upon grant, however, such evidence could be challenged, such as by a patent infringement defendant deposing the affiant.

AIA section 102(b)(1)(B) addresses the situation of an inventor making a public disclosure and then later filing an application, and the possibility for that inventor disclosure

to shield the application from an intervening, third-party disclosure. The following example illustrates this exception:

- (a) an inventor A (or someone who obtained the subject matter from inventor A) publicly discloses the invention subject matter ten months before her patent application filing date;
- (b) third party B discloses the subject matter of inventor A's patent application eight months before inventor A's patent application filing date.

In this situation, third party B's disclosure will not count as prior art against the inventor A's application. Inventor A can take advantage of his earlier disclosure even though third party B did not obtain the subject matter from inventor A. Of course, this only applies to the U.S. patent application. Both inventor A's disclosure and third party B's disclosure could be prior art against inventor A's application in other countries.

AIA Section 102(a)(2): Battle of the U.S. Patent Applications Becomes Worldwide

The other aspect of AIA section 102(a) pertains to U.S. (and national stage applications following section 365) patents and patent application filings in particular. AIA section 102(a)(2) operates in a similar area, but is different from, current section 102(e).

AIA section 102(a)(2) provides as follows:

[t]he claimed invention was described in a patent issued under section 151, or in an application for patent published or deemed published under section 122(b), in which the patent or application, as the case may be, names another inventor and was effectively filed before the effective filing date of the claimed invention.

Accordingly, if party B has U.S. patent application B that published or resulted in a patent, and that U.S. patent application has an earlier "effective filing date" than inventor A's patent application A, then patent application B can be used for both novelty destroying and obviousness purposes.

AIA section 102(d) outlines how to determine the effective filing date for application B:

[AIA Section 102(d)] For purposes of determining whether a patent or application for patent is prior art to a claimed invention under subsection (a)(2), such patent or application shall be considered to have been effectively filed, with respect to any subject matter described in the patent or application—

(1) if paragraph (2) does not apply, as of the actual filing date of the patent or the application for patent; or

(2) if the patent or application for patent is entitled to claim a right of priority under section 119, 365(a), or 365(b), or to claim the benefit of an earlier filing date under section 120, 121, or 365(c), based upon 1 or more prior filed applications for patent, as of the filing date of the earliest such application that describes the subject matter.”

Different from the current section 102, under the combination of AIA section 102(a)(2) and section 102(d), the prior art date of any U.S. (and national stage cases under section 365) patent or published application is its earliest effective filing date, which is determined on a worldwide basis. By contrast, under current section 102(e), the prior art priority filing date is only the earliest effective U.S. filing date. Thus, suppose the following circumstance:

<i>Inventor A U.S. Patent Application</i>	<i>Third Party B U.S. Patent</i>
U.S. Filing Date: December 20, 2011	U.S. Filing Date: December 10, 2011
Japan Priority Filing Date (same disclosure as U.S. case): January 10, 2011	Japan Priority Filing Date (same disclosure as U.S. case): January 2, 2011

In this instance, under current section 102(e), the third party B’s U.S. patent would not be prior art against the inventor’s A U.S. application. Inventor A can use his Japan priority filing date to remove the third party B’s U.S. patent from being prior art for section 102(e) purposes. Third Party B’s Japan priority filing date is not considered under current section 102(e).

This rule, known as the *Hilmer* doctrine in the U.S., is abolished under the AIA. Under the AIA, third party B’s U.S. patent would have an “effective filing date” of January 2, 2011, and so would qualify as prior art against inventor A’s U.S. application.

AIA Section 102(b)(2): Exception to AIA Section 102(a)(2) - Grace Period for Inventors

AIA section 102(b)(2) includes certain exceptions to the general rule of AIA section 102(a)(2), as follows:

- A disclosure shall not be prior art to a claimed invention under subsection (a)(2) if—
- (A) the subject matter disclosed was obtained directly or indirectly from the inventor or a joint inventor;
 - (B) the subject matter disclosed had, before such subject matter was effectively filed under subsection (a)(2), been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or
 - (C) the subject matter disclosed and the claimed invention, not later than the effective filing date of the claimed invention, were owned by the same person or subject to an obligation of assignment to the same person.

As shown above, the same exceptions for general disclosures found in section 102(b)(1)(A) and (B) have parallel exceptions for considering U.S. patents and patent applications as prior art in 102(b)(2)(A) and (B). Thus, if a third party B obtains the subject matter from inventor A and then quickly files a U.S. application before inventor A, the third party B’s U.S. patent application is not prior art against the inventor A.

AIA Section 102(b)(2)(C) adds an important point where the U.S. patent or published application with an earlier effective filing date is owned by, or subject to an obligation of assignment to, the same person as the patent application under study. Under old law, commonly owned patents are removed as prior art only if there was common ownership *at*

the time the invention was made, and only for purposes of section 103 obviousness. Under the AIA, common ownership is assessed *as of the effective filing date* of the application under study, and commonly owned patents are removed from prior art – for both novelty under section 102(a)(2) and obviousness purposes. Thus, company A could theoretically obtain rights to U.S. patent applications from company B, and then those company B U.S. patent applications would not be prior art against future patent filings for company A for purposes of section 102(a)(2). For this to be practical, the later applications would have to be filed before the earlier applications are published, unless another prior art exception applies.

Suppose that a company has two inventors A and B working on respective inventions that are the subject of assignment to the company. Under the AIA, if inventor B files a U.S. patent application earlier than inventor A (and both are subject to assignment to the company), then the inventor B's earlier U.S. patent application cannot be used as prior art against inventor A's patent application under AIA section 102(a)(2). In this regard, however, if inventor B's U.S. application is published or results in a patent before inventor A's application is filed, the inventor B's published application or patent can be used as prior art under AIA section 102(a)(1).

Finally, AIA section 102(c) continues the same concept as the current section 103(c) that common ownership encompasses joint research agreements (as defined in the statute). Although the joint research agreement need only be in effect by the effective filing date of the claimed invention, the claimed invention must have been made as a result of activities undertaken within the scope of the joint research agreement.

Effective Date for AIA Section 102

AIA section 3(n)(1) provides the effective date for AIA Section 102:

Except as otherwise provided in this section, the amendments made by this section shall take effect upon the expiration of the 18-month period beginning on the date of the enactment of this Act, and shall apply to any application for patent, and to any patent issuing thereon, that contains or contained at any time—

(A) a claim to a claimed invention that has an effective filing date as defined in section 100(i) of title 35, United States Code, that is on or after the effective date described in this paragraph; or

(B) a specific reference under section 120, 121, or 365(c) of title 35, United States Code, to any patent or application that contains or contained at any time such a claim.

These effective date provisions will have to be considered whenever a U.S. application is filed on or after March 16, 2013, including new applications as well as continuations, divisionals, and continuation-in-part applications. If *all* claims are entitled to priority based upon any priority application filed before March 16, 2013, e.g., if all claims have an effective filing date earlier than March 16, 2013, then the old law governs. But, if *any* claim is only entitled to an effective filing date on or after March 16, 2013, then the entire application and all of its claims are governed by the new AIA. Even if the applicant later cancels the only claim(s) that was/were not entitled to an earlier effective filing date, the application will remain under the AIA. Thus, including such a claim *at any time* “poisons” the application, and the entire application will be governed by the AIA. The same applies for any future continuing application (continuation, divisional or continuation-in-part) that claims

priority to the “poisoned” application, even if all claims in the continuing application are entitled to an effective filing date earlier than March 16, 2013, and even if the priority claim to the “poisoned” application is deleted.

The foregoing considerations theoretically applies even if the claims in the priority application and the later application are identical, if , for example, a claim was not enabled as of the earlier priority date but is enabled by the later filing date, either due to additional information being included in the application or developments in the state of the art.

B. OBVIOUSNESS UNDER AIA SECTION 103

AIA section 103 obviousness is seemingly greatly simplified over current section 103. Thus, AIA section 103 provides as follows:

A patent for a claimed invention may not be obtained, notwithstanding that the claimed invention is not identically disclosed as set forth in section 102, if the differences between the claimed invention and the prior art are such that the claimed invention as a whole would have been obvious before the effective filing date of the claimed invention to a person having ordinary skill in the art to which the claimed invention pertains. Patentability shall not be negated by the manner in which the invention was made.

The time frame for determining nonobviousness is as of “the effective filing date of the claimed invention,” compared to the old law that sets the time frame as the date the invention was made.

Because the basic test for obviousness remains the same, the vast body of judicial precedent on obviousness in the U.S., culminating in *KSR*, should continue to apply with equal force. But, in practical effect, the AIA has a much higher standard of obviousness because the scope and content of the prior art available for the obviousness analysis has been greatly expanded both by (a) making all earlier-filed later-published United States patent applications prior art as of their earliest effective filing dates (including non-U.S. priority dates); and (b) making “public use” and “on sale” activities anywhere in the world part of the state of the art.

C. POSSIBLE IMPLICATIONS AND TRANSITION OF AIA SECTION 102

Companies need to re-evaluate their internal processes for patent procurement, especially as they pertain to public disclosures and offering products to potential customers. International companies must evaluate their promotional activities on a worldwide basis, and not just their U.S. activities. Many international companies who are used to filing before any disclosure will be relatively comfortable with the new U.S. law, and the best policy remains to file a patent application fully describing the invention before any public disclosure, use or offer for sale.

First, over the next year, companies should consider whether there are any new inventions for which patent applications could be filed before March 16, 2013. Even if there have been no disclosures of the subject matter, filing an application before March 16, 2013 will avoid other aspects of the AIA, such as Post Grant Review discussed below.

Over the next year, companies should look particularly for inventions that may have been publicly disclosed, used or offered for sale. For example, companies could review invention disclosure forms to see if the inventors identified any public disclosures that may have been made or be planned for the near future. It may be imperative to file patent applications on such inventions before March 16, 2013 to avoid the risk of losing the opportunity to obtain patent protection.

Second, companies also should endeavor to file complete applications before March 16, 2013, even if a priority application or provisional application already is filed. Even though the priority year for applications filed after March 16, 2012, may extend beyond the March 16, 2013 effective date for this part of the AIA, filing complete applications by March 15, 2013 will ensure that the current section 102 and 103 applies. This is because unless *all claims* of the application filed after March 16, 2013 are entitled to an effective filing date of the earlier application, then the entire application will be governed by the AIA: Thus, applicants should, whenever possible, secure an *actual* filing date not later than March 15, 2013.

The current section 102(b) statutory bar provides a more forgiving “grace period” to patent applicants. And, under current section 102(a), patent applicants can rely on their earlier invention dates to remove prior art that is not a statutory bar under old 102(b) (from being prior art), such as public knowledge and printed publications within the grace period.

Second, even if no specific patent-barring activity occurred, consider accelerating completing and filing patent applications before March 16, 2013. For the same reasons noted above, patent applicants gain very little by waiting to file until after March 16, 2013. If *any* claim is ultimately determined not to be entitled to priority before March 16, 2013, then the entire application is governed by the AIA, even if the poisoned claim is later cancelled.

Third, if a patent applicant files a continuation or continuation-in-part application after March 16, 2013, the applicant should carefully consider whether to add any claims reciting newly added subject matter. As outlined above, inclusion of even a single claim having an effective filing date on or after March 16, 2013 renders the entire application subject to the AIA instead of the old law. Once an application is subject to examination under the AIA, any subsequent continuation application thereafter in the chain will be examined under the AIA too. For example, suppose an applicant files an original application O on March 17, 2012, and then files a continuation application C on March 17, 2013. Suppose that continuation application C contains a single claim later determined to be only entitled to a March 17, 2013 filing date, then the entire continuation application C is examined applying AIA section 102. Further, suppose the applicant files a further continuation application D on March 17, 2014 claiming priority back to continuation C and original application O, and the continuation application D has claims that all clearly are entitled to priority back to original application O. Continuation application D will still be examined under AIA section 102!

Thus, for very important cases, applicants should consider filing two parallel continuation applications after March 16, 2013, where one continuation application only has claims with an earlier effective filing date, i.e., claims that are clearly supported in the earlier filings. That way, the applicant can keep one chain of applications that will continue to be examined under current section 102 (and possibly obtain a patent that will not be subject to Post Grant Review). Another option is to make sure that all claims filed in an application

after March 16, 2013, have an effective filing date earlier than March 16, 2013. If a claim needs to be *added* that is not entitled to priority, then this claim could be included in a parallel continuation application which will be governed by the AIA. Although a Terminal Disclaimer may be necessary if the claims are directed to subject matter that is not patentably distinct, this requirement is minimal compared to the implications of the AIA.

The one exception to being better off under the old 102 and 103 concerns multiple applications owned by (or subject to assignment to) the same entity. AIA section 102(b)(2) disqualifies commonly owned earlier-filed, later-published U.S. applications as prior art generally, for both novelty and non-obviousness, while a similar exception is found only under old 103, and so only prevents such applications from being asserted to establish obviousness. Absent this relatively narrow situation – which seems to *favor* waiting in some limited circumstances – patent applicants are better off with the old law.

Finally, in considering application filing processes for new applications after March 16, 2013, companies should review their processes for developing invention disclosures into patent applications quickly. This review should occur during the remaining time leading up to March 16, 2013, such that the company is ready for the new law. Just as one example, disclosures may be assigned priority levels, so that the company and its patent personnel (in-house and/or outside counsel) know which cases need to move to filing the fastest. Companies may wish to file one or more provisional applications in an effort to reasonably lock-in a filing date. Whether to file a provisional application involves fact-specific inquiries, such as how much more disclosure is needed to properly support the expected claimed invention and weighing the inherent additional costs and process for the provisional application.

II. PRE-GRANT SUBMISSIONS, POST GRANT REVIEW AND INTER PARTES REVIEW

In an effort to improve the quality of patents issued from the USPTO, the AIA provides for three procedures by which a third party can affect the grant of a patent or challenge an issued patent.

A. PRE-GRANT SUBMISSIONS

Starting September 16, 2012 any third party will be able to submit any printed publication of “potential relevance” during prosecution of any patent application (even those already pending before the AIA was enacted on September 16, 2011), for consideration by the USPTO examiner. These proceeding is detailed in AIA section 122, which is broader than old 122. The submissions can be filed without identifying the real party in interest, and must be accompanied by a written statement of the relevance of each submitted document. As for timing, submissions must be filed:

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 [which includes PCT publications], 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.

Practically speaking for most cases, this means that a submission can be filed within six months after the application is published, or even later if no Office action has been issued yet. In cases where the first Office action is a notice of allowance, a submission may not be permitted, particularly if the notice of allowance is issued before the application is published.

This newly expanded proceeding provides an offensive reason to monitor published applications for competitor applications of particular interest. It also provides a defensive reason to pursue expedited examination (e.g., Accelerated Examination, fee-based expedited examination, or patent prosecution highway) to obtain an early notice of allowance that will block a competitor from filing a submission in your application.

B. POST GRANT REVIEW

Patents granted from applications that are subject to AIA section 102 will be subject to Post Grant Review proceedings. Ultimately, Post Grant Review will be one of the most important points of the AIA. Patents subject to Post Grant Review can be challenged by a third party within the first nine (9) months of patent issuance, based on a petition to institute a Post Grant Review of the patent. For the near and mid-range, Post Grant Review has no practical importance because Post Grant Review in most cases is only available for patents under the new first-to-file system (*i.e.*, patents that contain a claim to a claimed invention that has an effective filing date that is on or after March 16, 2013, or contain a specific reference to any patent or application that contains or contained at any time such a claim) (35 USC §100(n)(1)). Thus, it will be at least several years before Post Grant Review will go into full effect.^{1 2} Because such applications will have to be examined and granted before a Post Grant Review proceeding could be started, it may be at least three plus years before patents are generally subject to Post Grant Review.

If the Post Grant Review petition is timely filed, a Post Grant Review may be requested to challenge the patentability of one or more claims “on any ground that could be raised under paragraph (2) or (3) of section 282(b) (relating to invalidity of the patent or any claim).” AIA section 321(b). Therefore, a patent can be challenged at least for prior art reasons (lack of novelty and obviousness), as well as section 112 written description and enablement issues.^{3 4} This proceeding is similar to the opposition style proceedings before

¹ The statute provides that Post Grant Reviews shall take effect upon expiration of the 1 year period beginning on the date of enactment. Although the majority of patents will not be eligible for Post Grant Review until March 16, 2013 plus the length of prosecution time, certain business method patents are eligible beginning on September 16, 2012. §18 of the AIA.

³ There is some question as to whether the validity of a patent can be challenged under a section 101 lack of utility in a Post Grant Review proceeding. This will ultimately be an issue for the U.S. courts to definitively decide.

⁴ A Post Grant Review of a claim in a reissue patent that is identical to or narrower than the claim in the original patent will not be instituted. 35 USC § 325(f).

the European Patent Office. (Additionally, a Post-Grant Review may be instituted on any “unsettled” legal issue.)

The petition must identify each claim to be challenged, the reasons for challenging each claim, and any supporting evidence, including affidavits, declarations and other expert opinions, if any. The petition should support that it is more likely than not that at least one claim is unpatentable.

Because of the estoppel provisions under a Post Grant Review proceeding, the petition must identify all real parties in interest. Indeed, estoppel applies to any proceeding before the Office, the International Trade Commission, or district courts on any ground that the petitioner raised or reasonably could have raised during that IPR, as set forth in AIA section 325(e).⁵

Before the Director makes its final determination on instituting a Post Grant Review, the patent owner has a right to explain why a Post Grant Review should not be instituted, under AIA section 323. The ultimate determination of whether a Post Grant Review should be instituted depends on whether “it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable,” per AIA section 324(a). An alternative grounds for instituting Post Grant Review is “showing that the petition raises a novel or unsettled legal question that is important to other patents or patent applications,” per AIA section 324(b). At this juncture, it is unclear what amount of evidence would be most persuasive in meeting this bar; this will be for the Office to determine as Post Grant Review proceedings are utilized. The determination by the Director as to whether to institute a Post Grant Review proceeding is final and nonappealable, as set forth in AIA section 324(e).

The AIA contains provisions regarding the relative timing of Post Grant Review and district court litigation involving the same patent. A petitioner is barred from petitioning for a Post Grant Review if the petitioner or the real party in interest already has filed a declaratory judgment action challenging the validity of a claim in the same patent for which Post Grant Review is sought, under AIA section 325(a)(1). On the other hand, a civil action challenging the validity of a patent claim (but not a counterclaim of invalidity) will be stayed if such a lawsuit is filed *after* a petition for Post Grant Review has been filed, and will remain stayed until the patentee takes action or the petitioner or real party in interest moves to dismiss, as detailed in AIA section 315(a)(2). Thus, challengers are prevented from concurrently pursuing both declaratory judgment actions and Post Grant Review in hopes of optimizing its chances of a more favorable outcome.

The AIA protects patentees in another manner, by barring a court from staying a motion for a preliminary injunction in a civil action alleging patent infringement on the basis that a petition for Post Grant Review has been filed or is underway, if the civil action was filed within 3 months from the date of patent grant, as set forth in AIA section 325(b). This may provide a reason to wait until that three-month period has passed before filing a petition for Post Grant Review.

⁵ The estoppel effect has a rather tortured potential scope. Detailed consideration of the estoppel effect is beyond the present article. Details can be found in M. Smith, “A Critical Analysis of the *Inter Partes* Review Statute.”

If more than one petition for Post Grant Review has been filed against the same patent, the Director may consolidate the Post Grant Reviews into a single proceeding Under AIA section 325(c).

Unlike reexamination proceedings, Post Grant Review will be conducted at the Board in the first instance. The petitioner will have the burden of proving unpatentability by a preponderance of the evidence standard, under AIA section 326. Importantly, the AIA permits some limited discovery, under procedures still to be established by the Office.

During a Post Grant Review proceeding, the patent owner can cancel a challenged claim or propose a reasonable number of substitute claims under AIA section 326(d)(1). The amendment may not broaden the claim scope or introduce new matter, as provided by AIA section 326(d)(3). Intervening rights may arise if the Board determines that an amended or new claim is patentable, per AIA section 328(c).

The Act states that a final determination in a Post Grant Review shall be issued not later than 1 year after notice of institution of proceeding, and may be extended by not more than 6 months for good cause. This short time frame was thought to be important to make Post Grant Review an attractive alternative to district court litigation, but means that petitioners must be ready to proceed quickly once their petition is filed.

The parties to a Post Grant Review can jointly request that the proceeding be terminated. In this case, no estoppel shall attach to the petition or real party in interest or privy of the petitioner because the Board has not issued a final written decision, under AIA section 327.

The decision of the Board is appealable only to the Court of Appeals for the Federal Circuit, as provided in AIA section 328.

The Director may limit the number of Post Grant Reviews that may be instituted each year for the first four (4) years, and has the discretion to stay, transfer, consolidate or terminate another proceeding or matter involving the same patent in a Post Grant Review proceeding, as set forth in AIA section 325(d).

C. INTER PARTES REVIEW

Inter Partes Review replaces inter partes reexamination as from September 16, 2012, and applies to all patents filed before, on, or after this date. Many expect that there will be an *immediate* rush of Inter Partes Review proceedings filed shortly after September 16, 2012. This is in part because the PTO Director may impose a limitation each year for the first four years on the number of Inter Parte Reviews instituted. Given that Inter Partes Review will replace inter partes reexamination, petitioners could effectively be entirely blocked if the PTO imposes a cap on the number of Inter Partes Reviews.

Another provision affecting timing is the fact that a petition for Inter Partes Review can only be filed nine months or longer after patent issuance (including reissue of a patent), or after the date of termination of any Post Grant Review proceeding, whichever is later.

Similar to inter partes reexamination, Inter Partes Review can request cancellation of one or more claims only for lack of novelty or obviousness and only in view of prior art patents and other printed publications. The threshold question for instituting an Inter Partes

Review is whether there is “a reasonable likelihood” that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition, as set forth in AIA section 314(a). This same standard became effective for inter partes reexam on the date the AIA was enacted, e.g., on September 16, 2011. The exact meaning of this “reasonable likelihood” standard is not known, but it does appear to be a higher bar than the former “substantial new question of patentability” threshold previously used for initiating inter partes reexamination proceedings (and still in use for ex parte reexamination proceedings).

As with Post Grant Review proceedings, the patent owner has the opportunity to respond to the petition and present reasons as to why the review proceeding should not occur. The Director’s decision on whether to institute an Inter Partes Review is final and nonappealable. AIA section 314(d).

Inter Partes Review also has important estoppel effects to be considered. The petitioner, the real party in interest or privy of the petitioner may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that Inter Partes Review. The estoppel provision applies only after a final written decision by the Patent Trial and Appeal Board has been issued. As with Post Grant Review, estoppel applies to any proceeding before the PTO, the International Trade Commission, or district courts, under AIA section 315(e).

Inter Partes Review is a much tougher procedure than inter partes reexamination in several respects: First, in Inter Partes Review, an affidavit (or declaration) will generally be filed by an expert or experts supporting the Inter Partes Review. It will be critical that *both* parties have experts available. Second, the affiants will be subject to “discovery”: Their depositions will be taken, so each party must carefully select a strong affiant. Third, the Inter Partes Review will be *much quicker* and is required to end within one year of the PTO instituting the review (or 18 months for exceptional cases). Fourth, the Inter Partes Review *starts* at the Patent Trial and Appeal Board (the new name for the Board of Patent Appeals and Interferences), *without any examination by the examining corps*. Fifth, very little opportunity exists for a late submission of evidence because of the very short time frame for completion of proceedings. There is *no* possibility for a trial de novo nor any “continuation” or “RCE”. The Federal Circuit appeal for an obviousness determination will be governed by the “substantial evidence” test that blocks a *de novo* consideration on appeal.

The AIA contains provisions regarding the relative timing of Inter Partes Review and district court litigation involving the same patent, similar to those for Post Grant Review. Thus, Inter Partes Review may be barred if the petitioner or the real party in interest has filed a declaratory judgment action challenging the validity of a claim in the same patent *before* the request for IPR is filed, under AIA section 315(a)(1). Likewise, a civil action challenging the validity of a patent claim (but not a counterclaim) will be stayed if a petition for Inter Partes Review already has been filed, and will remain stayed until the patentee takes action or the petitioner or real party in interest moves to dismiss, as detailed in AIA section 315(a)(2).

Also, a potential infringer may not wait more than one year after which the petitioner, real party in interest or privy of the petitioner is served with a complaint alleging infringement, under AIA section 315(b). Because of this deadline, it is immediately important for a defendant, as part of its litigation strategy, to consider whether to request an Inter Partes Review on any patent it is alleged to infringe. Thus, a defendant has to make certain litigation strategy decisions well in advance of September 16, 2012, the effective date for Inter Partes Review.

Like Post Grant Review, Inter Partes Review is conducted from the start by the Patent Trial and Appeal Board, rather than by U.S. PTO examiners. During Inter Partes Review, the patent owner may file one (1) motion to amend the patent by canceling any challenged patent claim and/or introducing a “reasonable number” of substitute claim(s), as provided in AIA section 316(d)(1). The scope of the substitute claims, however, may not be broadened (as per AIA section 316(d)(3)) and any new claim determined to be patentable gives rise to intervening rights under AIA section 318(c).

If Inter Partes Review is instituted, the Board shall issue a final written decision with respect to the patentability of any claim challenged by the petitioner, unless the parties make a joint request to terminate before the Board renders its decision, under AIA Section 317. The decision of the Board is appealable only to the Court of Appeals for the Federal Circuit.

At least one advantage Inter Partes Review has over current inter partes reexamination is that a final determination of an inter partes review is to be issued within one year after the Director decides to institute the proceeding, which may be extendable up to six (6) months for a showing of good cause, as per AIA section 316(a)(11). This offers a potential infringer an expedient way to challenge a patent, while possibly avoiding the greater expense of litigation. At the same time, the estoppel provisions in Inter Partes Review seem to be tougher than with inter partes reexamination.

The following table compares aspects of ex parte reexamination to Inter Partes Review:

Ex Parte Reexamination

Inter Partes Review

All patents whenever issued	All patents whenever issued that are in force on September 12, 2012
Anyone can file (i.e., without identifying real party in interest)	Real party in interest must be identified
Very limited participation by requester	Third party requester has substantial participation
No discovery	Some level of discovery permitted
At first instance handled by PTO Examiner	At first instance handled by PTO Board of Appeals
Variable timing – Can take a long time to conclude even in front of PTO	Statutory 12 months from institution (with potential 6 month extension)
Can be filed anytime, regardless of when sued	Must file within 1 year of being sued for infringement, and limitations when third party files civil action of invalidity

No formal estoppel	Estoppel on ground used or could have been used
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III. SUPPLEMENTAL EXAMINATION

Effective September 16, 2012, a patent owner may request “supplemental examination” of his or her own patent so the Office can “consider, reconsider, or correct information believed to be relevant to the patent,” under AIA section 257. Supplemental examination will be available for any patent in existence on September 16, 2012, regardless of when it was granted. Unlike ex parte reexamination, the grounds for supplemental examination is not limited to patents and printed publications, or even to new information, although there must be a substantial new question of patentability, under AIA section 257(b). Accordingly, this process is one way in which the patent owner can address potential problems with the claims, such as prior art, non-enablement, written description, etc.

Supplemental examination may be useful to squelch foreseeable inequitable conduct charges. This is because AIA section 257 states that “[a] patent shall not be held unenforceable on the basis of conduct relating to information that had not been considered, was inadequately considered, or was incorrect in a prior examination of the patent if the information was considered, reconsidered, or corrected during a supplemental examination of the patent.” This safeguard does not apply to allegations pled with particularity before the request for supplemental examination was filed, and the AIA makes clear that the Director retains the authority to investigate cases of actual fraud.

The Director within three (3) months of receiving the request for supplemental examination shall decide whether the information raises a substantial new question of patentability. If so, the patent will be reexamined under the procedures for ex parte reexamination (without the limitation to publications) and the Director shall address each substantial new question of patentability, as set forth in AIA section 257(a) and (b).

The precise procedure for requesting supplemental examination and associated fees are still to be determined by the Director

IV. REPLACEMENT OF INTERFERENCE PROCEEDING WITH MORE LIMITED DERIVATION PROCEEDING

The old law provides a party with the opportunity to challenge the right to a competing patent through an interference proceeding. Given the transition towards first-to-file, the AIA eliminates the traditional interference proceeding. Instead the AIA includes provisions for a more-limited allegation that another has derived the invention from your inventor.

Derivation proceedings will become available on March 16, 2013, and will apply only to applications where all claims have effective filing dates on or after March 16, 2013. Interference proceedings will continue to be available for applications with effective filing dates earlier than March 16, 2013, and for applications with even a single patent claim that

has an effective filing date earlier than March 16, 2013, even if that claim is later deleted. Likewise, applications filed later that claim priority to an application that ever contained a patent claim with an effective filing date earlier than March 16, 2013 will remain subject to interference proceedings, even if it only has new patent claims, and even if the priority claim is deleted.

Any petition for a derivation proceeding against a pending application must be filed within the 1-year period beginning on the date of the first publication of a claim to an invention that is the same or substantially the same as the earlier application's claim to the invention, under AIA section 135(a). The Patent Trial and Appeal Board will decide whether to institute a derivation proceeding, and may defer doing so until up to three months after a patent is granted that includes the claimed invention at issue, or pending the outcome of any ex parte reexamination, inter partes review, or Post Grant Review proceeding.

In appropriate circumstances pursuant to a derivation proceeding, the Board may correct the naming of the inventor in any application or patent at issue, as set forth in AIA section 135(b). This creates a potential for inventors on a later-filed application to take over an earlier-filed application, which could be important to preserve their rights under the new first-to-file system.

V. EXPANSION OF PRIOR USER RIGHTS

Under the old law (i.e., before the AIA), section 273 includes a provision for prior user rights relating to methods for conducting business. The AIA greatly expands the ability of persons to rely on prior user rights as a defense to an infringement claim. It applies to subject matter consisting of a process, machine, manufacture or composition of matter used in manufacturing or other commercial process.

The AIA prior user rights provision applies to any patent issued on or after September 16, 2011. The prior user must demonstrate the defense based on clear and convincing evidence. The prior user must have been commercially using the subject matter at issue at least 1 year before the earlier of: (a) the effective filing date of the claimed invention or (b) a public disclosure by an inventor/joint inventor or another who obtained subject matter directly or indirectly from inventor. Regarding "commercial use," the AIA expressly defines activities relating to pre-marketing regulatory review and non-profit laboratory use as "commercial use." On the other hand, this section includes an exception for certain university-owned inventions, such that the defense cannot be applied against such patents.

The prior user rights are not a general license under the patent, but rather only relate to the specific subject matter for which a prior commercial use is established, with some extension to additional features that do not infringe other specifically claimed subject matter of the patent (e.g., other dependent claims). The prior user rights are personal, limited to specific sites, and have strong limitations on the ability to transfer the rights. They do not undermine the validity of the patent.

Further, those that derive cannot rely on prior user rights for such derived subject matter from the patentee or privy of patentee. And, abandoning commercial use results in the inability to use activities before such abandonment to prove prior user rights for actions taken after such abandonment.

VI. ELIMINATION OF THE BEST MODE DEFENSE

Under 35 U.S.C. § 112, patent specifications must satisfy three basic requirements known in shorthand as: (a) written description, (b) enablement, and (c) best mode.

For cases brought after September 16, 2011, the AIA eliminates the best mode as a defense in an infringement litigation. That is, defendants can no longer argue that the asserted patent claims are invalid because the patent does not contain the inventors' best mode for carrying out the invention.

Even further, the AIA eliminates the best mode as a requirement to claiming priority under 35 U.S.C. § 119 (claiming priority to non-U.S. applications) or § 120 (claiming priority to earlier U.S. applications). Thus, a patent applicant need not be concerned that the priority document have the best mode.

Section 112 continues to include the best mode requirement, so the U.S. Patent Office examiner may reject the patent application claims on this basis. However, such an action is extremely rare, as relevant facts are almost never presented to the U.S. Patent Office.

Therefore, some question exists whether the best mode requirement will eventually become immaterial.

VII. JOINING MULTIPLE DEFENDANTS IN A SINGLE SUIT

In the U.S., especially over the past fifteen years, non-practicing entities (“NPE”) have long-filed big lawsuits naming tens or sometimes even more than 100 defendants in a single lawsuit claiming infringement of one or more patents. Often, the various defendants have no real connection to each other beyond being accused of infringing the same patent(s). The multiple defendants may have very different products among each other. Such a situation creates some inherent difficulties for defendants, including that the defendants needed to coordinate on a very massive scale on many litigation issues. Moreover, savvy plaintiffs filed suit in forums known for attracting such cases, such as the Eastern District of Texas, naming many defendants from all over the U.S. This action intentionally makes it more difficult for the defendants to move the case to a forum where they have headquarters or at least a much more significant presence.

For all U.S. patent lawsuits filed on or after September 16, 2011, a plaintiff patent owner has a greater restriction against bringing suit against multiple defendants in a single case. AIA section 299 provides as follows:

“(a) JOINDER OF ACCUSED INFRINGERS.—With respect to any civil action arising under any Act of Congress relating to patents, other than an action or trial in which an act of infringement under section 271(e)(2) has been pled, parties that are accused infringers may be joined in one action as defendants or counterclaim defendants, or have their actions consolidated for trial, or counterclaim defendants only if—

(1) any right to relief is asserted against the parties jointly, severally, or in the alternative *with respect to or arising out of the same transaction, occurrence, or*

series of transactions or occurrences relating to the making, using, importing into the United States, offering for sale, or selling of the same accused product or process; and (2) questions of fact common to all defendants or counterclaim defendants will arise in the action.

(b) ALLEGATIONS INSUFFICIENT FOR JOINDER.—For purposes of this subsection, accused infringers *may not be joined* in one action as defendants or counterclaim defendants, or have their actions consolidated for trial, *based solely on allegations that they each have infringed the patent or patents in suit.*”

The AIA institutes the requirement that the multiple defendants must be accused of infringement based on the “same accused product or service” and there must be questions of common facts among the accused defendants.

Under section 299(c), each accused defendant may elect to waive these requirements of section 299 as to that defendant. Thus, the defendants may determine that being together in a single case is fine for them.

Opposing parties are expected to take strongly varying positions on what meets the “same accused product or process” standard. For example, the plaintiff patent owner may contend that using a commonly employed technology in a given industry creates a sufficient connection among the defendants. The defendants may argue that the actual product or process must be identical, basically limiting the scope of the statute to customer/supplier situations.

Plaintiff patent owners may use other strategies to effectively link cases together. For example, patent owners may file numerous lawsuits at about the same time in the same court, and request that the court link the cases into a common path (Markman hearing and trial). The cases will practically be treated as one case. On the other hand, separate lawsuits makes it more difficult for patent owners to defeat motions to transfer. Thus, before the statute, plaintiff patent owners would file suit against multiple defendants having principal places of business all over the U.S. (and perhaps the world) and argue that no single forum is particularly more convenient than the forum where suit has been brought. Accused infringer defendants may further seek to have their own schedules, own discovery limits, and own trials. Accused infringer defendants will likely more often seek to stay particular lawsuits while other lawsuits are resolved. These actions could create complications for patent owner plaintiffs trying to analyze numerous varied products in order to frame their claim construction arguments.

VIII. NO MORE NEGATIVE PRESUMPTIONS REGARDING OPINIONS FOR WILLFULNESS AND INDUCEMENT INFRINGEMENT

Under 35 U.S.C § 284, a finding of willful patent infringement in the U.S. can lead to trebling a damages award against the defendants. Historically, this weapon was a significant threat to accused infringers, as the trebling could occur after an already-significant damage award and could reach multiples of even the sales at issue. Over time, it became a staple assertion in every infringement case, whether any basis existed for it or not.

In order to reduce the risk against willful infringement, companies could obtain an opinion of counsel by an outside attorney when they became aware of patents. Such an opinion is an attorney-client privileged communication. In litigation, the defendant must

choose whether to voluntarily disclose that opinion, which means that they are waiving the attorney client privilege for that opinion. Such a waiver will further extend to other related communications (the scope of such waiver is not the subject of this article). Thus, a defendant may not wish to produce the opinion. In other situations, the defendant may not have obtained an opinion at all.

In either situation, plaintiff patent owners want to tell juries – or that the court tell the juries through the court’s instruction – that the defendant’s failure to produce the opinion or obtain an opinion should result in a presumption or inference that any opinion is unfavorable for the defendant. In essence, the plaintiff patent owner argued that the defendant’s opinion of counsel was not favorable to the defendant, or that not getting an opinion supports that if the opinion was obtained, it would not be helpful to the defendant.

Even before the AIA, in *Knorr Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 383 F.3d 1337 (Fed. Cir.) (*en banc*), the Court of Appeals for the Federal Circuit held that “[a]n adverse inference that a legal opinion was or would have been unfavorable shall not be drawn from invocation of the attorney-client and/or work product privileges or from failure to consult with counsel.”

AIA section 298 codifies the *Knorr-Bremse* holding. AIA section 298 provides as follows:

The failure of an infringer to obtain the advice of counsel with respect to any allegedly infringed patent, or the failure of the infringer to present such advice to the court or jury, may not be used to prove that the accused infringer willfully infringed the patent or that the infringer intended to induce infringement of the patent.

AIA section 298 further addresses the concept of induced infringement. Under 35 U.S.C. § 271(b), “[w]hoever actively induces infringement of a patent shall be liable as an infringer.” Inducement to infringe is a form of indirect infringement. Assertions of induced infringement are commonly made against those selling products, when the direct infringer is the user asserted to be carrying out the steps of the method claims by using such products. Another common assertion is against suppliers that sell key parts of the claimed combination, and the suppliers instruct their customers to use the key parts in the claimed combination.

For inducement infringement, AIA section 298 presented a change from the case law existing before the AIA was enacted. Thus, in *Broadcom Corp. v. Qualcomm, Inc.*, 543 F.3d 683 (Fed. Cir. 2008), the Federal Circuit held that failure to obtain an opinion is one factor that can be used to show inducement to infringe. Thus, while defendants could avoid an adverse inference for purposes of willfulness, the plaintiff patent owner could introduce the evidence of no opinion for purposes of showing inducement to infringe. It might be expected that the jury, when also deciding willfulness, may be impacted by the patent owner’s argument regarding inducement.

AIA section 298 closes an important “loophole” that has existed in the case law. That is, while the lack of opinions could not be used for willful infringement under *Knorr-Bremse*, patent owners could argue about such lack of opinions (or failure to produce any opinion) as a basis for supporting inducement to infringe. AIA section 298 now prevents the patent

owner from using the lack of an opinion – or the choice by a defendant not to disclose the opinion they obtained – against the defendants.

Even though the AIA prevents unjustified assertions by plaintiff patent owners in the case no opinion is produced in litigation, opinions of counsel remain valuable tools. First, they provide companies with guidance on the actions they are undertaking. Second, given that willfulness charges are still usually made in litigation, an opinion of counsel remains the most valuable defense against such a charge.

IX. TRANSITIONAL PROGRAM FOR BUSINESS METHOD PATENTS

AIA section 18 creates an entirely new basis for challenging a certain class of patents in the financial services or products area. This area has been the subject of extensive patent litigation in the past decade, with some very significant judgments and settlements. AIA section 18 becomes effective on September 16, 2012, and it will apply to “covered business method patents” *no matter when issued*.

Numerous definitions and limitations apply, and many will likely be disputed. First, AIA section 18 applies to “covered business method patent”, defined by AIA section 18(d) as follows:

a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.

Second, AIA section 18 does not apply for patents during the period of the Post Grant Review (9 months from issuance).

Third, the person bringing the challenge under AIA section 18 be sued or “charged” with infringement of the patent being challenged. In this regard, the person bringing the challenge may be the real party in interest or in privity with the person sued or charged with infringement.

Third, the grounds for bringing the challenge is prior art that anticipates or renders obvious the claims of the challenged patent, using prior art under current sections 102(a) and 102(b). However, for disclosures more than a year before the U.S. application, the prior art “would be described by [current] section 102(a) if the disclosure had been made by another before the invention thereof by the applicant for patent.”

Fourth, the challenger will be estopped from arguing invalidity in the infringement action “on any ground that the petitioner raised during that transitional proceeding.” Notably, the requirement only applies to grounds “raised” rather than all grounds “that could have been raised.” Thus, a challenger can selectively raise grounds under current section 102(a)/(b) in front of the U.S. Patent Office while retaining other grounds under current section 102(a)/(b) to defend the patent infringement litigation.

Fifth, AIA section 18 provides that, if the challenger requests that a court stay an ongoing litigation based on the filing of a petition under AIA section 18, the district court will decide whether to stay the case based on several factors:

- (A) whether a stay, or the denial thereof, will simplify the issues in question and streamline the trial;
- (B) whether discovery is complete and whether a trial date has been set;
- (C) whether a stay, or the denial thereof, would unduly prejudice the nonmoving party or present a clear tactical advantage for the moving party; and
- (D) whether a stay, or the denial thereof, will reduce the burden of litigation on the parties and on the court

Yet further, either party may immediately appeal the decision on the stay to the Court of Appeals for the Federal Circuit, and the Federal Circuit will review the district court's decision *de novo*. The purpose of the immediate Federal Circuit review, as stated in the statute itself, is to ensure consistent application of the stay provision in different court venues.

AIA section 18 provides challengers with a specific tool for this special class of business method patents. It is expected to be an active area for the U.S. Patent Office this coming fall.

X. VIRTUAL MARKING

Under 35 U.S.C. § 287, when a patent owner (or licensee) sells a product under the patent, they must mark the product or packaging with the patent number(s) covering the product. Thus, section 287(a) provides as follows:

Patentees, and persons making, offering for sale, or selling within the United States any patented article for or under them, or importing any patented article into the United States, may give notice to the public that the same is patented, either by fixing thereon the word "patent" or the abbreviation "pat.," together with the number of the patent, or when, from the character of the article, this cannot be done, by fixing to it, or to the package wherein one or more of them is contained, a label containing a like notice.

Without such marking, the patent owner cannot collect damages until they provide the accused infringer with notice of infringement.

AIA section 16 provides a new vehicle of marking, called "virtual marking." AIA section 16 provides in part:

Section 287(a) of title 35, United States Code, is amended by striking "or when," and inserting "or by fixing thereon the word 'patent' or the abbreviation 'pat.' together with an address of a posting on the Internet, accessible to the public without charge for accessing the address, that associates the patented article with the number of the patent, or when,".

AIA section 16 permits the patent owner to use a more general approach to marking the product itself, and then using the website to keep an updated listing of patents with products. That is, the patent owner does not need to change the marking on the product every time a new patent is located, or to change the marking to remove an expired patent. Instead, the patent owner can update the website accordingly.

Patent owners should track when patent numbers are posted on the website, to ensure that “continuous” marking exists.