Effective Utilization of Patent Searches in the Wake of the AIA Patent Reform Law

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Panel Members

• Moderator:

• Panelists:
  – Kathryn Odland, Founder & Principal, Global Patent Solutions LLC
Three Stages for Assessment

• Pre-Filing Prior Art Search Strategy

• Patent Prosecution Prior Art Search Strategy

• Patent Post-Grant Prior Art Search Strategy
Three Perspectives for Analysis

• Current Prior Art Searching Activities
• AIA Changes to the U.S. Patent Act
• Future Implications Regarding Patent Prior Art Searching
Pre-Filing Prior Art Search Strategy
Pre-Filing Prior Art Search Strategy

• Current Prior Art Searching Activities
  • Pre-Provisional Filing Patentability Searches
  • Post-Provisional Filing Patentability Searches
  • Freedom-to-Operate (“FTO”) Searches
  • State-of-the-Art Searches
AIA Changes Affecting Patent Pre-Filing Activities

Current 35 USC § 102 Provisions:

• Current “first-to-invent” U.S. patent law will transition to a “first-to-file” system for patent applications with a filing date on or after March 16\textsuperscript{th}, 2013

• Current 35 USC § 102 contains subsections (a)-(g)
  • (a) prohibits patenting inventions known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent
  • (b) prohibits patenting an invention that was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent
AIA Changes Affecting Patent Pre-Filing Activities

Current 35 USC § 102 Provisions:

- **(c)** prohibits abandonment of the invention
- **(d)** prohibits patenting of an invention that was first patented in a foreign country prior to the date of the application for patent in this country on an application for patent filed more than twelve months before the filing of the application in the U.S.
- **(e)** prohibits patenting an invention described in a patent application or a granted patent filed in the U.S. before the applicant’s date of invention, including PCT applications which meet certain criteria
- **(f)** prohibits patenting an invention which the applicant did not invent
- **(g)** priority of invention is awarded to the “first-to-invent”
AIA Changes Affecting Patent Pre-Filing Activities

AIA Changes to 35 USC § 102:

• Impact of the “first-to-file” portion of the Act, which applies to patent applications with a filing date on or after March 16th, 2013
• 35 USC § 102(a), (d), (e) and (g) will no longer exist as of March 16, 2013
• Date of invention can no longer be considered in conducting patentability searches
AIA Changes Affecting Patent Pre-Filing Activities

AIA Changes to 35 USC § 102:

- Elimination of the *one-year grace period*; the old statute allowed a one-year grace period prior to filing for patenting, describing in a printed publication, “public use” and “on-sale” activities to occur.

- “On-sale” and “in public use” activities are no longer limited to the United States; “on-sale” and “in public use” activities occurring outside of the United States can be considered as prior art.
AIA Changes Affecting Patent Pre-Filing Activities

AIA Changes to 35 USC § 102:

- **Exception** to the elimination of the one-year grace period: Disclosures made by the inventor, co-inventors, or information derived from these parties, made within one-year of filing a U.S. patent application will not be considered to be ‘prior art’
Implication of AIA Changes Affecting Pre-Filing Activities

Implications of AIA Changes to 35 USC § 102: One Perspective:

- Counter to some inventors’ current practice of not going public until everything is “just right”, there may be an increase in early public disclosures of inventions
  - **Reasoning:**
  - *Early invention disclosure* would allow inventors and corporations racing to develop new technology to effectively block competitors from obtaining a patent, since the disclosure would constitute prior art against any competitors’ patenting efforts
  - *Early disclosure* could also nullify later attempts by competitors to disclose patent-blocking information
Implication of AIA Changes Affecting Pre-Filing Activities

Implications of AIA Changes to 35 USC § 102:

One Perspective:
- There might be a significant increase in the number of Provisional patent applications filed with the USPTO

Reasoning: “First-to-File” will increase pressure to get something on file quickly. An applicant then has 12 months to further experiment, get financing and decide whether to convert a Provisional patent application into a Non-Provisional U.S. patent application; Provisional patent applications that are abandoned or not converted are not publicly disclosed and will not be considered as prior art.
Implication of AIA Changes Affecting Pre-Filing Activities

Implications of AIA Changes to 35 USC § 102:

Our Viewpoint:

• This “goldrush” to file at least a provisional application with limited or no claims, detail or forethought will be significantly offset by inventors doing greater due diligence on drafting their initial application. That application may actually be more likely to be non-provisional, rather than provisional

• **Reasoning:**
  • Inventors notebooks, etc. will no longer serve as evidence of “first-to-invent”, therefore the claims in the first application will be the only solid evidence of the invention
  • The claims in that application better be well-formulated in order to define the invention with enough clarity to protect the invention. Detailed specifications will no longer suffice; claims will rule.
  • Costs of improved due-diligence will be offset by only filing applications on inventions that are likely to be approved
  • There may be less use of provisional applications since many will reason why spend to improve those? Instead, just go straight to drafting the non-provisional application correctly.
Patent Prosecution Prior Art Search Strategy
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Current Prior Art Searching Activities

- Patentability Searches
- Freedom-to-Operate ("FTO") Searches
AIA Changes Affecting Patent Prosecution

• 15% surcharge on most USPTO fees and a new $4,800 fee option for prioritized application examination (+ regular filing fees with no discounts) took effect on September 26, 2011
• New “micro-entity” fee status, which includes a 75% reduction in fees, took effect September 16, 2011
  • § 123 (a) General Definition of a Micro-Entity
  • § 123 (d) Institutions of Higher Education
  • § 123 (e) Director’s Authority
AIA Changes Affecting Patent Prosecution

Preissuance Submissions By Third Parties: Section 8 of the AIA

• “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 ...”
• Will take effect on Sept. 16, 2012
• Submissions can be made 6 months after the date on which the patent application is first published
Implication of AIA Changes Affecting Patent Prosecution

Implications of AIA Changes:

One Perspective:

• Reserve fund of patent office fees collected in excess of its budget that the USPTO may access
• Reduction of USPTO patent application Backlog
  • Due to increased funding and resources available to the USPTO
• USPTO must petition Congress before it can spend money from the reserve fund
• No elimination of Congressional “fee diversion”
Future Implications Regarding Patent Prior Art Searching:

Our Viewpoint:

• As mentioned previously, we may see an increase in the total number of vetted non-provisional patent application filings by Technology Transfer operations and others – however, filing with accurate claims becomes much more important for protecting the invention.
• Increased patentability searching for Pre-issuance Submissions By Third Parties
  • Further implications of this: Tech Transfer operations had better be prepared for possible challenges submitted by larger players who may be doing 3rd-party pre-issuance monitoring.
  • Conversely, well-prepared applications may actually receive “free advertising” to those same parties doing pre-issuance monitoring.

Implication of AIA Changes Affecting Patent Prosecution
Patent Post-Grant Prior Art Search Strategy
Patent Post-Grant Prior Art Search Strategy

Current Prior Art Searching Activities

• Patent Validity Searches
• Patent Invalidity Searches
• Freedom-to-Operate (“FTO”) Searches
• Patent Litigation-Related Searches
AIA Changes Affecting Patent Post-Grant Activities

New Post-Grant & Inter Partes Review Proceedings:

• Will take effect on September 16, 2012
• Opposition can file a petition for Post-Grant Review within 9 months after the issuance or broadening reissuance of a patent if the opposition has not already brought a patent validity civil action
• Replaces the current Inter Partes Reexamination proceeding
• Quick proceeding for challenging the validity of a patent in the USPTO
• Inter Partes Review request can be filed when the 9-month period for Post-Grant Review has expired or after the termination of a Post-Grant Review.
AIA Changes Affecting Patent Post-Grant Activities

New Post-Grant & Inter Partes Review Proceedings:

• Will be conducted before the new Patent Trial and Appeal Board, not an Examiner
• Post-Grant & Inter Partes Reexamination standard is “substantial new question of patentability” for filings prior to Sept. 16, 2011
• Post-Grant & Inter Partes Reexamination and Review standard is “reasonable likelihood that the requester will prevail” for filings on or after Sept. 16, 2011
AIA Changes Affecting Patent *Post-Grant* Activities

- Estoppel in the USPTO
- Estoppel in Civil Actions
- Appeal to the Court of Appeals for the Federal Circuit
AIA Changes Affecting Patent Post-Grant Activities

• **Joinder of Parties:** Section 19 of the AIA bars a plaintiff from suing multiple defendants in a single lawsuit if the only jurisdiction for the joinder is that all defendants are alleged to have infringed the same patent
  • Provision became effective as of September 16th, 2011
  • Eliminates the patent troll strategy of naming unrelated parties in a single infringement lawsuit
  • Corporations will be less concerned about constantly being sued by patent trolls
AIA Changes Affecting Patent Post-Grant Activities

Advice of Counsel: Section 17 of the AIA

- “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”
- Provision became effective as of September 16th, 2011
-Eliminates the automatic defense afforded by an FTO opinion
AIA Changes Affecting Patent Post-Grant Activities

Transitional Program for Covered Business Method Patents: Section 18 of the AIA

- New trial proceeding conducted at the USPTO to review the patentability of claims in a covered business method patent
- Will take effect on Sept. 16, 2012
- "'Covered business method patent' means 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"
Implication of AIA Changes Affecting **Post-Grant** Patent Strategy

Future Implications Regarding Patent Prior Art Searching:

**One Perspective:**
- In general, the changes:
  - Provide a more effective mechanism for the introduction and review of prior art to invalidate a poor quality patent than the costly and lengthy process of patent litigation
  - May provide better assurance about issued patents and increase confidence in their durability
Implication of AIA Changes Affecting Post-Grant Patent Strategy

Future Implications Regarding Patent Prior Art Searching:

• Effect of Post-Grant & Inter Partes Review Proceedings on patent searching:

One Perspective:
• Possibility 1: increased number of validity and invalidity-type searching of patents during the Post-Grant and Inter Partes Review proceedings

• Possibility 2: reduced number of validity and invalidity-type searches if the total amount of patent litigation is reduced
Implication of AIA Changes Affecting Post-Grant Patent Strategy

Future Implications Regarding Patent Prior Art Searching:

• Effect of new *Joinder of Parties* provision on patent searching:

**One Perspective:**

• Possibility 1: increased number of validity and invalidity-type searching of patents due to a greater number of total law suits filed by “patent trolls”

• Possibility 2: reduced number of validity and invalidity-type searches if the total amount of litigation by “patent trolls” is reduced
Implication of AIA Changes Affecting Post-Grant Patent Strategy

Future Implications Regarding Patent Prior Art Searching:
• Effect of new *Advice of Counsel* and *Transitional Covered Business Method Patents* provisions on patent searching:

One Perspective:
• Possible reduction in FTO search requests for “Advice of Counsel” defense
• Possible increase in requests for validity and invalidity searches for business method patents
Implication of AIA Changes Affecting Post-Grant Patent Strategy

Future Implications Regarding Patent Prior Art Searching:

Our Viewpoint:

• Volume up, down, sideways – it doesn’t matter to you. What does matter is that approved patents applications will now be more vetted than ever.
• The value gap between approved patents vs. provisional and pending patents will widen
• To get approved, may require more diligence
• The cost of that diligence will be more than offset by the reduction of “noise” in the system and the value received for fully-vetted patents, in terms of license fees & royalties, purchase prices and market protection.
Impact of the New AIA Provisions on Patent Prior Art Searching

**Abbreviated Summary:**
- Inventors may either publicly disclose their invention earlier or file better-crafted applications
  - Counter to early prognostications, sloppy provisionals will likely actually decrease
- Due-diligence (e.g., well-crafted claims) will increase in importance for applications to survive the new vetting process
- New patent-grant monitoring processes are likely to emerge, offering either headaches or opportunities; pro-activeness will position winners and losers
- The value proposition on well-vetted patents will likely increase
Questions & Comments