

By Martin Schwimmer

# The Trademark Blog

## Guest Post on the America Invents Act

By Marty Schwimmer on September 15, 2011

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This is a guest post by my colleague, **Elizabeth Barnhard**:

Congress passed the Leahy-Smith America Invents Act (H.R. 1249), which makes major changes to the U.S. patent system. President Obama is expected to sign the Act into law on September 16, 2011. What does this mean for you if you have a patent already or want to get a patent for your invention?

### **It Is Going To Cost You More To Get And Keep A Patent.**

All patent fees are going up 15% in ten days after the President signs the Act. We made sure to tell our clients what they can do now and avoid paying these fee increases.

In 60 days, it will cost you \$400 to file your patent application the old-fashioned non-electronic way. Our clients won't pay that fee because we file all our applications electronically. This new \$400 fee does not apply to the filing of design, plant or provisional applications.

In a hurry to get that patent granted? If you are willing to pay \$4,800 in addition to all the regular application filing fees, you can request prioritized examination from the U.S. Patent and Trademark Office (USPTO). Only 10,000 requests per year will be accepted until the USPTO issues regulations on this new fast track for examination. Another caveat: your application is limited to 4 independent claims and 30 claims total. We can help you decide if it is in your best business interests to take this fast track route or stay in the regular examination queue.

There is some good news here. If you qualify as a “small entity” (small business, independent inventor or nonprofit organization), your fees continue to be reduced 50%. Additionally, Congress created a new “micro entity” status that gives you a 75% reduction in fees if you qualify, as soon as the President signs the Act. To qualify as a “micro entity”, you have to: (1) be a “small entity”; not be a named inventor on more than 4 previously filed US utility applications; your gross income is 3 times or less than the Census Bureau reported median household income for the preceding calendar year (currently \$50,022); and you have not assigned or licensed your invention to a non-micro entity; or (2) earn the majority of your income from an institution of higher learning or assigned or license your invention to an institution of higher learning.

### **The Rules Of The Game Are Being Changed.**

The Biggie: starting in 18 months (April 2013), the U.S. will be awarding patents to the first inventor to file the application at the USPTO. It will no longer matter if you were the first to think of and make the invention before a second inventor who invents the same or substantially similar invention. You will not get the patent if your patent application is filed second. There is one exception. If you can show the USPTO that the inventor of the first filed application derived that invention from you or one of your co-inventors in a newly created derivation proceeding, then the patent should be awarded to you. The USPTO will be issuing rules about derivation proceedings in the coming months.

You Need To Be Prompt: right now, you have a grace period of one year to file your patent application in the U.S. from the date you or any other party disclosed the invention to the public, provided you will be able to show the USPTO that you conceived of the invention before that publication. In 18 months (April 2013), that one year grace period only applies if you are the one who disclosed the information. If a third party discloses the invention at any time before you file your application, then you will not get a patent.

There's more: You filed your patent application at the USPTO and it has been published. For the first time ever in the U.S., Congress is permitting any third party to submit prior art to your application file for consideration by the patent examiner before issuance of a first rejection of one or more of your claims. This new practice starts in one year from the date of enactment (September 2012).

You finally get your patent granted. But you cannot breathe a sigh of relief. Any third party can challenge your patent in a new post-grant review proceeding at the USPTO, BUT they must file the petition within 9 months from the date your patent is granted. If the USPTO accepts the petition to institute the post-grant review, then the USPTO must make a decision on the challenge within one year of the request. This new post-grant review starts one year from the date of enactment (September 2012), but can only be filed against patents with an effective filing date on or after a date that is 18 months after enactment, i.e., on or after April 2013.

Nine months have passed. Are you home free yet? Not necessarily. A third party could challenge the validity of your patent through an inter partes review regardless of when it was issued. The inter partes review is replacing inter partes reexamination one year after enactment (September 2012). No longer will the alleged basis of unpatentability have to be "new," i.e., not previously considered by the USPTO. The earliest that a petition for inter partes review can be filed is 9 months after the date of grant of your patent, or if a post-grant review is filed, then after the post-grant review is completed. If the USPTO accepts the

petition to institute the inter partes review, then the USPTO must make a decision on the challenge within one year of the request.

### **Congress Curbs False Marking Lawsuits.**

In recent years, many lawsuits have been filed exploiting provisions in the patent marking law that permit private plaintiffs to sue a patent owner whose patent markings on his product are claimed to be and be given one half of the civil penalties awarded by the court. For example, if a particular patent had expired but was still mentioned in patent markings on a product, the patent owner could be sued for false marking. Effective immediately upon the date of enactment, marking a product with a patent number that covered the product but that has since expired will not give rise to liability for false marking. Importantly, only the US government will be able to sue for civil penalties. The only private parties who can sue for damages for false marking are those who can show they suffered competitive injury as a result of the false marking. The false marking provisions of the America Invents Act will apply to all cases pending on the date of enactment, as well as to cases begun on or after the date of enactment, which will likely result in the dismissal of many private plaintiff lawsuits.

### **Now Is The Time For Strategic Planning To Build And Protect Your Patent Portfolio.**

The America Invents Act will be changing your obtaining a patent, keeping a patent, challenging your competitors' patents, and enforcing your patents against infringers. This article highlights some of these changes. Now is the time to sit down with your patent attorneys and make a business plan to manage and protect your patents and to monitor and challenge your competitors' patents in light of all these changes. At Leason Ellis, we are available to answer any questions you have about how the America Invents Act might affect your patent strategy and your patent portfolio. Give us a call at (914) 288-0022 or email us at [Barnhard@leasonellis.com](mailto:Barnhard@leasonellis.com).

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