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Articles

OVERVIEW OF THE NEW PATENT LAW OF THE UNITED STATES

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## I. Introduction

The Leahy-Smith America Invents Act (AIA) is now law.<sup>1</sup> Well, sort of. The transition provisions are complex and many of them depend heavily on the effective filing dates of the various claims in a patent application or issued patent. \*64 As a result, the “old” 1952 law’s provisions on novelty will remain until all the claims of a patent involved in an infringement suit have effective filing dates after March 2013. So in litigations the old law cannot be forgotten for the next twenty years or so;<sup>2</sup> in patent prosecution the old provisions end somewhat sooner, persisting in a significant degree for perhaps only another ten years.<sup>3</sup>

The patent reform effort was vigorous and lengthy, extending back to at least 2005. Yet the AIA changes patent litigation in what seem for the most part to be only small ways, partially due to the fact that intervening case law has already addressed many of the perceived problems with the prior system. Gone are the attempts to place any serious statutory restrictions on where patent suits can be brought. Gone too are any direct efforts to alter the law of patent unenforceability due to inequitable conduct during the prosecution of applications in the Patent and Trademark Office (PTO). Although, there is an interesting new post-grant PTO procedure for curing such inequitable conduct, something akin to penitence.<sup>4</sup> The constraints sought four years ago on how courts should go about calculating reasonable royalty damages have also vanished. Rules of law governing what kinds of infringement are deemed “willful,” opening the door to possible treble damages, have been cut back to a prohibition on what can be said to the jury about an accused infringer’s failure to obtain opinions of counsel on the subject or to offer them in evidence.<sup>5</sup> Perhaps the most significant changes made by the AIA to patent litigation is procedural: first, the restriction on joinder of unrelated defendants in a single infringement suit, and second, the related prohibition against a consolidated trial of common issues where separate suits against such defendants are pending in the same court.<sup>6</sup>

Regarding patentability, a number of substantive changes have been effected. Most of the changes will come into force on March 16, 2013,<sup>7</sup> but they will not change patent practice very much for well-advised clients. Some commentators consider that the largest of these is a movement to what they refer to as a “first to file system” and an abandonment of what they consider the American “first to invent system.” As will be discussed later herein, the AIA does not really set up a \*65 complete first-to-file system, and the existing law was actually a blend of filing-date provisions and invention-date provision, with filing date much more prominent in PTO proceedings and in litigation. The text of the new statute, as well as its legislative history, makes clear that priority will be awarded to the first inventor who publicly discloses the subject matter if no one has yet filed a patent application.<sup>8</sup> As the default rule, where no one publishes prior to filing, priority will then be based on the filing date.<sup>9</sup> Well-advised companies have long known that getting an early filing date is of great importance, and that filing prior to public disclosure is a necessity for those who wish to obtain counterpart patents in other countries. “Invention date” has seldom played a role in recent years, either in PTO proceedings or in the courts. It has not really been central to our patent “system.”<sup>10</sup> Despite all the hand-wringing in the popular press and even the professional media, the eventual disappearance the “invention date” under the AIA will not have much of an impact.

Eligible subject matter, a topic fiercely litigated in the federal courts in recent years?software patents, business method patents, gene-related patents? has been left largely untouched, the only exceptions being the ending of patents for tax strategy methods and an explicit prohibition of patents for “human organisms.”<sup>11</sup>

The most sweeping and important changes in the AIA lie not in substantive patentability provisions or in the elimination of the first-to-invent provisions, but in the creation of several new pre- and post-grant proceedings, at least three of which will likely be widely applicable and thus will affect the patent system and the practice of patent law in important ways. Also important is the decision of Congress to withhold from the PTO the direct access it sought for spending the fee revenues it collects. Under the AIA, the PTO must seek an appropriation from Congress to spend those funds, something that seems unlikely to be generously granted by Congress in an era of overall government budget-cutting.<sup>12</sup>

Let us now take a look at the more significant aspects of the AIA in each of these component areas.

## **\*66 A. Preissuance Submissions of Prior Art by the Public**

The most important new pre-grant procedure is for citations of prior art by members of the public. The AIA adds a provision for preissuance citation of prior printed publications by any member of the public, including patents and published patent applications that might have a bearing on the examination of a pending application.<sup>13</sup> The current law does not explicitly allow such submissions, and it prohibits any “form of pre-issuance opposition.”<sup>14</sup> The AIA, while continuing to say that pre-issuance oppositions denominated as such are forbidden, now tells us that prior art submissions do not fall in that category and are to be allowed. The submission needs to be made before notice of allowance and has a few other time constraints. However, given the delays currently encountered in patent prosecution these constraints should not be much of a barrier. The submission must point out the relevance of the material submitted. Although the statute says such submissions are “for consideration and inclusion in the record of a patent application,”<sup>15</sup> nothing compels an examiner to give them any particular weight. The process is set to begin on September 16, 2012.<sup>16</sup> The PTO has recently promulgated proposed rules governing these citation procedures.<sup>17</sup> They are mild in terms of fees—only \$180 to submit up to ten references, and \$180 for each additional set of ten, with no overall limit on the number of references that a single submitter can put forth.<sup>18</sup> Examiners will use a form akin to the traditional PTO 1449 to indicate their review of each of the references.

How will this play out? There are pluses and minuses for the party making such a submission. There is no official estoppel associated with the submission, but historically, examiners have disfavored the utilization of prior art not found in their own searches.<sup>19</sup> This could mean they will simply make the submitted references of record, perhaps ruining the possibility of preventing issuance or realistically blocking the successful use of these references to support an invalidity challenge in later litigation. On the other hand, if examiners develop a culture of utilizing the submitted art, patents of poor quality may be prevented from being issued and with \*67 minimal cost. Examiners need all the help they can get to stay up with the ever-increasing volume of application filings. Whether they will welcome these submissions and use them to reject claims, however, remains to be seen.

## **II. New Kinds of Post-grant Proceedings**

Reexamination of patents at the behest of patent challengers is not a new concept in the United States. It has been part of the law for over thirty years and has been amended twice.<sup>20</sup> Challengers have utilized reexamination with modest frequency, but it has never quite yielding the results challengers had hoped for.<sup>21</sup> Under existing law, these reexaminations have been decided by a single PTO examiner, often the same one who allowed the claims originally, with various appeals possible. Now, however, the procedures are going to change in a fairly dramatic way, with most post-grant proceedings going directly to three-judge panels for decision. The PTO currently employs administrative patent judges appointed by the Secretary of Commerce.<sup>22</sup> They, along with a few senior PTO officials, have constituted what is presently called the Board of Appeals and Interferences (BPAI) but in recognition of the gradual abolition of interferences under the new law will be renamed the Patent Trial and Appeal Board (PTAB).<sup>23</sup> The board currently has a large backlog of about 24,000 appeals pending before it—approximately 240 appeals per judge—and growing daily. How the judges on the board are to manage those and all the new proceedings visited upon them by the AIA is something of a mystery. Certainly they will need a much larger budget, and a larger number of judges than they presently have. To address those needs they have announced plans to add another 100 judges, 24 of whom have been designated as of January 2012.

\*68 Let us now look at the various new procedures of the AIA.

### **A. Inter Partes Review**

The first of the new post-issuance proceedings, which will begin in September 2012, is called inter partes review. A petition for inter partes review can be based only on prior patents and printed publications, which includes published patent applications of others. It cannot be filed until after<sup>24</sup> nine months from the issuance of the challenged patent, presumably to allow time for filing post-grant review petitions in the first nine months, as will be discussed in the next section. The Director must finalize regulations governing the proceedings by September 16, 2012, and the Director can limit the number of inter partes reviews commenced in each of the first four years after implementation to 344.<sup>25</sup> The regulations presently proposed by the PTO do not say whether the Director intends to use that authority, but the regulations do say the Director may do so, ruling all petitions in excess of that number to be “untimely.”<sup>26</sup> This could quickly lead to a large backlog of not-yet-commenced inter partes reviews, with petitioners cut off in one fiscal year rushing in at the beginning of the next year on October 1, using up the available PTO resources. If the proceeding goes all the way to decision, the petitioner is estopped

from later raising in a court case any invalidity challenge based on a ground that he raised or reasonably could have raised the challenge in the inter partes review.<sup>27</sup> Here, of course, that means only novelty or obviousness challenges based on patents or printed publications, not Section 112 attacks or on-sale or public-use bars.<sup>28</sup> Either party can appeal the board panel's decision to the Federal Circuit.

Filing fees as presently proposed are substantial, beginning at \$27,200 for review of 20 or fewer claims, and ratcheting up as the number of claims goes up: \$68,000 for up to 60 claims and an additional \$27,200 for every ten claims beyond 60.<sup>29</sup> Moreover, this merely gets the petitioner in the door; it does not assure that there will be an actual review and decision. For that to happen, the Director must first determine that there is a reasonable likelihood that the petitioner will prevail, \*69 i.e., that one or more claims as issued are invalid.<sup>30</sup> The PTO's proposed regulations indicate this decision will be delegated by the Director to administrative patent judges of the PTAB, presumably sitting in panels of three. If they answer the question in the affirmative, the review will go forward and the one-year completion clock, extendable by the Chief Administrative Patent Judge to eighteen months for good cause, begins to run.<sup>31</sup> If they do not so determine, the proceeding ends, with no refund of any part of the filing fee.<sup>32</sup> If this becomes the final rule, it may serve to keep a lid on excessive or abusive filings of post-grant review petitions.

The time line derived from the proposed regulations is: Petition is filed; PTO logs it into the system and notifies the patent owner; the patent owner will then normally have two months to respond; the PTO administrative patent judges will then have three months either to reject the petition or to "institute a trial," which in this context means going forward with discovery, submission of evidence in written form, an oral hearing, and a decision.<sup>33</sup> The one-year or eighteen-month time limit runs from this institution of a trial. After a decision is made by the three-judge panel of the PTAB, an appeal to the Federal Circuit would then be available to any party dissatisfied with the decision.<sup>34</sup> What seems in the statute to be a quick one-year proceeding will actually take nearly two years just to reach a decision by the PTO judges and then several years more to complete judicial review. The PTO projects that it will receive 4,024 inter partes review petitions in the first year.<sup>35</sup> My fear is that this seemingly straightforward, new proceeding will create unbearable financial burdens and long time periods of uncertainty for modestly-financed patentees, forcing them to issue cheap licenses to settle the cases early on. Time will tell.

## **B. Post-Grant Review**

Although we will not see it in action for several years, the most potent of the new post-issuance proceedings is called the post-grant review.<sup>36</sup> Of all the provisions in the AIA, the post-grant review proceedings could prove to be the most expensive and hence damaging to the interests of patent owners who find \*70 themselves involved in such proceedings. We will not know the extent of the problem for several years because the proceedings can be brought only against patents whose effective filing date for every claim is on or after March 16, 2013.<sup>37</sup> Such patents will not be issued in significant numbers until at least 2015, at which point the post-grant review challenges will be expected.

How burdensome and expensive will these proceedings be? The PTO's proposed regulations impose a minimum filing fee of \$35,800 for challenging up to 20 claims of a patent.<sup>38</sup> As with inter partes review, the fees increase considerably when challenging a larger numbers of claims.<sup>39</sup> Filing merely gets the challenger into the arena; there is no assurance that the PTO will make the threshold finding of likely invalidity needed to carry the proceeding further,<sup>40</sup> and as with inter partes review, under presently proposed rules no refund is to be made if the petitioner fails to get past the threshold question.<sup>41</sup>

A post-grant review begins like a higher-priced version of the existing reexamination procedure of the inter partes variety, with a petitioner asserting invalidity of one or more claims of the patent. However, unlike existing procedures, the new post-grant review will not be limited to prior patents and printed publications; the petitioner can assert any ground of invalidity that would be assertable in an infringement action, such as inadequate disclosure, indefiniteness, or ineligible subject matter.<sup>42</sup> If the proceeding goes forward, then a panel of three administrative judges and not a single examiner will make the decision.<sup>43</sup>

The petition for post-grant review must be filed within nine months of issuance of the patent.<sup>44</sup> The patent owner can respond, within a time limit to be set by the Director, which is currently proposed to be two months.<sup>45</sup> The PTO then has \*71 three months in which to determine the likelihood of the petitioner's succeeding in invalidating least one claim. As with inter partes review petitions, current regulation proposals state that no refund will be given if that determination is negative and the proceeding ends.

Additionally, as with inter partes review, the AIA specifies that the whole proceeding must be completed within a year in normal cases and in eighteen months under extraordinary circumstances,<sup>46</sup> running from the date the judges make their likelihood-of-success finding. The tight time frame for carrying out the proceeding may only serve to compress heavy legal expenses into a shorter time, creating a situation that is even more difficult for a modest-sized patent owner to deal with.

Moreover, the decision of the PTAB is appealable to the Federal Circuit, with no time limits specified. Average costs for appeals to the Federal Circuit are difficult to estimate as it will depend on how many items of prior art are involved in the appeal, and on how much evidence was allowed in the PTO. The appeals costs alone could certainly be several tens of thousands of dollars in the typical case.

While the post-grant review is going on, what happens to the patent term? If the post-grant review is held to twelve or eighteen months from the initiation of the trial phase as the statute requires, and if there is a two-year appeal to follow, the patent owner will face approximately a four-year period of expense and uncertainty. No term extension is provided in the AIA to compensate for the uncertainty, presumably because the patent is, strictly speaking, in full force and effect while these proceedings are going on.

Congress itself seems a bit worried about the potentially draconian effects of post-grant review. In the section empowering the Director to promulgate regulations for these cases, Congress specified that the Director should consider, among other things, “the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted.”<sup>47</sup> Additionally, in another indication of Congressional concern, the AIA allows the Director to “impose a limit on the number of post-grant reviews that may be instituted . . . during each of the first [four] 1-year periods” after the new proceedings come into existence.<sup>48</sup> No standard is provided for how this limit should be determined. One has to wonder just how the Director would impose limits on numbers of post-grant reviews? whether by simply issuing a no-more-filings-this-year notice, by a random selection of petitions, or some other way. A cut-off could mean that the \*72 right to file a post-grant review petition would, in many cases, be permanently lost because re-filing in the next fiscal year might be past the nine-month-from-grant window allowed for such petitions.

The PTO has not yet estimated how many post-grant reviews it expects. The author expects that considerable use will be made of these proceedings in the early years, mainly by well-financed petitioners who want to invalidate patents without having to go through civil litigation, which would also involve infringement and damages issues. However, there is a downside to initiating post-grant review proceedings: If the case goes all the way to the PTAB and claims are upheld either in their original form or as narrowed during the proceeding, then petitioner is estopped from challenging the validity of those claims in subsequent court actions on any ground that he raised or reasonably could have raised in the post-grant review, which is just about anything.<sup>49</sup> Some caution is therefore warranted, and hopefully may tend to lessen the overall impact of this legislation on less financially solvent patent owners. One main concern, however, is that the prospective cost of going through a post-grant review may force a patent owner to issue a free or cheap license to a better-financed petitioner, in order to avoid the proceeding.

### **C. Supplemental Examination**

The supplemental examination is something entirely new to the patent system of the United States.<sup>50</sup> It is a PTO proceeding to cure, or purge, previous inequitable conduct in obtaining a patent. As is well known, intentionally hiding material information from the PTO during prosecution, or intentionally filing false statements to deceive the examiner, may result in a court finding of inequitable conduct. Such a finding renders all claims of the issued patent unenforceable. Until now, inequitable conduct has been said to be incurable.<sup>51</sup> The defense was case law created, asserted often in patent litigation, and has been the subject of several recent attempts by the courts to constrain it.<sup>52</sup> Congress, nonetheless, felt obliged to enter the fray with Section 12 of the AIA. It provides that a patent \*73 owner can commence an ex parte PTO proceeding to bring forth the true information and see what effect it has on the issued patent claims. The decision is made not by a panel of judges but by an examiner.<sup>53</sup> If the claims are found to be patentable, then “[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.”<sup>54</sup> In other words, the inequitable conduct defense is unavailable for such a patent, at least if the defense is to be based on the information originally withheld but now brought forth in the proceeding.

There are a few constraints on this purging procedure. It cannot be commenced if the patentee has already instituted an

infringement action.<sup>55</sup> If she commences an infringement action during a supplemental examination, the supplemental examination proceeding must immediately terminate.<sup>56</sup> If a challenger has brought a court declaratory action challenging the patent and has pleaded inequitable conduct with particularity, the patentee is barred from then commencing a supplemental examination proceeding.<sup>57</sup> Finally, the new provisions do not immunize a patentee from “fraud.”<sup>58</sup> However, this last constraint appears to have little bite. Other than cancelling any invalid claims, the Director is empowered only to refer the fraud matter to the United States Attorney General for possible further action. One has to wonder if the PTO will ever find fraud in an ex parte proceeding like this. Certainly the patent owner will not confess to such conduct, and the proposed rules do not require the petitioner to say who knew what and why it was not properly disclosed. The proceeding is ex parte, and the PTO does not have the resources or motivation to develop the issue.

The new supplemental examination proceeding becomes available on September 16, 2012, and it will apply to patents issued before that date as well as later issued ones.<sup>59</sup> The fees are substantial, but not as high as for the contested types of proceedings discussed earlier: \$5,180 for every group of ten “items of information” the petitioner wants considered, plus another \$16,120 if an ex parte \*74 reexamination is ordered as a result of the submission.<sup>60</sup> It is to be expected that owners of high-value patents will scour their U.S. and foreign patent prosecution files carefully and critically, long before commencing any infringement actions. If they find uncited information or misstated information, they will likely use this new cure technique in order to block inequitable conduct charges in later court proceedings. The PTO estimates it will receive 1,430 such petitions for supplemental examination each year.<sup>61</sup>

### **III. Changes That Will Affect Patent Litigation**

The following section will discuss some of the changes effected by the AIA that will affect patent litigation.

#### **A. Constraints On Joinder of Non-Cooperating Defendants**

AIA Section 19, enacting, inter alia, amended 35 U.S.C. § 299, seriously restricts permissive joinder of defendants in two different ways. First, non-cooperating defendants who are accused of infringing the same patent cannot be joined in a single civil action.<sup>62</sup> This is relatively unimportant because Rule 20 of the Federal Rules of Civil Procedure has as a requirement for joinder of defendants that a claim is being asserted against them “arising out of the same transaction, occurrence, or series of transactions or occurrences.”<sup>63</sup> The mere fact that plural entities are allegedly infringing does not constitute a same series of occurrences.<sup>64</sup>

More serious by far is the phrase in the new 35 U.S.C. § 299 that district courts must not consolidate cases for trial solely on the basis that the defendants were all alleged to be infringing the same patent.<sup>65</sup> This partially overrides Rule 42 of the Federal Rules of Civil Procedure, which allows a consolidated trial of any set of civil cases, whether otherwise consolidated or not, in the discretion of the \*75 judge,<sup>66</sup> but is now inapplicable in certain types of patent cases, to be discussed later. A nightmare scenario under the new provision would be a set of sequential trials focusing on the validity question.

#### **B. Disappearance of Prior Inventor Defense**

Under present law it is a defense to patent infringement if the defendant can establish that the claimed subject matter of a patent was independently invented in the United States by “another inventor who had not abandoned, suppressed, or concealed it.”<sup>67</sup> Typically this other inventor is unaffiliated with the accused infringing company and has not sought a patent at all. The most common fact pattern is a product that was developed earlier than the patentee’s work but emerged in the market somewhat later, so that there is no prior public knowledge or prior printed publication, but neither was there any abandonment or concealment. Such patterns occur rather infrequently,<sup>68</sup> but the hope of finding one drives considerable expenditures by defending litigators.

The gradual disappearance of invention date as having any lingering significance in the new statute means that litigants may no longer be chasing the hope of finding an earlier inventor who did not publicly disclose. However, not much money is expected to be saved by this change. Litigants will likely still seek out such inventors, hoping then to find documentation showing that there was in fact a public disclosure, especially since work in the form of an offer for sale or a public use no longer needs to have been in the United States.

It will take a while for this change to show up in patent litigation. The changes to the meaning of prior art will take effect on March 16, 2013, and will apply to patents issuing on applications filed from then on.<sup>69</sup> Therefore, roughly speaking, we will not see this change showing up in court rulings until perhaps somewhere around 2019.

### **C. Disappearance of the Best Mode Defense**

In the new bill, Congress, while leaving the best mode provision in the disclosure requirements for a patent application, may have completely eliminated any effects of failing to include it in an application. Readers will recall that in the United States the disclosure provision for patent applications has required that the \*76 “best mode contemplated by the inventor of carrying out his invention” must be “set forth” in the patent specification.<sup>70</sup> The requirement is purely subjective, calling for what the named inventors think, whether or not on sound technical grounds. If this mode is omitted, either intentionally or inadvertently, the existing law requires that the affected claims be found invalid.<sup>71</sup> The AIA, while not changing the stated requirement for the best mode to be included, appears to have either wholly emasculated that provision or greatly limited the PTO’s ability to enforce it.

Section 15 of the AIA provides that failure to include the best mode will no longer be a litigation defense.<sup>72</sup> Furthermore, the new law states that the failure cannot be a ground for holding any claim of a patent to be “otherwise unenforceable.”<sup>73</sup> This indicates that even an intentional withholding of the best mode, which would have seemed to be deceptive conduct giving rise to an inequitable conduct defense before, is no longer to be regarded as such. Finally, failure to include the best mode will not be a ground for loss of an early effective filing date, either in the U.S. or from an earlier filing in another country.<sup>74</sup>

The best mode defense has been raised and ruled upon a modest number of times.<sup>75</sup> It was not a very large problem for patentees, but Congress was persuaded otherwise. The PTO, however, has given preliminary indications that since the best mode provision remains in the statute as a condition for obtaining a valid patent, it intends to continue enforcing, in some manner, that provision. Whether and how the PTO can do so is the subject of significant debate in the United States.<sup>76</sup>

The elimination or weakening of the best mode requirement can be regarded as the most unfortunate aspect of the AIA on the patentability side. Although absent from the laws of other countries, the presence of a best-mode requirement in U.S. law has induced practitioners often to include more technical information in a patent application than they would otherwise include because failure to do so could lead to invalidity. The public was thus getting more for its side of the bargain in \*77 granting a patent. Now, it appears the public will be getting less. For example, unless the PTO is successful in maintaining the requirement in some manner, the best catalysts for a chemical reaction might now be withheld, since all that is required would be that a workable catalyst is disclosed. The best alloy for a machine part could be kept a trade secret and a lesser but workable one disclosed, giving considerable advantage to the applicant as holder of such a trade secret. If best mode disappears, issuance of patents will involve far less surrender of trade secrets than it did before.<sup>77</sup> The best mode curtailment provision became effective immediately upon enactment, on September 16, 2011, and the provision applies to court proceedings commenced on or after that date but not to pending court cases.<sup>78</sup> It is not clear what effect it will have in the PTO.

### **D. Expansion of Prior User Rights**

Presently, in U.S. patent law, there is a provision for allowing prior secret users of business methods that are later validly patented to continue using them despite the patents.<sup>79</sup> The AIA expands this right to all kinds of inventions.<sup>80</sup> Realistically, though, it will seldom if ever have any applicability to products sold to others by the prior user because the prior use is itself an invalidating event. The situation is different in the case of internally used methods. These are, by at least some case law authority, not part of the prior art, so they would not affect validity of someone else’s later-issued patent.<sup>81</sup> The earlier user, therefore, needs a special defense against an infringement charge in such a situation. It is found in Section 5 of the AIA, heavily amending 35 U.S.C. § 273.<sup>82</sup> Under the new version of the provision, if commercially used by an entity more than one year before the patentee’s filing date and more than one year before any public disclosure by the patentee, a patented product or method can continue to be used on the same \*78 approximate scale after the patent is issued. The right cannot be transferred to another entity except by sale of the entire business. Cessation of the use forfeits the defense.<sup>83</sup> The defense will be effective against any patent issued on or after the enactment date, September 16, 2011.

How often prior user rights will come into play has been the subject of much speculation among academics in the United

States. There will be some manufacturing entities who may need to invoke it in order to continue longstanding methods of production, but it is difficult to say how many of such entities there will be. The other options for manufacturing entities would be, of course, to invalidate the patent based on true prior art, inadequacy of disclosure, etc., or to take a license under the patent.

### **E. Disappearance of Qui Tam Actions for Mismarking**

The United States has long placed legal emphasis on proper marking of patented articles and has imposed penalties for mismarking articles that are either not patented, no longer patented, or marked with the wrong number. In these mismarking instances, the statute has provided that if the mismarking was intended to deceive the public, “any person” could sue for a penalty of up to \$500 “for every such offense.”<sup>84</sup> Half the recovery had to be shared with the Government.<sup>85</sup> The proceedings therefore came to be known as “qui tam” cases.<sup>86</sup> A judicial event occurred in 2009 in the United States that brought heightened interest in such actions. In *The Forest Group, Inc. v. Bon Tool Co.*, the Federal Circuit held, correctly in my view, but unfortunately in what it brought about, that “every such offense” meant \$500 for every copy of the mismarked article, not \$500 for a full run of potentially thousands of them.<sup>87</sup> This led almost immediately to a flood of qui tam actions by unaffected citizens. Some brought dozens of qui tam actions, often based on an oversight of the patentee in continuing to mark with an expired patent’s number. Many were settled for nuisance value, but the flood of get-rich-quick hopes has not subsided much. The website *Grayonclaims* monitors these types of cases and lists nearly 1,000 filings since *Bon Tool* was decided.<sup>88</sup> 437 of these cases have already been settled for an average price of about \$34,000.<sup>89</sup> Some have been dismissed for failure of the plaintiff to show in the pleading that \*79 the mismarking entity acted with the intent of deceiving the public, as required for recovery.<sup>90</sup>

Most Americans have been appalled at the spectacle of these qui tam filings. Congress has ended these filings. Now, only the United States can sue for this type of penalty.<sup>91</sup> Thus, no qui tam pro domino rege cases can be brought. Private entities will be left with damage actions if they can prove they were harmed by the mismarking,<sup>92</sup> a requirement that is almost unimaginable to meet. Mismarking with an expired patent number will not be actionable at all under the new provision. The author predicts no more of these proceedings in the future. The effective date of the provision is immediate, applying even to actions already pending on the enactment date.<sup>93</sup>

### **F. Lessened Effect of Opinions of Counsel**

A few years ago the Federal Circuit began tightening the rules of law relating to willful infringement. Willfulness remains important because it is the necessary preliminary finding before a court that can increase patent damages up to three-fold. In a 2004 ruling, the Federal Circuit held that the failure of an accused infringer to obtain an opinion of counsel about whether she was infringing, or failure to introduce it at trial if she had one, did not give rise to an “inference” of willfulness.<sup>94</sup> In American practice, an inference in this sense means something the judge can mention to the jury as justifying a conclusion, in this instance that the infringement was willful, if they wish to do so. It is a sort of judicial nudge. In deciding *Knorr*, the court refused to decide a related question: Can the adversary counsel still argue the failure to obtain or introduce an opinion as part of her case for willfulness?<sup>95</sup> Congress has now answered that question in the negative. Failure to obtain or introduce opinions of counsel on this subject “may not be used to prove that the accused infringer willfully infringed the patent.”<sup>96</sup> It seems fairly clear that if such failures cannot be used “to prove” something, they cannot be properly argued to the jury as constituting even part of the proof on that subject. This is a welcome clarification.

### **\*80 G. Some Controversial Provisions That Were Dropped From the Reform Bill**

The new statute dropped some litigation-related items that had been highly controversial in recent years such as venue. There has been much high-visibility litigation over convenience transfers.<sup>97</sup> In my 2007 GRUR article, I noted the then-standing proposal to limit venue to the principal residence district of either the plaintiff or the defendant.<sup>98</sup> By 2009 the House of Representatives had proposed to restrict patent venue, limiting it to districts where a substantial portion of the alleged infringing activity occurred.<sup>99</sup> In the end, the AIA has no provision at all on the subject of venue. Perhaps Congress was persuaded that the courts were taking care of the issue.

Another highly charged issue was how to calculate reasonable royalty damages. Several earlier patent reform bills were stalled solely on this question. For example, the House of Representatives proposed that district judges should perform an



extensive economic analysis of the damages evidence to determine the limits of possible awards, and then convey their findings to the jury.<sup>100</sup> The Senate's proposals were less draconian, directing district judges to enumerate for the jury the damages factors that were fairly raised by the evidence, and to command the jury to use only those.<sup>101</sup> At the end, neither the House of Representatives bill, nor the Senate's bill made any changes regarding infringement damages. Here again perhaps Congress believed the courts could better handle the issue, or perhaps there was simply no way to reconcile the strong opposing views of industry groups on the subject.

#### IV. Changes Affecting Patentability

A number of changes are made by the AIA in the area of patentability. Despite heavy press and commentator statements attributing great importance to these changes, the author believes most of them will not have much practical effect in future practice. However, in view of the high visibility they have attained in the press, they deserve to be mentioned here.

##### \*81 A. Eligibility

As mentioned earlier, in the realm of eligible subject matter, tax strategy patents, where the novelty is in the tax planning aspect, have been eliminated<sup>102</sup> as have "human organisms."<sup>103</sup> The legislative history is largely devoid of definition for what is meant by human organism, except that it apparently tracks what is known as the Weldon amendment,<sup>104</sup> which has led the PTO to adopt a policy forbidding the patenting of human beings. Under the new law, however, stem cells and other cell lines could conceivably be ruled to be included in the ban.

Congress had a golden opportunity to eliminate business method patents entirely from the system. Instead, other than eliminating tax strategy business methods, the only thing that Congress has done in the AIA is to restrict financial services business method patents. This was done in a rather bizarrely worded section of the AIA,<sup>105</sup> allowing retroactive reexamination of such patents and voiding of such patents if they are issued in the future. The reexamination procedure will be conducted under existing Section 102(a) of the patent statute, which reads in pertinent part: "A person shall be entitled to a patent unless--(a) the invention was 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 . . . ."<sup>106</sup>

Thus, for whatever reason, Congress has retained invention date in the patent law for this narrow band of cases. There are a few exclusions from the section, notably for financial service patents that are "for technological inventions,"<sup>107</sup> whatever that may mean. Moreover, the only entities that can invoke the challenge procedure are ones that have been sued for infringement or threatened with such a suit.<sup>108</sup> The procedure comes into effect in September 2012 and ends in 2020.<sup>109</sup> In \*82 all other respects, business method patents appear to have now been blessed by Congress.

##### B. New Meaning of Prior Art

In the area of what is and what is not prior art, the patent U.S. system has long been a mix of filing-date-related provisions and invention-date-related provisions. While commentators call it a "first-to-invent system," in practice the filing date has heavily dominated the scene in both patent prosecution and patent litigation. Regardless of what it is called, in all but a few narrow cases invention date is now slowly passing out of the law. Beginning in March 2013 the four categories of prior art will be: offers for sale; public uses; patents and printed publications; and items "otherwise available to the public."<sup>110</sup> They will be effective as prior art as soon as they happen, except when generated by an inventor or someone acting upon the inventor's information, in which case a grace period of one year will apply for that inventor to get on file.<sup>111</sup> For everyone else, the bars are instantaneous.<sup>112</sup>

The bars for items on sale and items in public use are expanded in some ways and perhaps contracted in others. To be prior art under the AIA, these types of barring events can occur anywhere in the world, whereas under present law they must occur in the United States,<sup>113</sup> so in that sense the categories are being broadened. On the other hand, there is significant Congressional history in the floor remarks by Senator Jon Kyl on a prior version of the bill and in House report on the actual bill that passed, to the effect that the phrase "or otherwise available to the public" in the new Section 102(a) is intended to modify all the types of prior art listed in that section, including offers for sale.<sup>114</sup> Many offers for sale are made in secret and are in no sense available to the public; and some uses that are only minimally publicly viewable may no longer qualify, since they may not be \*83 reasonably available to the public. Currently, those are prior art events, but if the views of Senator Kyl

are followed they will not be counted as prior art under the new law.<sup>115</sup> In this respect the scope of prior art may be somewhat contracted. The meaning of “available to the public” will depend on future court interpretation. It might mean only that members of the general public have to be able to view the invention in operation, or it might mean, as Senator Kyl indicated, that skilled-in-the-art persons have to be enabled to replicate and practice the invention by circumstances of the offer for sale or public use. Other interpretations are also possible.

It is going to take many years before invention date disappears entirely from United States patent law, because the elimination provisions will not affect patents whose asserted effective filing date for all claims is prior to March 16, 2013.<sup>116</sup> This means the existing definitions of prior art will continue to apply to the following:

(i) the 1.5 million patents now in force, which have terms of twenty-years-minus-prosecution-time, so they may have a long life remaining, perhaps until 2028 or so;

(ii) the hundreds of thousands of applications now under active examination by the PTO, and the patents that issue on them, in force until perhaps about 2030;

(iii) the 700,000 pending applications that have not yet been acted upon by the PTO, and the patents issuing on them; and

(iv) the several hundred thousand applications likely to be filed between now and March 16, 2013, and the patents issuing on them, surely reaching into the decade of the 2030s.

**\*84** Until these four pipelines are fully cleared, the present meaning of prior art, and its references to invention date and one-year time bars, will remain with us.

What will happen to interferences? They will eventually be gone as such, when the pipelines are cleared.<sup>117</sup> Under the new law, where there are multiple entities vying for substantially the same patent coverage, the patent will be awarded to the first entity who publicly disclosed the invention, provided an application is filed within a one-year grace period thereafter, and if no one has publicly disclosed, then to the first to file a patent application. The new regime was aptly described by Senator Kyl in his floor remarks concerning identical language in the then-pending Senate bill: “The bill thus effectively creates a ‘first to publish’ rule that guarantees patent rights in the United States to whoever discloses the invention to the public first.”<sup>118</sup>

The following are three examples of how the system will work in a contest between inventive entities, i.e., where no derivation, common ownership, or joint research venture is involved:

Example 1: A invents in January. B invents in February and publicly discloses in March. A files in April. B files in May. The patent will go to B, even though A is first to invent and first to file. That is because B’s public disclosure in March was an instant bar to A. For B, however, there is a “grace period” for filing, giving B, in effect, a holding date back in March even though she does not actually file until May.<sup>119</sup>

Example 2: A invents in January. B invents in February and publicly discloses in March. A files in April. B files in May of the following year. No one gets the patent. A was instantly barred by B’s public disclosure. B became barred when one year elapsed from her own disclosure and she had not yet filed an application.

Example 3: A invents in January. B invents in February. A files in April. B files in May. The patent will go to A, since she is **\*85** first to file. Since neither A nor B has publicly disclosed, neither enjoys any grace period that would move her priority back to an earlier date.

Where priority is to be awarded under the default provision? application filing date? that application need not be a United States application. It can be in any Paris Convention country, provided the applicant follows up with a U.S. application within a year. In other words, “filing date” means the legally effective filing date, and this can include foreign priority<sup>120</sup> as well as the priority stemming from strings of continuing U.S. applications.

As mentioned earlier, well advised entities do not publish prior to filing. Therefore, we should expect that the default rule, which is the filing date controls what is prior art and who wins a priority contest, will be the prevalent one.

### C. Secret Prior Art Will Remain A Problem for Obviousness

A secret patent application filed by another inventor will continue to be a problem in the obviousness context, and a larger one than now in at least two ways. Under the new law, the prior filing need not be issued as a U.S. patent in order to be a bar? a published U.S. application, including a PCT application designating the United States, will suffice, as at present.<sup>121</sup> However, the patent or published application cannot be removed by the old procedure of “swearing behind” it.<sup>122</sup> Finally, the prior filing refers to the “effective” filing date of the prior art item, including a national filing in another Paris Convention country, not just the U.S. filing date as at present. This can be viewed as a third area of expansion of secret prior art used to establish obviousness. The best that the later filer can hope for is an ability to prove that she publicly disclosed her invention prior to the filing date of the other inventor.

Whether any of these changes will make a significant difference to patent applicants is difficult to predict. I suspect they will not. Invention date is seldom an issue in PTO practice today. Examiners typically find and use prior art that is of a time-bar vintage, so that it cannot be removed by swearing to an earlier invention date.

### \*86 D. Assignee Filing

Under the AIA, there is a provision for an assignee? defined as an entity to whom the inventor owes a legal duty to assign an invention? to file an application in his own right and not as agent for the inventor.<sup>123</sup> The problem is that an inventor’s “statement” is still required by the newly amended Section 115, and an assignee cannot make the required statement unless the inventor has refused to make it.<sup>124</sup>

It is not clear where this brings us out. It seems that an assignee would be ill-advised to rely on supposed assignment obligations of this kind, without knowing whether the named inventors concur with that view. This could lead to title disputes down the road. The sounder practice is going to be to produce a recordable assignment and to include in it the required inventor’s statement. That way, title is clear and the requirement for an inventor statement is met.

### E. Derivation Proceedings

The new statute contains several pages of text concerning “derived patents,” in which the invention was learned from someone else, and what should be done about them.<sup>125</sup> This reflects an apparent Congressional concern with stealing inventions, but it is not clear what underlies the concern. In 2010 there were only five reported court rulings on derivation, with the challenger prevailing in only two of them.<sup>126</sup> It hardly seems worth setting up a complex three-judge proceeding to rule on such matters. However, Section 3(i) of the AIA does just that. It provides that a patent applicant can petition the PTO for a ruling that a prior applicant derived the claimed invention from the petitioner.<sup>127</sup> The statute is rather awkwardly worded, in that it implies that the earlier application may already have issued as a patent, and the petitioning deadline is stated as follows: “[A] petition may be filed only 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 . . . .”<sup>128</sup>

The language indicates that the publication date is that of the petitioner’s application, not the earlier-filed one that is being challenged. One wonders if this was actually intended by the drafters. In all events, the Director must first \*87 determine that a real derivation issue is made out by the proofs, and if so, the matter is to be turned over to the PTAB for resolution by a three-judge panel, but it is not likely there will be many of these. The PTO presently projects 50 per year. Generally, derivers who file are actually frauds.

Even more curious is the failure of the AIA to establish any procedure for the more normal, honest situations of competing independent inventors, neither of whom is a deriver. Even though invention date is being phased out of the law, there will still be situations in which two applicants or an applicant and patentee are claiming interfering subject matter, but there is no process for resolving the issue of who was the first inventor to publicly disclose or to file. The simple mantra of first-to-file does not address the underlying problems. Interference practice has been replete with issues about adequacy of support in a party’s written description, entitlement to the filing date of a parent application, provisional application, or foreign counterpart application, etc. These questions are not going to go away under the AIA merely because invention date is going away. Perhaps the PTO will see the gap left here by Congress and establish some process for dealing with interfering subject matter, independently of invention date.

## V. Other Changes

The new statute contains many other changes to the U.S. patent law, as to which time and space does not permit further discussion here. Among them are reduced filing fees for very “micro entities”<sup>129</sup> that do not file frequently, an ability to mark products with a patent number by posting an online notice,<sup>130</sup> and various provisions relating to government funded or joint venture developments.<sup>131</sup> Also included in the new statute are a large number of studies ordered by Congress, including ones on patent litigation<sup>132</sup> and international patent protections for small businesses.<sup>133</sup> Some of these provisions could have significant impact in future years. We shall have to wait to see.

### Footnotes

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<sup>1</sup> Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 284 (2011) (codified in scattered sections of 35 U.S.C.).

<sup>2</sup> As it will be explained, a patent expiring in the year 2032 might have claims entitled to effective filing dates prior to March 2013. Given the six-year period of limitations, a post-expiration infringement suit could be brought on such a patent as late as 2038.

<sup>3</sup> Also explained later, prosecution in the great majority of cases takes around eight years or less to complete. This includes continuations, continuations-in-part, and divisional applications; therefore, the old law will lose most of its impact only by around 2021.

<sup>4</sup> 35 U.S.C. § 257 (2011) (corresponds to AIA § 12(a)).

<sup>5</sup> Id. §298 (corresponds to AIA § 17(a)).

<sup>6</sup> See *infra* Part IV (describing the changes that will affect patent litigation).

<sup>7</sup> See U.S. Patent & Trademark Office, America Invents Act: Effective Dates (2011), available at [www.uspto.gov/aia\\_implementation/aia-effective-dates.pdf](http://www.uspto.gov/aia_implementation/aia-effective-dates.pdf) (listing dates various provisions become effective).

<sup>8</sup> AIA §3.

<sup>9</sup> Id.

<sup>10</sup> 35 U.S.C. §102 (a), (e), (g) (2006) (amended 2011).

<sup>11</sup> AIA § 33(a).

<sup>12</sup> The AIA specifies that funds collected by the PTO will be held in the Treasury and earmarked for PTO operations, but cannot be spent without a Congressional appropriation. 35 U.S.C. § 42(c) (2011) (corresponds to AIA §22(a)). The earmarking is merely a mental accounting concept. Expending any amount from the Treasury increases the national debt by that amount regardless of such internal earmarks. The net result is what the patent profession in the United States has been calling “fee diversion,” whereby the Treasury collects PTO funds but Congress fails to fully appropriate them back to the PTO for its operations. It had been hoped that the PTO would get real control over its collected funds via the patent reform bill, but this has not been the case.

- 13 35 U.S.C.A. §122(e) (West 2012) (corresponds to AIA §8(a)).
- 14 35 U.S.C. § 122(c).
- 15 35 U.S.C.A. § 122(e) (corresponds to AIA §8(a)).
- 16 AIA §8(b).
- 17 Changes to Implement the Preissuance Submissions by Third Parties Provision of the Leahy-Smith American Invents Act, 77 Fed. Reg. 448, 448 (Jan. 5, 2012) (to be codified as 37 C.F.R. pt. 1).
- 18 *Id.* at 453. See also 37 C.F.R. §1.17(p) (2012).
- 19 See, e.g., Bhaven N. Sampat, When Do Applicants Search for Prior Art?, 53 J.L. & Econ. 399, 412 (2010) (finding a surprisingly low proportion of prior art cited by applicants versus by examiners). Unpublished studies at The University of Houston Law Center indicate that for prior-art references that are actually applied by examiners to reject claims (temporarily, with the patent eventually issuing), only about 30% come from applicant citations. The rest are located by examiners in their own searches.
- 20 See 35 U.S.C. §302 (2006) (providing that any person may request at any time a reexamination of a patent, based on prior patents or printed publications. If the PTO determines that a “substantial new question of patentability” has been raised, the proceeding moves to a second stage, where such questions are considered, with some level of participation by the requester. 35 U.S.C. §303).
- 21 See, e.g., Greg H. Gardella & Emily A. Berger, United States Reexamination Procedures: Recent Trends, Strategies, and Impact on Patent Practice, 8 J. Marshall Rev. Intell. Prop. L. 381, 389 (2009) (indicating that as of 2006 only “10% of patents subjected to ex parte reexamination were completely invalidated”); Roger Shang & Yar Chaikovsky, Inter Partes Reexamination of Patents: An Empirical Evaluation, 15 Tex. Intell. Prop. L.J. 1, 19 (2006) (indicating that just over 50% of inter partes reexaminations resulted in complete cancellation of all claims of a patent).
- 22 Tony Dutra, Changes at PTO, Patent Eligibility Featured Topics at IPO Annual Meeting in Los Angeles, 82 Pat. Trademark & Copyright J. (BNA) 684 (Sept. 23, 2011), available at 2011 WL 4403524 (stating that “the agency intends to hire...100 administrative patent judges in the year beginning Oct. 1.”).
- 23 35 U.S.C.A. § 6 (West 2012) (corresponds to AIA §7(a)). The board will also include, as at present, the Director of the PTO and a few other PTO officials, who seldom actually sit on the panels that hear and decide cases.
- 24 The AIA oddly labels this constraint as a “filing deadline.” *Id.* § 311(c) (corresponds to AIA §6(a)).
- 25 *Id.* §§311-319 (corresponds to AIA § 6(a)). See also AIA §6(c)(2) (specifying that for each of the first four years, the Director can limit the number of inter-partes proceedings commenced to the number of inter partes reexamination proceedings commenced during the fiscal year prior to the effective date for these proceedings). The PTO website indicates that 344 inter partes reexamination petitions were granted in fiscal year 2011.
- 26 Changes to Implement Inter Partes Review Proceedings, 77 Fed. Reg. 7,041, 7,059 (Feb. 10, 2012) (to be codified 37 C.F.R. pt. 42) [[hereinafter Fed. Reg. on Inter Partes Review].
- 27 35 U.S.C.A. § 315(e) (corresponds to AIA §6(a)).

28 Id. §311(b) (corresponds to AIA § 6(a)).

29 Fed. Reg. on Inter Partes Review, supra note 26, at 7050.

30 37 C.F.R. §42.108(c) (2012) (stating that the exact language in the proposed implementing rule for inter partes review is that the board must determine that “the petition supporting the ground would demonstrate that there is a reasonable likelihood that at least one of the claims challenged in the petition is unpatentable”).

31 35 U.S.C.A. §316(a)(11) (corresponds to AIA § 6(a)).

32 Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. 6,879, 6,900 (Feb. 9, 2012) (to be codified as 37 C.F.R. pts. 42, 90).

33 Id. at 6895.

34 Id. at 6880.

35 Fed. Reg. on Inter Partes Review, supra note 26, at 7057.

36 35 U.S.C. §§321-329 (2011) (corresponds to AIA §6(d)).

37 This means the date of any provisional, parent, grandparent, etc., in a chain of application, as well as a foreign priority date to which a claim might be entitled. Only if the effective filing date for every claim is on or after March 16, 2013, can a post-grant review be lodged against the patent.

38 Changes to Implement Post-Grant Review Proceedings, 77 Fed. Reg. 7060, 7070 (Feb. 10, 2012) (to be codified 37 C.F.R. pt. 42) [hereinafter Fed. Reg. on Post-Grant Review Changes].

39 For example, if 51-60 claims are challenged, the filing fee is \$89,500. Id.

40 The wording is slightly different from that used for inter partes review, but is to the same effect. For post-grant review to go forward, the Board must find that “the petition supporting the ground would, if un rebutted, demonstrate that it is more likely than not that at least one of the claims challenged in the petition is unpatentable.” 37 CFR §42.208(c) (2012). As stated earlier, the test for inter partes review the question is worded as follows: “the petition supporting the ground would demonstrate that there is a reasonable likelihood that at least one of the claims challenged in the petition is unpatentable.” Id. §42.108(c).

41 Fed. Reg. on Post-Grant Review Changes, supra note 38, at 7073.

42 Id. at 7072; 35 U.S.C. § 321(b) (2011) (corresponds to Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, § 6(d), 125 Stat. 284 (2011))

43 Fed. Reg. on Post-Grant Review Changes, supra note 38, at 7073.

44 Id. at 7061; 35 U.S.C. § 321(c) (corresponds to AIA § 6(d)).

45 Fed. Reg. on Post-Grant Review Changes, *supra* note 38, at 7065.

46 35 U.S.C. § 326(a)(11) (corresponds to AIA §6(d)).

47 *Id.* § 326(b) (corresponds to AIA §6(d)).

48 AIA §6(f)(2)(B).

49 35 U.S.C. §325(e)(2) (corresponds to AIA § 6(d)). Since this form of review includes all of the invalidity defenses that can be raised in court, the only things not blocked by the estoppel would be secret prior art unknown at the time of the proceeding, primarily patent applications filed by others but which have not yet been published. As will be seen later, these applications will become prior art retroactively, as of their effective filing dates.

50 35 U.S.C. §257 (corresponds to AIA §12(a)).

51 *J.P. Stevens & Co. v. Lex Tex, Ltd.*, 747 F.2d 1553, 1560 n.6 (Fed. Cir. 1984) (citing *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542 (Fed. Cir. 1983)).

52 See, e.g., *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1326-27 (Fed. Cir. 2009) (holding that facts supporting inequitable conduct contention must be pleaded with particularity); *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1295-96 (Fed. Cir. 2011) (en banc) (holding that materiality and intent to deceive must be proved separately, and a showing of gross negligence will not suffice).

53 The decision, if adverse, can be appealed to the board and to the Federal Circuit. 35 U.S.C. §257(b) specifies that “[t]he reexamination shall be conducted according to procedures established by chapter 30,” with certain limited exceptions. Chapter 30 deals mostly with *ex parte* reexaminations under present law, and those provisions are not changed by the AIA. 35 U.S.C. §305 provides that “reexamination will be conducted according to the procedures established for initial examination.” 35 U.S.C. §306 provides for court review of the outcome, at the behest of the patent owner.

54 35 U.S.C. §257(c)(1) (corresponds to AIA §12(a)).

55 *Id.* §257(c)(2)(A) (corresponds to AIA §12(a)).

56 *Id.*

57 *Id.* §257(c)(2)(B) (corresponds to AIA §12(a)).

58 *Id.* §257(e) (corresponds to AIA §12(a)).

59 AIA §12(c).

60 Changes to Implement the Supplemental Examination Provisions of the Leahy-Smith America Invents Act and to Revise Reexamination Fees, 77 Fed. Reg. 3,666, 3,667-68 (Jan. 25, 2012) (to be codified 37 C.F.R. pt. 1).

61 *Id.* at 3675.

62 35 U.S.C. §299(a) (corresponds to AIA §19(d)).

63 Fed. R. Civ. P. 20.

64 See, e.g., *Arista Records LLC v. Does 1-4*, 589 F. Supp. 2d 151, 153-55 (D. Conn. 2008) (denying joinder in a copyright case where defendants were non-cooperating); *SB Designs v. Reebok Int'l, Ltd.*, 305 F. Supp. 2d 888, 892 (N.D. Ill. 2004) (granting severance in trademark case where accused infringers were not acting in concert). The only known case holding to the contrary is *MyMail, Ltd. v. Am. Online, Inc.*, 223 F.R.D. 455, 456-57 (E.D. Tex. 2004) (Judge Davis holding that unrelated defendants could properly be joined in a single patent infringement suit, and that infringements of the same patent can constitute the same series of occurrences where defendants' products were similar).

65 35 U.S.C. §299(b) (corresponds to AIA § 19(d)) (" [A]ccused 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 have each infringed the patent or patents in suit. ").

66 Fed. R. Civ. P. 42 ("If actions before the court involve a common question of law or fact, the court may: (1) join for hearing or trial any or all matters at issue in the actions....").

67 35 U.S.C. §102(g)(2) (2006). Note that unlike in the situation for an interference proceeding, for the litigation defense the prior work must have been done in the United States, not in another WTO country.

68 Univ. of Hous. Law Ctr., Decisions for 2005-2009, Patstats.org, [http://patstats.org/2005-2009\\_composite.htm](http://patstats.org/2005-2009_composite.htm) (last visited Nov. 16, 2012) (reporting only 15 court rulings in the five year period of 2005-2009).

69 AIA §3(b)(1) (amending 35 U.S.C. §102).

70 35 U.S.C. §112.

71 *Id.*

72 35 U.S.C. § 282(3)(A) (2011) (corresponds to AIA §15(a)).

73 *Id.*

74 *Id.* §§ 119-120 (corresponds to AIA §15(b)) (removing best mode compliance as a condition for obtaining priority).

75 See Univ. of Hous. Law Ctr., *supra* note 68 (reporting that for the five-year period ending in December 2009, 40 court rulings on best mode, and 32 of them in favor of the patentee).

76 There is some speculation that the PTO might require some sort of statement that the best known mode is included in the application. An intentional false answer to that question could be grounds for invalidating the resulting patent for fraud, not in leaving out the best mode but in falsifying about it. See, e.g., *Walker Process Equip., Inc. v. Food Mach. & Chem. Corp.*, 382 U.S. 172, 176 (1965) ("Under the decisions of this Court a person sued for infringement may challenge the validity of the patent on various grounds, including fraudulent procurement.").



77 There is some confusion on this subject among commentators unfamiliar with patent law and patent claims. Issuance of a patent “on a machine,” for example, does not forfeit all trade secrets involving the claimed family of machines. The best mode requirement applies as of the date of filing only, and need not be updated thereafter. For most applicants willing to spend the funds on filing a patent application, work on a product does not cease after the application is filed. On the contrary, it typically continues even at an increased pace. None of the secrets developed during the post-filing period need to be disclosed to comply with the present best mode requirement, and issuance of the patent will not impact the protectability of those secrets. Hence a patent and a trade secret in the subject matter are not mutually exclusive.

78 AIA §15(c).

79 35 U.S.C. §273 (2006). In general, prior secret users have to stop when the later patent issues because even though they may have been the “first to invent,” they concealed the inventions and hence forfeited priority under the existing 35 U.S.C. §102(g).

80 35 U.S.C. § 273 (2011) (corresponds to AIA §5(a)).

81 See *W.L. Gore & Assocs., Inc. v. Garlock, Inc.*, 721 F.2d 1540, 1550 (Fed. Cir. 1983) (holding that secret prior use by a third party is not part of the prior art under the present statute).

82 35 U.S.C. § 273 (corresponds to AIA §5(a)) (extending protection to all classes of eligible subject matter including processes, machines, manufactures, and compositions of matter).

83 *Id.* §273(e)(4) (corresponds to AIA §5(a)) (subject to a proviso that if the use is resumed at a time still early enough to qualify as previously stated, the defense is resurrected).

84 35 U.S.C. §292 (2006).

85 *Id.* §292(b).

86 So-called after the English common law writ, given in Latin, “*Qui tam pro domino rege quam pro ipso in hac parte sequitur*” (Who pursues this action as much for the lord king as for himself).

87 590 F.3d 1295, 1304 (Fed. Cir. 2009).

88 Justin E. Gray, False Marking Case Information, Gray on a Claim Construction (Dec. 20, 2011), <http://www.grayonclaims.com/false-marking-case-information/>.

89 Justin E. Gray, False Marking Settlement Information, Gray on a Claim Construction (Dec. 20, 2011), <http://www.grayonclaims.com/false-marking-settlement-info>.

90 *Promote Innovation LLC v. Roche Diagnostics Corp.*, 793 F. Supp. 2d 1090, 1097 (S.D. Ind. 2011); *Herengracht Grp. LLC v. Intelligent Prods., Inc.*, No. 10-21785-CIV, 2011 WL 938995, at \*4 (S.D. Fla. Mar. 16, 2011).

91 35 U.S.C. §292(a) (2011) (corresponds to Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, § 16(b), 125 Stat. 284 (2011)).

92 *Id.* § 292(b).

93 AIA §16(b)(4).

94 Knorr-Bremse Systeme fuer Nutzfahrzeuge GmbH v. Dana Corp., 383 F.3d 1337, 1344-46 (Fed. Cir. 2004) (en banc).

95 Id. at 1346-47.

96 35 U.S.C. §298 (2011) (corresponds to AIA §17(a)).

97 See, e.g., Paul M. Janicke, Patent Venue and Convenience Transfer: New World or Small Shift?, 11 N.C. J.L. & Tech. On. 1, 25-26 (2009) (detailing changes in convenience transfer laws).

98 Paul M. Janicke, Die Reform des U.S. Patentrechts im Jahr 2007, 56 Gewerblicher Rechtsschutz und Urheberrecht International Teil 791, 798 (2007).

99 H.R. 1260, 111th Cong. §10(a) (2009).

100 See, e.g., Patent Reform Act of 2007, H.R. 1908, 110th Cong. § 5 (2007) (passed in the House, but stalled in the Senate).

101 See, e.g., S. 515, 111th Cong. §4 (2009) (marked up by the Senate Judiciary Committee April 2, 2009).

102 Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, §14, 125 Stat. 284 (2011).

103 AIA §33(a).

104 See Congress Bans Patents on Human Embryos, National Right to Life News (Feb. 4, 2004), [http://www.nrlc.org/news/2004/NRL02/congress\\_bans\\_patents\\_on\\_human\\_e.htm](http://www.nrlc.org/news/2004/NRL02/congress_bans_patents_on_human_e.htm) (noting that the ban is named after former Congressman Dave Weldon of Florida). Rep. Weldon's amendment to a PTO appropriations bill passed and was eventually enacted into law. Id. It stated: "None of the funds appropriated or otherwise made available under this Act may be used to issue patents on claims directed to or encompassing a human organism." Consolidated Appropriations Act, Pub. L. No. 108-199, §634, 118 Stat. 3 (2004). No definition of the phrase was given. The phrase was mentioned, again without definition, in the recent Federal Circuit case upholding patent eligibility of isolated DNA sequences derived from human genes. See Ass'n for Molecular Pathology v. U.S. Patent & Trademark Office, 635 F.3d 1329, 1372 (Fed. Cir. 2011) (Moore, J., concurring) (mentioning the Patent Office's view that the present statute prohibited patent claims to human organisms but that the prohibition did not include stem cells or genes).

105 AIA §18.

106 Id. §18(a)(1)(C); 35 U.S.C. § 102(a) (2006).

107 AIA § 18(d)(1).

108 Id. §18(a)(1)(B).

109 Id. §18(a)(3)-(4).

110 Id. §3(b) (amending 35 U.S.C. §102). The important key to this new section is in the exceptions set out in paragraph (b), which give a one-year grace period to the first public discloser. Id.

111 Id.

112 Id.

113 Compare AIA § 3(b) with 35 U.S.C. §102(b) (2006).

114 See H.R. Rep. No. 112-98, at 72-73 (2011) (“[I]n section 102... the phrase ‘available to the public’ is added to clarify the broad scope of relevant prior art, as well as to emphasize the fact that it must be publicly accessible.”); 157 Cong. Rec. S1360, S1370 (2011) (statement of Sen. Jon Kyl: “Whether an invention has been made available to the public is the same inquiry that is undertaken under existing law to determine whether a document has become publicly accessible, but is conducted in a more generalized manner to account for disclosures of information that are not in the form of documents. ‘A document is publicly accessible if it has been disseminated or otherwise made available to the extent that persons interested and ordinarily skilled in the subject matter or art, exercising reasonable diligence, can locate it and recognize and comprehend therefrom the essentials of the claimed invention without need of further research or experimentation.’” (quoting *Cordis Corp. v. Bos. Scientific Corp.*, 561 F.3d 1319, 1333 (Fed. Cir. 2009))).

115 In addition to the remarks quoted in the preceding note, Senator Kyl also stated: “[T]he fact that the clause ‘or otherwise available to the public’ is set off from its preceding clauses by a comma confirms that it applies to both ‘public use’ and ‘on sale.’...There is no reason to fear ‘commercialization’ that merely consists of a secret sale or offer for sale but that does not operate to disclose the invention to the public....The present definition thus abrogates the rule announced in *Egbert v. Lippman*, 104 U.S. 333, 336 (1881), one of the more unusual patent cases to come before the Supreme Court.” 157 Cong. Rec. S1360, S1370-71.

116 See AIA §3(n)(1) (providing that for applications containing any claim having an effective filing date after March 16, 2013, the new definitions apply to all the claims). For applications of that vintage that also contain a claim with an effective filing date on or prior to March 16, 2013, the new definitions of prior art apply plus old Section 102(g) (prior inventorship by another) apply to all claims. See id. §3(n)(2) (misleadingly headed “Interfering Patents,” but actually referring to continuation-in-part applications). Whether PTO examiners will be able to make these subtle claim-by-claim effective filing date determinations in a meaningful way is doubtful, in the view of this writer.

117 These contests are already rare in terms of significance of anyone’s invention date. PTO Director David Kappos, has put the number of interferences per year at less than ten that were decided based on invention date. See *Program Would Speed up Examination*, 79 Pat. Trademark & Copyright J. (BNA) 41 (Nov. 13, 2009) (quoting Director Kappos as stating that in 2007 only seven interferences were decided based on priority, and that we “already essentially have a first to file system”).

118 157 Cong. Rec. S1360, S1369.

119 Note that the integrity of this system is maintained by a provision stating that A’s earlier application filing is not an impediment to B. AIA § 3(b) sets out the new 35 U.S.C. §102(b)(2), which provides: “A disclosure shall not be prior art to a claimed invention...if...(B) the subject matter disclosed had, before such subject matter was effectively filed [by another], been publicly disclosed by the inventor....”

120 AIA §3(a), (b), and (g) abolish the previous constraint on foreign priority under 35 U.S.C. §119, whereby only half-credit was given to prior foreign filings. Such filings sufficed for acquiring a constructive U.S. invention date, but did not stop any time bars that might have been running. 35 U.S.C. §119 (2006). That weakness has now been eliminated. AIA § 3(a) (amending 35 U.S.C. §100).

121 There is one small change here in the AIA. A published PCT application designating the United States need no longer be in the English language to be a prior art reference against a later filer.

122 “Swearing behind” is showing that the present applicant has an earlier invention date than the filing date of the patent.

123 AIA §4(b) (amending 35 U.S.C. §118).

124 Id. §4(a) (amending 35 U.S.C. §115 by adding new paragraph (e), which states that the inventor’s statement can be made within an assignment document).

125 Id. §3(h) (amending 35 U.S.C. § 291).

126 See Univ. of Hous. Law Ctr., Full Calendar Year 2010 Report, Patstats.org, [http://www.patstats.org/2010\\_full\\_year.rev5.htm](http://www.patstats.org/2010_full_year.rev5.htm) (last visited Nov. 4, 2012) (for the five year period ending 2009, the average number of rulings on this issue per year was 7.3, with challengers prevailing in only 12 rulings for the entire five-year period).

127 AIA §3(i) (amending 35 U.S.C. §135).

128 Id.

129 35 U.S.C. §§41(h)(1), 123 (2011) (corresponds to AIA §§10(b), (g), respectively).

130 Id. §287 (corresponds to AIA §16(a)).

131 AIA §§3, 5, 20 (amending 35 U.S.C. §§102, 273, 116, respectively).

132 Id. §34.

133 Id. §31.