

September 2012

FINAL RULES FOR IMPLEMENTING THE AMERICA INVENTS ACT (AIA)

As we previously informed, the Patent Office published for public comment proposed rules packages for implementing various provisions of the America Invents Act ("AIA"). Based on the public comments received, the Patent Office has now published final rules packages for most of the new provisions, the key points of which are summarized below.

CHANGES TO INVENTOR'S OATH OR DECLARATION

The new inventor oath or declaration provisions under the AIA apply to any new U.S. patent application filed on or after September 16, 2012, regardless of any priority claim. For a U.S. national phase application, the U.S. filing date is the international filing date of the international PCT application. Thus, the new provisions only apply to U.S. national phase applications having international filing dates on or after September 16, 2012.

Under the new provisions, a patent application may be filed and prosecuted by (i) an inventor, (ii) an assignee (a person to whom an inventor has assigned or is under an obligation to assign an invention), or (iii) a person who has a proprietary interest in the matter. Evidence of ownership must be recorded by the USPTO no later than the date the issue fee is paid for an application. The new provisions require all applicants that are corporations or other non-human entities to be represented by a patent practitioner.

If the assignee is the applicant, a power of attorney form designating Norris, McLaughlin & Marcus, P.A., as its representative should be executed by the assignee, and not by the inventor. After the assignee provides us with an executed power of attorney form, it will not be necessary to provide us with additional power of attorney forms for subsequent filings of new patent applications on behalf of that assignee if that assignee is the applicant in the subsequent new applications. For these subsequent filings, a copy of the previously-executed power of attorney form will be filed with a transmittal form identifying the specific application for the power of attorney.

An inventor oath or declaration must (i) identify the inventor or joint inventor, by legal name, that is executing the oath or declaration (hereinafter "the declarant"), (ii) identify the application to which it is directed, (iii) include a statement that the declarant believes to be the original inventor or an original joint inventor of a claimed invention in the application, and (iv) include an acknowledgment that any willful false statement made in such declaration or statement is punishable under 18 USC § 1001 by fine or imprisonment of not more than five years, or both, unless the oath/declaration satisfies the requirements of 37 CFR § 1.66. Please note that the inventor oath or declaration need not list all joint inventors and need only list the declarant.

A combined assignment and oath or declaration document may be submitted under the new provisions as long as the combined document includes the necessary oath or declaration information



mentioned above, is recorded, and is filed in the application. Alternatively, an oath or declaration may be filed with a separate assignment document. In either case, a separate power of attorney form must be executed by the applicant(s) and filed in the USPTO.

The new provisions heighten the importance of filing an Application Data Sheet (ADS) in each and every application. The ADS should always include all inventor information, but must always include any and all foreign and/or U.S. priority claim(s). The order of inventors will also be determined solely by the order of inventors provided in the ADS.

An oath or declaration executed by each inventor no longer needs to be filed with the application if an ADS, including the legal name, residence, and mailing addresses of each inventor, is filed with the application. However, the new provisions do not do away with the requirement that each inventor execute and file an oath or declaration before an application is allowed by the USPTO.

Under the new provisions, an oath or declaration is no longer required to specifically set forth that a declarant has reviewed and understands the contents of the application and is aware of the duty to disclose to the USPTO all information known to that declarant to be material to patentability. However, the new provisions require that a declarant may not execute an oath or declaration for an application unless that declarant has reviewed and understands the contents of the application and is aware of the duty to disclose all information known to that declarant to be material to patentability. Therefore, we recommend retaining these statements in the oath or declaration form so that each and every declarant is reminded of these requirements when executing the form.

If an inventor is not available to file an oath or declaration or refuses to execute an oath or declaration, a substitute statement may be filed for that inventor by the applicant (i.e., assignee). An applicant may execute the substitute statement if the person identifies (i) the circumstances requiring execution of the substitute statement, (ii) the relationship between the executing person and the non-signing inventor, and (iii) the non-signing inventor's last known address. A new inventor oath or declaration will not be required for a continuation application having the same inventive entity as the parent application if both applications are filed on or after September 16, 2012. Moreover, if a continuation application has an added new inventor, only that new inventor needs to file an oath or declaration in the continuation application.

The new provisions also allow for postponing the filing of the inventor's oath or declaration until the application is otherwise in condition for allowance if an ADS including the inventor information is filed with the application. However, if, for example, the application is a national phase application of an international PCT application, postponing the filing of the inventor's oath or declaration may prevent Patent Term Adjustment (PTA) from accruing because the national stage requirements, under 35 U.S.C. §371, are not fully satisfied until the inventor's oath or declaration is received by the USPTO. A surcharge, as usual, will still be required to recover costs associated with processing applications that are not complete on filing (i.e., no ADS or oath or declaration filed with application), but no fees in addition to the surcharge will be required if an ADS with the inventor information is filed with the application.

For reissue patent applications, the new provisions eliminate the requirement that a reissue oath or declaration include a statement that all errors arose without any deceptive intent on the applicant's part and the requirement for a supplemental oath or declaration when amending claims. However, a reissue oath or declaration must identify any claims that the application seeks to broaden, and a claim with both broadening and narrowing features must be considered to be a broadening claim.



SUPPLEMENTAL EXAMINATION

A patent owner holding the entire right to a patent (or where jointly owned, all owners) may request “supplemental examination” of a patent to consider, reconsider, or correct information believed to be relevant to a granted patent. Effective September 16, 2012, supplemental examination may be requested on any patent, including those previously granted any time during the enforceability of the patents. Additionally, supplemental examination may be requested for an expired patent up to six years following the expiry of the patent.

The patent owner may file a Request for Supplemental Examination for patents; third parties are not permitted to file such a Request.

The Request must contain (a) an itemized list of up to 12 documents or information that is requested to be to be considered, reconsidered or corrected; (b) an identification of each claim of the issued patent sought to be considered; (c) for each claim to be considered, a separate explanation of the relevance of one or more of the listed information and how it is applied to the claim; (d) for documents that are over 50 pages in length, a summary of the relevant portions of the documents. The documents or information presented in (a) must be in writing, and are not limited to patents or printed publications, but may include for example transcripts, etc. which relate to any disclosure which may be considered relevant to patentability. This permits the consideration of issues inclusive of statutory subject matter (35 USC §101), suitable disclosure (35 USC 112), as well as novelty (35 USC §102) and obviousness (35 USC §103) to be taken into consideration by the USPTO. Interestingly, although the USPTO expressly limits a Request to the consideration of 12 documents or information, the USPTO permits the patent owner to file multiple Requests for Supplemental Examination for any patent these Requests may be concurrent or sequential.

If an incomplete or defective Request is filed, the USPTO will offer an opportunity to correct and resubmit the Request before the filing date of the Request for Supplemental Examination is granted. The filing date of such a Request takes on particular significances as the patent may be considered unenforceable if the filing date of a proper Request is subsequent to the date an allegation of unenforceability is lodged in a civil action, or if an allegation of unenforceability is entered as part of an Abbreviated New Drug Application Paragraph IV certification notice letter, or if the supplemental examination and any reexamination are concluded before inequitable conduct is raised as a defense in a patent infringement or in an action under the US International Trade Commission arising under 35 USC 337 action relating to the patent.

Within three months of the filing date granted to a proper Request, the USPTO will determine if the Request raises a “substantial new question of patentability” based, and if a new question is determined to exist, the USPTO will order an *Ex Parte* Reexamination of the patent. In the alternative, if the USPTO finds that no “substantial new question of patentability” exists, the patent is maintained in the form as granted.

During the USPTO’s consideration of the Request for Supplemental Examination, the patent owner is not permitted to conduct any interviews with the USPTO, nor is the patent owner permitted to file any amendments to the claims of the patent being considered by the USPTO. The patent owner is obligated to keep the USPTO promptly apprised of any prior or contemporaneous USPTO proceedings concerning the patent.



The fees for Supplemental Examination are, however, not inconsiderable. An initial fee of US\$5140 is paid with the Request, and an additional fee of US\$16,120 for an *Ex Parte* Reexamination must also accompany the Request. If the USPTO determines that the Request raises a “substantial new question of patentability,” the fee for *Ex Parte* Reexamination will be charged and the *Ex Parte* Reexamination will be initiated. If no “substantial new question of patentability” is found, the USPTO will return the fee of US\$16,120. Additional fees of US\$170 are levied for each non-patent document over 20 pages in length, and additional fees of US\$280 are levied for 50 pages (or fraction thereof) for documents that exceed 50 pages in length.

Notwithstanding the seemingly high fees for filing a Request for Supplemental Reexamination, the new procedure offers patent owners an effective way to validate their patents prior to any contemplated enforcement action to be taken by the patent owner. This is particularly relevant to patents that may be subject to litigation as well as in the context of patent licensing. Section 12 of the AIA expressly provides (with certain limited exceptions) that a patent must 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, if the information was considered, reconsidered, or corrected in supplemental examination. This ensures that following Supplemental Reexamination, the patent retains the statutory presumption of validity (35 USC § 282).

THIRD PARTY SUBMISSIONS

Prior to enactment of the AIA, clients would periodically seek our counsel in situations where the client wanted to ensure that relevant and sometimes novelty-destroying prior art was considered by the USPTO against a competitor’s patent application. Without an established official procedure for submitting prior art to the USPTO, clients were advised on a case-by-case basis, sometimes resorting to sending the prior art directly to the competitor with the understanding that the competitor would have to cite the art to the USPTO to satisfy the duty of disclosure. While this provided a “back door” method of submitting prior art, there was no guarantee that the competitor would submit the prior art, nor could the client provide any statements of relevance pertaining to the prior art. Beginning September 16, 2012, the AIA will provide a procedure for third-party pre-issuance submissions to the USPTO for consideration by the examiner.

The “Third-Party Submission Law” offers an inexpensive, low-risk opportunity for third parties to participate in the examination of a patent application through the submission of any published document of potential relevance and a concise statement of the document’s relevance. Submissions may be anonymous, and can be filed against any patent application filed before, on, or after September 16, 2012. Importantly, the submissions must be filed prior to the later of (i) six months after the application’s publication date, or (ii) before the mailing date of the first Office Action. Furthermore, the USPTO will not consider any submission filed after the date of the Notice of Allowance. Therefore, clients are advised to work quickly after identifying potential applications for which submissions are to be considered.

The submission must include: (1) a list of published documents; (2) a concise statement of each document’s relevance; (3) a legible copy of each non-US patent listed; (4) English language-translation of any non-English language document listed; (5) a statement by the submitting party that the submission complies with the statute and the rule; and (6) the required fee, if any (\$180 for each ten documents; if fewer than three documents are cited, no fee is due).

The concise statement of relevance provides the third party with an opportunity to identify and explain how the document is relevant to the scope of the published claims. While there is no limitation as to



the length of the statement, the ideal statement will be short and easy for an examiner to understand. The statement should be factual, identify the relevant pages or lines of the respective document, and explain how the document relates to the published claims. Claim charts are permitted, but proposing specific rejections or arguing against patentability of the claims should be avoided.

The “published documents” are not required to be prior art, are not limited to issues of novelty or non-obviousness, and in certain circumstances can include emails and other internal correspondence. The Examiner is required to consider the documents and the concise statements and must acknowledge consideration in the subsequent Office Action. Furthermore, estoppel is not created by the submissions. Therefore, if a document is considered by the examiner, that same document may be used against the patent in subsequent patent challenges including Post-Grant Review (PGR), *Inter partes* Review, or in litigation.

POST-GRANT REVIEW

Post-Grant Review (PGR) will be available for patents issued from applications filed under the “first to file” provision, that is, an application filed on/after March 16, 2013, and so is not immediately important. This review may only be invoked upon filing a petition within nine months of an issuance of a patent. The review includes any question of patentability. The standard of bringing a post-grant review is that a petitioner must establish that it is more likely than not that at least one claim is unpatentable.

INTER PARTES REVIEW

Inter partes review will completely replace *inter partes* reexamination as of September 16, 2012. There are many similarities between these two proceedings; however, the major difference relates to the timing of when a request/petition can be filed and what patents may be subject to review. *Inter partes* reexams could be filed by anyone and immediately, but only for patents that issued from U.S. or PCT applications filed on or after November 29, 1999. In contrast, upon availability of *inter partes* review, a third party (not a patentee) may file a petition for *inter partes* review after the later of (1) nine months after a patent grants or a reissued patent reissues, or (2) after a new procedure of PGR is terminated.

The standard for initiating an *inter partes* reexam changed from the “a substantial new question of patentability” standard of the previous *inter partes* reexamination to “a reasonable likelihood that the requester would prevail with respect to at least one of the claim challenged” standard. The “reasonable likelihood...” standard is a higher standard than the previous “substantial new question of patentability” standard.

The AIA expressly states that a third party may petition for an *inter partes* review only on a ground that could be raised under 35 U.S.C. § 102 (anticipation) or § 103 (obviousness) based on “patents and printed publications.” This differs from the grounds available for *inter partes* reexaminations, which must be based on “patents or printed publications,” without expressly limiting the grounds to § 102 or § 103. Thus, challenges based on priority issues, 35 U.S.C. § 112 attacks regarding subject matter, which could be issues under the old standard of “patents or printed publications,” are no longer valid grounds.

The entire review must, with minor exceptions, be completed within one year.



It should also be noted that an *inter partes* review may not be instituted if a petitioner already filed a civil action challenging the validity of a claim of the patent. In addition, a party must file a petition for an *inter partes* review within a year of being sued for patent infringement, or lose the right to do so.

TRANSITIONAL POST-GRANT REVIEW FOR COVERED BUSINESS METHOD PATENTS

The new law provides for a third party to request a review of certain types of business method patents before the Patent Review and Trial Board, at any time, regardless of the filing or issue date of the patent. The aim is permit challenges to certain types of controversial patents, particularly those that deal with the financial aspect of business methods.

The law requires the USPTO to set up definitions, and exclusions, to the subject matter that would be eligible under this procedure. As set out in the law, such patents would claim 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.

The USPTO notes that most of the patents falling under this definition would be found in Class 705 of the USPTO Classification System. Examples of covered business method patents would be:

- A method for hedging risk in the field of commodities trading
- A method for verifying validity of a credit card transaction

As for those patents that may relate to the financial industry, but that are excluded from this type of review, are those that are determined to be for a “technological invention”. Examples of such technological inventions are:

- A novel and nonobvious hedging machine for hedging risk in commodities trading
- A novel and nonobvious credit card reader for verifying the validity of a credit card transaction

CONDUCT OF TRIAL PROCEEDINGS AND COSTS

Post-grant review, *inter partes* review, the transitional program for covered business method patents, and derivation proceedings will be trials conducted before the newly named Patent Trial and Appeal Board (PTAB), which replaces the previous Board of Patent Appeals and Interferences. As we previously informed, any person may file a petition for trial challenging specific patent claims. The PTAB will review the petition for compliance with the applicable rules and merit, and if satisfied, institute trial. The conduct of the trial will be similar to prior interference proceedings, the new trial proceedings adopting many of the interference proceeding’s procedural and evidentiary rules. There will be limited discovery, with non-US documents being required to be produced in the United States, and witnesses outside of the United States being required to appear in the United States, unless the parties agree otherwise. Failure to make documents and witnesses available in the United States does not automatically lead to exclusion of the evidence, but is a factor to be considered in determining whether or not to exclude the evidence. Direct examination will be by way of declaration, with cross-examination and re-direct examination being conducted live, in person. Litigators may be admitted *pro hac vice*, but trial counsel must include as lead attorney someone who is registered to practice before the USPTO. Trial proceedings must be completed within one year of the institution of trial, and this one-year period can only be extended once for six months and only upon good cause.

A petition to institute *inter partes* review will cost US\$27,200 for the first 20 claims and US\$600 for each claim in excess of 20.



A petition for post-grant review will cost US\$35,800 for the first 20 claims and US\$800 for each claim in excess of 20.

In response to public comments requesting the lowering of these fees, the Director responded that the AIA instructs him to set fees in order to recoup expected USPTO costs for conducting these proceedings, and having determined that these were the expected USPTO costs calculated, he was without authority to offer lower fees.

PATENT TERM ADJUSTMENT PROVISIONS RELATING TO APPELLATE REVIEW

When the issuance of a patent is delayed due to appellate review by the Board of Patent Appeals and Interferences or by a Federal court, the patent term will be extended if the Board or Federal court reverses an adverse determination of patentability. The extension (referred to as an “adjustment” in the Rules) is intended to better reflect any delays the application experiences during the period of appellate review. The Rules, 37 CFR 1.703 and 1.704, apply to any original, non-reissue, utility or plant application in which a notice of allowance is issued on or after September 17, 2012, and any patent issuing thereon (37 CFR 1.703), and is applicable with respect to filing an appeal brief in any application in which a notice of appeal under 37 CFR 41.31 is filed on or after September 17, 2012 (37 CFR 1.704).

The period of appellate review under the new Rules begins when jurisdiction over the application passes to the Board rather than on the date of filing a notice of appeal to the Board. Jurisdiction will pass to the Board when a compliant brief is filed. And the applicant will have three months to file the brief following the notice of appeal, as compared with two months under the old Rules. If a non-compliant brief is filed, the time it takes to make it compliant will not be added to the term of adjustment.

The impact of the rule change will be to reduce the amount of patent term adjustment awarded for a successful appeal (known as the “C” adjustment). But any negative impact may be offset by potentially increasing the amount of adjustment awarded for the Patent Office failing to issue the patent within three years of the actual filing date in the United States (known as the “B” adjustment). For example, the adjustment awarded for a B delay may increase when an examiner re-opens prosecution after a notice of appeal is filed (e.g., following a pre-appeal conference or an appeal conference) and the patent issues thereafter, because the period of time between the filing of the notice of appeal and the examiner’s re-opening of prosecution would no longer be deducted under 34 U.S.C. 154(b)(1)(B)(ii). In this case the patent term adjustment for the B delay and the C delay would be determined by adding the periods of delay, and the total term of adjustment should be longer than under the old Rules.

POST PATENT PROVISIONS

The scope of information that any person may cite in the file of a patent is expanded to include written statements of a patent owner filed in a proceeding before a Federal court or the Patent Office regarding the scope of any claim of the patent, and such statements may be considered in *ex parte* reexamination, *inter partes* review, or post grant review. Such submissions must identify the forum and proceeding in which the patent owner filed each statement, and the specific papers and portions of the papers submitted that contain the statements. The submission must also explain how each such statement is a statement in which the patent owner took a position on the scope of any claim in



the patent, and explain the pertinence and manner of applying the statement to at least one patent claim. The submission must also establish that a copy of the submission has been served on the patent owner at the correspondence address of record in the patent, if submitted by a party other than the patent owner.

Any papers or portions of papers that contain the patent owner claim scope statement must be accompanied by any other documents, pleadings, or evidence from the proceeding in which the statement was filed that address the statement. Other information can, but is not required to, be provided by the submitter to assist the Patent Office in readily identifying the patent owner claim scope statement, such as information regarding the status of the proceeding and the relationship of the proceeding to the patent.

Where the submitter is the patent owner, the patent owner submitter may explain how the claims of the patent are patentable in view of any patent owner claim scope statement and additional information filed, along with any prior art filed.

The Patent Office's use of such statements is limited to determining the meaning of a patent claim in *ex parte* reexamination proceedings that have already been instituted. Thus, such statements and additional information submitted with them will not be considered for any purpose other than to determine the proper meaning of a patent claim in a proceeding that has been ordered. For example, a patent owner claim statement will *not* be considered when making the determination of whether to order *ex parte* reexamination. However, when making the determination of whether to order *ex parte* examination, the PTO will give the claims the broadest reasonable interpretation consistent with the specification.

Permitting submission of claim scope statements is intended to limit a patent owner's ability to put forward different positions with respect to the prior art in different proceedings on the same patent.

There are many details associated with the AIA, a comprehensive overhaul of the US patent system, which are simply beyond the scope of this Alert. If you are interested in learning more about any particular aspects of the new law, please do not hesitate to contact the Norris, McLaughlin & Marcus attorney responsible for your account. If you are new to the Norris family, please contact our department head, William R. Robinson, at 908-722-0700.

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