
Act Now to Prevent Loss of Patent Rights in March 16th Change to “First-Inventor-to-File” System

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*One of the most significant changes of the 2011 Leahy-Smith America Invents Act (“AIA”) takes effect on **March 16, 2013**, when the U.S. transitions from a “First-to-Invent” to a “First-Inventor-to-File” patent system, effectively creating a “race to the patent office.” The AIA also considerably broadens the scope of available prior art that may be applied to U.S. patent applications falling under the new first-inventor-to-file system. Further, patents issuing on any such applications may be challenged by third parties using a new opposition-like post-grant review proceeding at the U.S. Patent Office. These and other challenges make it critical to evaluate and adapt your patent filing strategies **now** in order to prevent a loss of patent rights.*

On March 16, 2013, the U.S. patent system will change from a first-to-invent patent system to a first-inventor-to-file system in an effort to harmonize the patent laws of the U.S. with those of most other countries. The new first-inventor-to-file system will apply to U.S. patent applications that contain, or contained at any time, at least one claim having an effective filing date on or after March 16th.

Under the new laws, inventors that delay in filing patent applications will be penalized. For example, applicants will no longer be able to antedate prior art references by providing proof of an earlier invention date. In addition, U.S. Patent and Trademark Office (“USPTO”) interference proceedings, previously used to determine priority of invention between two applicants for the same invention, will be eliminated and replaced with a derivation proceeding. A derivation proceeding can provide relief to a later-in-time applicant only if he or she can establish that a first-to-file applicant derived the claimed invention from them, and filed the earlier application without authorization.

Patent applications falling under the new first-inventor-to-file system also will be subject to a significantly broader scope of available prior art than those subject to the old, first-to-invent laws. For example, prior to the AIA, “public use” or “on sale” activities could not be used as prior art if these activities occurred outside

of the U.S. Under the AIA, however, 35 U.S.C. § 102 has been rewritten to remove geographical restrictions, meaning that “public use” and “on sale” activities now are available as prior art, regardless of where they occur. Moreover, a new, somewhat ambiguous category of prior art identified as prior art “otherwise available to the public” has been added to § 102.

One of the most significant manners in which the scope of available prior art has been broadened is by the elimination of the *Hilmer* doctrine. Prior to the AIA, under § 102(e), the foreign priority date of a U.S. patent or published U.S. or PCT application designating the U.S. could **not** be relied on for prior art purposes. Now, under the AIA, § 102(a)(2) allows a foreign filing date of a U.S. patent or published U.S. or PCT application designating the U.S. to be used as a prior art date for defeating a subsequently filed application. Most applicants will not know that there is a pending application or PCT application designating the U.S. that relies on a foreign priority date prior to their filing date until that document is discovered during prosecution. The new first-inventor-to-file provisions of the AIA therefore create an unknown risk to applicants, in which claims of an application filed prior to the effective date (March 16, 2013) would be patentable, but the very same claims filed after the effective date would be unpatentable due to the foreign priority date.

Although the scope of available prior art has been broadened under the AIA, some prior art exceptions still remain. For example, a one-year grace period for filing a patent application after a public disclosure still exists, as long as the public disclosure was made by the inventor or someone who obtained the disclosed subject matter (directly or indirectly) from the inventor. Further, if an inventor or someone who obtained the disclosed subject matter (directly or indirectly) from the inventor makes a public disclosure and files an application within one year, any intervening third-party disclosures will not qualify as prior art. But disqualifying prior art based on an inventor’s earlier disclosure will require evidence and accurate records, thus emphasizing the need to maintain accurate records of each and every disclosure of possible inventive subject matter.

Going forward, understanding whether the first-to-invent patent system or the first-inventor-to-file system applies will be imperative in determining a suitable patent strategy and avoiding the loss of patent rights.

For example, the existing first-to-invent patent system will continue to apply to a U.S. application only if all of the claims of the application have an effective filing date **prior** to March 16, 2013. Interference practice will still apply to claims in a U.S. application that have an effective filing date **before** March 16, 2013, but if there is a single claim ever presented that has an effective filing date **after** March 16, 2013 in the application or its priority chain, then **all** claims of the application will be examined under the new first-inventor-to-file system, even though interference practice applies to some of the claims.

On the other hand, the new first-inventor-to-file system will apply to all of the claims of any U.S. application that contains, or contained at any time (including in its priority chain) a claim having an effective filing date **after** March 16, 2013.

For those U.S. applications having a priority date prior to March 16, 2013 and a U.S. filing date on or after March 16, 2013, the existing first-to-invent patent system will apply if **all claims** are entitled to the earlier priority date. If even one claim is presented in the later-filed U.S. application that is not entitled to the earlier priority date, the entire application will be subject to the new first-inventor-to-file system (even if that one claim is later cancelled or amended to remove the new matter). This is particularly important for any provisional application that was filed after March 16, 2012: It would be wise not to wait the full year to convert the provisional application to a utility application, but rather file the utility application prior to March 16, 2013 to avoid the possibility that all claims in the utility application will be examined under the new first-inventor-to-file system.

Patents issuing on applications falling under the new first-inventor-to-file system also face new challenges under the AIA. For example, in the first nine months after issuance, a third party may challenge a patent using a new opposition-like Post-Grant Review (PGR) proceeding at the USPTO. PGR proceedings enable third parties to challenge a patent based on any ground under § 101 (statutory subject matter), § 102 (novelty), § 103 (obviousness), and § 112 (written description and enablement). Accordingly, PGR proceedings are much broader in scope than reexamination proceedings.

In view of the impending March 16, 2013 date, applicants should begin to take affirmative steps **now** to ensure that they will not be at a competitive disadvantage or, worse yet, potentially lose patent rights, when the U.S. transitions to a first-inventor-to-file system.

For example, applicants should:

- Analyze outstanding invention disclosures to determine which should be prioritized for patent application preparation and filing prior to March 16th. Best practices would err on the side of filing a patent application on all outstanding invention disclosures prior to March 16, 2013, even if the applicant is still deciding whether to pursue the invention.
- Consider filing at least a provisional application in those instances where the applicant is still “on the fence” concerning the desire to pursue patent protection for an invention.
- Identify priority applications (whether foreign applications or U.S. provisional applications) already on file for which a U.S. application (claiming priority thereto) has yet to be filed and consider filing the U.S. application prior to March 16th.
- For those pending applications currently subject to an election or restriction requirement, consider filing divisional applications prior to March 16th to avoid the possibility of adding new matter to any claim (even if it is canceled or amended later to remove any new matter) after March 16, 2013, which would subject the entire application to the first-inventor-to-file system.
- Consider filing continuation applications, where appropriate, prior to March 16th. Having continuation applications on file prior to March 16th can remove any issues that may arise should a Patent Examiner allege that a newly presented claim includes subject matter not supported by the parent (or priority) application.
- Consider publishing invention disclosures (e.g., as white papers) for those inventions for which patent protection will not be pursued in order to create prior art that may be used against others.

Inventors and entities that plan ahead and take proactive steps now will be well positioned to navigate the many challenges that will arise on March 16, 2013 when the U.S. transitions to a first-inventor-to-file system.

If you have any questions about the content of this alert, please contact the Pillsbury attorney with whom you regularly work, or the authors below.

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