



Dear Friends and Colleagues,

Here is my latest newsletter covering another topic of general interest in the intellectual property field. If you missed my last newsletter from July 2011, "[The Importance of Proper Patent Marking - What You Don't Know May Hurt You, Monetarily,](#)" click here, or for any of my previous newsletters, you can download them from my firm website biography page:

[http://www.panitchlaw.com/Clark\\_Jablon.aspx](http://www.panitchlaw.com/Clark_Jablon.aspx)



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### **Title: SWEEPING PATENT LAW REFORM ENACTED**

With apologies to those of you who received this same information from our firm's new IP News Alert today, please see the important information below. (There is some minor overlap in mailing lists and future firm-wide news alerts will not duplicate the content of my newsletter.)

### **SWEEPING PATENT LAW REFORM ENACTED**

This is to inform you that today, September 16, 2011, the President signed into law, thereby enacting, the Leahy-Smith America Invents Act, resulting in sweeping patent law reforms. Passage of this legislation represents the culmination of years of debate by Congress to effect patent law reform in the U.S.

### **First Inventor to File**

The legislation passed by both houses of Congress represents a significant overhaul of the U.S. patent system. Most notably, the legislation changes the U.S. from a "first-to-invent" to a "first-to-file system," which is in conformity with almost all other patent systems around the world. The "first-to-file system" will become effective on March 16, 2013.

## **Marking**

Under the legislation, the patent marking process is simplified by allowing patent owners to update and revise a listing of applicable patents to an article without changing the patent marking designation on the article. It accomplishes this by allowing the use of "virtual marking" to satisfy the requirement to provide notice to the public by marking patented products or product packaging with the number of the patent covering the product. Under the virtual marking provision, a patentee may mark products or product packaging with a statement directing the reader to a website listing the patents relevant to that product.

It also changes the standards for false marking claims. In particular, under the legislation, standing for raising false marking claims is limited to (i) the United States government in seeking a penalty for false marking, or (ii) a party that has suffered a "competitive injury." In instances where a party can establish that it has suffered a competitive injury as a result of false marking, the party's relief will be limited to damages from that injury.

Under the America Invents Act, the false marking statute has also been amended to remove the qui tam provision. That provision allowed any person to sue, on behalf of the United States, anyone who marked an unpatented article as "patented" or "patent pending." The qui tam provision, intended to prevent deception of the public due to false marking of unpatented articles, resulted in numerous suits filed by individuals against companies who simply neglected to remove references to recently-expired patents from their products or product packaging. The legislation now provides that products marked with an expired patent will no longer constitute false marking.

## **Post Grant Procedure**

The legislation provides supplemental examination and enhanced post-grant review procedures conducted in the U.S. Patent & Trademark Office ("USPTO"). Namely, it provides for supplemental examination proceedings of a patent, initiated by the patent holder, based on new information considered relevant to patentability. It also provides for post-grant ex parte review proceedings in which a third party may challenge the validity of a patent within nine months of issuance on the grounds of lack of enablement or written description, anticipation or obviousness. Under the terms of the legislation, the U.S. Court of Appeals for the Federal Circuit will serve as the only appeal route from ex parte reexamination decisions.

The legislation further provides for inter partes review proceedings after the nine month post-grant period, but which are limited to prior art grounds. Notably, the threshold for instituting inter partes reexamination will change. The new threshold requires a finding "that there is a reasonable likelihood that the requester would prevail with respect to at least one of the claims challenged in the request."

## **Infringement Defense**

The approved legislation also includes various changes to possible patent infringement defenses in the context of litigation. In particular, it provides for a prior use defense to patent infringement, except in instances where the subject matter of the patent was developed under a federally funded agreement or by universities without the use of private funds. In addition, the legislation also eliminates the defense of patent invalidity or unenforceability based upon failure to disclose the best mode of the invention.

## **Effective Dates**

The effective date for most aspects of this legislation is September 16, 2012. However, certain provisions, including the exclusion of tax strategies and human organisms from patentability, are effective immediately upon enactment. The changes to standing requirements for false marking actions are also effective upon enactment and are applicable to pending actions. The best mode and prior use defense provisions are also effective upon enactment and are applicable to patents issued on or after the date of enactment. Some other provisions are effective later.

## **USPTO Fees**

In addition, the legislation also includes a variety of provisions regarding the USPTO's fee-setting authority which are effective immediately upon enactment. Specifically, on September 26, 2011, a 15% surcharge will be added to all patent-related fees, and a new prioritized examination fee of \$4,800 (\$2,400 for small entities) will also be set which will implement the "Track 1" examination program for patent applications. A surcharge for patent applications that are not filed electronically will become effective November 15, 2011.

While retaining "small entity" status for reduction (50%) of most USPTO fees, the legislation also provides for a smaller "micro entity" status, including universities and certain individual inventors, for further reduction (75%) of most USPTO fees.

Please do not hesitate to contact us if you have any questions or would like to further discuss this patent reform legislation, and how it will impact the patent prosecution and enforcement process moving forward.

Link to USPTO Website information regarding "Leahy-Smith America Invents Act Implementation":

[http://www.uspto.gov/patents/init\\_events/aia\\_implementation.jsp](http://www.uspto.gov/patents/init_events/aia_implementation.jsp)

## **OPT-OUT/CONTACTS INFO**

If you would prefer not to receive this newsletter, let me know by return email and I will promptly take you off the address list.

If you would like us to use a different email address for subsequent newsletters, please reply with the email address and we will update our records.

Best Regards,  
Clark

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