

America Invents Act— Now What?

by KARI BARNES

Select provisions of the 2011 America Invents Act (AIA) just went into effect September 2012, while the remaining provisions take effect this March 2013. America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011). So, practically speaking, what do these changes mean to the average company, *i.e.*, your client? More importantly, how can you advise your client to obtain the maximum benefit in view of these changes?

File, File, File

Your client's company has invested in creating the next must-have gizmo. The engineers have spent the last year on improvements to ensure your gizmo will be the sold-out item of the next holiday season. Now that all of the kinks are worked out, the company has a patent application drafted and filed before hitting the market, just in time for the holiday. Then you receive a communication from the United States Patent and Trademark Office (USPTO) rejecting the application based on another filed the day before yours. Before March 2013, your client simply needed to show conception and diligent reduction to practice prior to the filing date of the reference used against them (in this hypothetical, the day before your patent application). Now, however, your client might be out of luck.

The first-to-file provisions going into effect this March generally result in the first to the patent office winning rights to a patent. This means that from the initial design conception through testing and improvement, provisional applications can be used to secure filing dates for different aspects of the invention. Therefore, although it depends on specific circumstances including budget, design timelines, objectives, and the nature of the invention, a company should be talking to

their patent practitioner early and often.

Maintain Pre-Filing Actions Confidential

Before your client invested the substantial research and develop money on the new gizmo, they first wanted to determine whether an interested existed in the market. Under confidentiality agreements, the company reached out to potential buyers to pre-sell their gizmo. They easily find a buyer, and based on the interest, quickly determine that the gizmo will be the next must have gizmo. They then develop and finalize the gizmo and talk to their patent advisor to file an application before the first gizmo is made. Prior to March 2013, the patent advisor would tell them that their solicitation to sell over a year before bars any patent to the disclosed inventions. However, after March 2013, such confidential activities by an applicant may no longer present a bar to patentability.

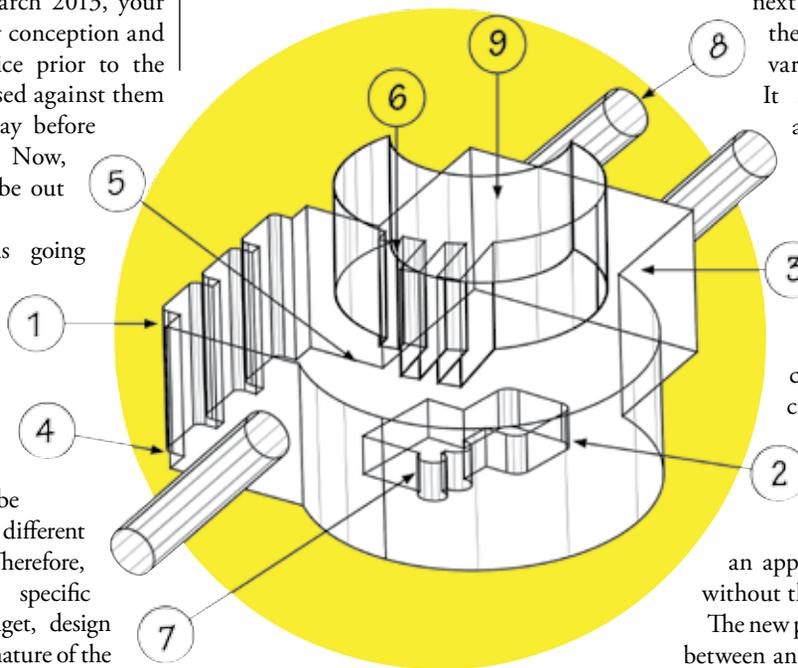
An applicant and inventor should maintain any discussions, research and

development, experiments, solicitations to sell, manufacturing inquiries, or other actions regarding the invention confidential until a patent application is filed with the USPTO. Under AIA, the subject matter used against a claimed invention must generally be available to the public (e.g. printed publication, or public use) or described in an issued patent or patent publication effectively filed before the effective filing date of the claimed invention. An applicant may now attempt to market or sell an invention as long as those actions are not considered available to the public. As the law has not been interpreted by the courts yet, it is advisable to file at least a provisional application on any disclosed information. However, it appears that a potential applicant can test the market as long as all of the actions toward the invention are kept confidential.

Update the Employment Agreement

Your client is having an incredible streak staying on the edge of innovation and has made further improvements to the gizmo, as well as accessories, just in time for the next holiday. This time, they have their filing dates secured through various provisional applications. It is time to file an application adding the improvements to their previously filed application on the gizmo. However, before one of the gizmo's inventors assigns the invention over to your client, the inventor has left employment and demands additional compensation for his contributions to the gizmo. If your client's employment agreement with the inventor has already obligated the inventor to assign the invention to your client, the company may file for an application as the applicant directly, without the inventor.

The new patent rules have made a distinction between an applicant and an inventor. Under the new rules an entity may be an applicant if



the inventor is under an obligation to assign the invention. This obligation to assign must be a present obligation from the inventor to the applicant, and not a promise to assign. Therefore, a company is advised to review their employment agreements to ensure that an employee currently assigns their present rights to any future inventions. There are many rights attributed to an entity that is either the assignee or the obligated assignee, even if that entity does not elect to be the applicant directly. Supplying necessary application documents to the USPTO is also easier for a non-inventor applicant, if the inventor is not cooperating with the application process.

Monitor Competitors

Today's cutthroat market is advancing quickly with a new technological gadget coming out seemingly every day. Your client decides to join forces with another company to supply the next gadget in order to obtain a larger market share against another competitor. Your client discloses its idea to the new partner and starts working on bringing the gadget to market. Once advanced in the development, they decide to file a patent application on the invention. Unfortunately, relations deteriorate between your client and its partner, so now the partner is again a competitor. To add insult to injury, your client finds out that the prior partner has filed its own application based on the original idea from your client before its own application was filed. Your client finds out that another competitor has also filed an application on a similar gadget. Although not quite as innovative as your client's gadget, the competitor's application may still cause a problem if your client wants to sell its gadget without a license. If you and/or your client were aware of either application, you may be able to show your client's rightful ownership of one while preventing or narrowing the scope of the other.

A company now has a few options for providing information to the patent office against a competitor's pending application or issued patent. However, short deadlines are imposed limiting when a person may file certain information with the USPTO. Deadlines are also imposed limiting an opponent to bring a derivation proceeding in order to dispute the true inventorship of an application. Therefore, it is advisable for a company to be aware of the new publications and new patents awarded to its competitors.

Maintain and Retain a Disclosure/Use Record

In order to take advantage of the exception

for public disclosure, identified above, records must be available to prove to the USPTO that a public disclosure occurred. Therefore, a company should maintain a record of the when, where, what, and who of any public disclosure, and any materials, samples, prototypes, brochures, etc. that were available should be retained along with a description of when and to whom they were presented.

Maintaining proper disclosure and use records can also protect a company against a claim of patent infringement. The public disclosure may be used to invalidate a patent later asserted against a company for the same or similar invention. Another protection against patent infringement is the commercial use of an invention more than one year before the effective filing date of a claimed

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invention. Therefore, records of operating procedures, manufacturing processes, products, and devices should be created and maintained as a defense to later patent infringement assertions. This exception permits a company to maintain an invention as a trade secret, but still have limited protection against patent infringement if an independent inventor patents the same invention more than a year later.

Publicize the Invention

If a patent is not desired for a given invention and it is not going to be maintained as a trade secret, the invention can be publicized to potentially prevent a competitor from obtaining a patent on the same invention. Under the new rules, nearly all information available to the public prior to the effective filing date of an application may be used to prevent an applicant from obtaining a patent.

Therefore, the disclosure of an invention may be used against any competitor applications filed after the invention is disclosed.

Even if the disclosing company decides that a US patent is desired, AIA provides a one year opportunity for filing an application after the invention is disclosed by the inventor. An applicant should be mindful of the rush to the patent office however, and that information by others may still be used against an application, with very narrow exception, until the effective filing date. Please be aware that the public disclosure of an invention starts a one year deadline for filing a U.S. patent application that cannot be extended, and bars many foreign patent rights. Therefore, this strategy should be used with care.

Hire a Patent Practitioner

Prior to the AIA, an inventor was required to be an applicant of a patent even if the inventor had no rights or interest in the invention. Now, the AIA permits a company to be an applicant directly. Certain benefits may be obtained by having the real party in interest, such as the assignee, prosecute the application and ultimately receive the issued patent directly. However, the USPTO requires that a non-inventor applicant must have a patent practitioner represent them before the USPTO.

Please consult a patent practitioner prior to implementing any of the above strategies. Many of these activities, including the public disclosure and filing of provisional applications, create time limits for future actions. These deadlines may be shortened if you are working under a government grant. Therefore, one should develop a complete corporate intellectual property strategy.



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