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Be Prepared! Major Changes to U.S. Patent Law Coming into Effect on March 16, 2013

ROBIC SPECIAL REPORT

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U.S. patent law has been undergoing a historic transition since President Barack Obama signed the *America Invents Act (AIA)* on September 16, 2011.

Over the past 18 months, various provisions of the new law have come into effect, such as a 15% increase in USPTO (*United States Patent and Trademark Office*) fees, a wider range of options for intervening with the Examiner in charge of examining a competitor's patent application, and the implementation of a new acceleration procedure for examination. However, the most significant change to be brought about by the AIA will occur this March 16, when U.S. patent law will switch from a "first to invent" to a "first to file" system.

The patent professionals at ROBIC have prepared the enclosed special report, summarizing the potential impact of this transition on Canadian applicants wishing to obtain patent protection for their inventions in the U.S. Apart from the new "first to file" system, our report examines the new mechanisms put in place by the AIA to challenge the validity of an issued U.S. patent. Finally, we analyze the new USPTO fee schedule which will take effect on March 19, and explain the impact of its changes on your patent portfolio.

The details of the changes brought about by the AIA are complex, and it will take several years before the consequences of this reform are fully understood. However, there does seem to be a consensus among most patent professionals that it is probably beneficial for most patent applicants to take advantage of the current "first to invent" system, if possible. We therefore invite you to contact our patent agents to discuss the protection of any inventions for which you have not yet initiated patent procedures in the U.S. The clock is ticking; it may indeed be in your best interest to speed up the preparation and filing of new patent applications before the March 16, 2013 deadline.

We hope this report is helpful to you, and remain available to answer any questions you may have on this important reform.

Origin of Patent Rights: the First Filer Wins the Race

by [Philip Conrad](#)

Perhaps the most important change of the AIA, the new patent law in the United States, is the conversion of the U.S. from a “first-to-invent” system to a “first-to-file” system, which will take place on March 16, 2013.

As this date approaches, those who make use of the U.S. patent system would be well-advised to revisit their general patent application filing strategies, and to determine which system would be most beneficial for patent applications to be filed in the near future. Since, with certain exceptions, applications filed before March 16 will fall under the old system, and applications filed on or after March 16 will fall under the new system, making a proactive decision regarding when to file any projected patent applications will allow applicants to choose the system most advantageous to them.

The details of the new legislation are complicated, even for patent law professionals. Certain sections of the AIA, and the manner in which they will be implemented, still lack clarity, so any decision taken at this stage will carry some uncertainty. Moreover, unlike the current law, there are not yet any court decisions on which to base an interpretation of the new provisions, and it may take years before a body of case law is developed. There are nonetheless certain factors upon which such a decision may be based, including the following:

- A limited one-year grace period will remain for filing applications after public disclosure of the invention, but it will be limited to disclosures by the inventor, and will not broadly cover third-party disclosures. Thus, while inventors who disclose their invention publicly will still have a year within which to file a U.S. patent application, most third-party publications will be considered prior art, if published any time prior to the filing date.
- Public uses, sales, offers for sale, etc., which are currently considered prior art only if they occur in the United States, will no longer have geographic limitations. Instead, these activities may constitute prior art no matter where in the world they occur. However, it remains unclear, at this point, whether or not a private use or sale of an invention before the filing of a patent application could still be considered a bar to its patentability.
- The scope of prior art has been expanded by using the foreign priority dates of U.S. patents, U.S. patent application publications, or PCT publications designating the U.S., as their effective filing date, instead of their subsequent date of filing in the U.S.
- Under certain circumstances, common ownership or appropriate joint research agreement provisions directed to an invention will be applicable under the new law to overcome anticipation as well as obviousness rejections, whereas under the current law, such circumstances are relevant only to overcome obviousness rejections.

The changes noted above are by no means exhaustive or comprehensive, and the specifics of each are fairly complex, but they may provide a basic understanding of the reach of this reform.

Each patent case is unique, and may be affected differently by these changes to the law. In many cases, it may be best to avoid being subjected to the new provisions by filing, insofar as possible, any new patent application before March 16, 2013. However, the filing strategy most advantageous to a particular case depends on many factors, such as a prior disclosure or commercial use of the invention to be protected, the stage of development of the invention, the content of any earlier priority applications, etc.

If you believe that you may be affected by these changes, we encourage you to contact us as soon as possible to discuss your available options. The patent professionals at Robic are prepared to answer any questions you may have, and help you navigate these turbulent times to ensure that your inventions benefit from the best available protection.

An Arsenal to Challenge a Patent

By [A. Sasha Mandy](#)

Switching to a “first-to-file” system is not the only fundamental change to U.S. patent law being introduced by the AIA. The new law also significantly alters the procedures available for attacking the validity of issued U.S. patents. Here is a summary of the relevant changes.

Post Grant Review (PGR)

Post Grant Review is a brand new procedure which allows a third party to petition the USPTO to reconsider its decision to grant the patent in light of information raised by the third party (known as the petitioner). Unlike other similar procedures, such as reexamination, the petitioner can raise various grounds for objection beyond lack of novelty or obviousness. Thus, more ammunition will be available to attack a competitor’s patent. It should be noted a PGR can only be initiated within the first nine months after issuance of a patent, similarly to opposition proceedings in Europe.

A few key details: a PGR will only be available to attack patents that are filed after March 16, 2013, and that are therefore subject to the first-to-file conditions of the new law. It is also an expensive endeavor— at least \$30,000 in USPTO fees alone, which excludes lawyer’s fees!

Inter partes Review (IPR)

After the nine month statutory period for instituting a PGR has passed, it will still be possible to challenge an issued patent through an *Inter partes* Review. This option replaced the *inter partes* reexamination as of September 16, 2012. Essentially, a third party will be able to ask the USPTO to reconsider their decision to grant the patent, but the objections that can be raised by the

petitioner are more limited than with the PGR. The petitioner in an IPR can only argue lack of novelty and obviousness, on the basis of prior art that must be either a patent document or a printed publication. A petitioner may apply for an IPR either after nine months have passed since the patent issued, or after a PGR for that patent has terminated. Requesting an IPR will also hurt your wallet – the estimated USPTO fees for this procedure start at \$23,000.

It is important to note that the standard of proof for both the PGR and IPR is high, and that these procedures may prevent the petitioner from challenging the patent in other forums (e.g. courts and trade tribunals). It will therefore be important to talk to your patent agent to better understand the risks and rewards associated with these procedures.

Although these changes came into effect on September 16, 2012, we will only know the outcome of the first PGR and IPR cases in the next few months and years. We will therefore have to wait quite some time before we can truly judge the impact of these procedures on patent owners.

AIA and Your Wallet: How Much Will the Reform Cost You?

By [Dominique Nolet](#)

Among the many consequences of the *America Invents Act* (AIA) is a significant change to the cost of obtaining a patent in the United States. This change was part of the very first provisions in the new law, and came into force with the enactment of the AIA on September 16th 2011. This provision grants the USPTO the authority to set its own patent fees, without requiring the approval of Congress. The purpose of this change is to allow the USPTO to become a self-sustaining entity that will generate enough revenue to cover its operating costs.

It seems that the overall result of this change will be an increase in fees paid by patent applicants. Even before the USPTO reviewed its fee schedule, the AIA provided for a 15% increase in patent related fees, which was implemented in the days following the enactment of the AIA. In addition to those increases, the USPTO has now announced a first revision of its fee structure, which will come into effect on **March 19th, 2013**.

Modifications to the fee structure

In a nutshell, the new fee structure is intended to encourage the filing of applications, to discourage any procedure that would lengthen the examination process of an application, and to ensure that only patents "of value" are maintained - hence a substantial increase in maintenance fees.

- **Filing fees**: Patent application filing fees are now slightly higher, mostly because of the increase in the examination fee (up 188% for large entities)

- **Examination fees:** Extension fees (which allow an applicant extra time to address an Office Action) have also increased significantly, as have the fees payable for a Request for Continued Examination (RCE) after a final Office Action has been issued.
- **Issuance:** The only fees reduced substantially in the new fee schedule are those relating to the issuance of a patent. It should be noted that this reduction of about 50% will not enter into force until January 1st, 2014.
- **Maintenance fees:** Maintenance fees will see a marked increase varying from 25% to 55%, depending on the year for which the payment is due.
- **Micro entities:** A new micro entity status has been introduced in the fee schedule, allowing applicants to benefit from a 75% reduction on most fees.

The table below summarizes the modifications made to the most common patent fees paid to the USPTO.

Fee Schedule of the United States Patent and Trademark Office (USPTO)							
Description	Current fee schedules		New fee schedule			Variation (Large Entity fees)	
	Large Entity	Small Entity	Large Entity	Small Entity	Micro Entity	Variation in \$	Variation in %
Provisional application filing fee							
Filing fee	250\$	125\$	260\$	130\$	65\$	+10\$	+4%
Utility (regular) application filing fees							
Basic filing fee - Utility	390\$	195\$	280\$	140\$	70\$	-110\$	-28%
Utility Search Fee	620\$	310\$	600\$	300\$	150\$	-20\$	-3%
Utility examination fee	250\$	125\$	720\$	360\$	180\$	+470\$	+188%
Total for a regular application	1260\$	630\$	1600\$	800\$	400\$	+340\$	+21%
Examination procedure							
Request for Continued Examination (RCE)	930\$	465\$	1200\$	600\$	300\$	+270\$	+29%
2 ^e RCE (and subsequent)	930\$	465\$	1700\$	850\$	435\$	+770\$	+83%
Extension fees							
1 month	150\$	75\$	200\$	100\$	50\$	50	+33%
2 months	570\$	285\$	600\$	300\$	150\$	30	+5%
3 months	1290\$	645\$	1400\$	700\$	350\$	110	+9%
4 months	2010\$	1005\$	2200\$	1100\$	550\$	190	+9%
5 months	2730\$	1365\$	3000\$	1500\$	750\$	270	+10%

Issuance fees							
– until December 31st 2013	1770\$	885\$	1780\$	890\$	445\$	+10\$	+1%
– starting January 1 st 2014	1770\$	885\$	960\$	480\$	240\$	-810\$	-46%
Publication of the application	300\$	300\$	0\$	0\$	0\$	-300\$	-100%
Maintenance fees							
3.5 years	1150\$	575\$	1600\$	800\$	400\$	+450\$	+39%
7.5 years	2900\$	1450\$	3600\$	1800\$	900\$	+700\$	+24%
11.5 years	4810\$	2405\$	7400\$	3700\$	1850\$	+2590\$	+54%

A new applicant status: the micro entity

The current USPTO fee schedule already includes a 50% reduction of most fees for applicants qualifying of “small entities”. With the implementation of the USPTO’s new fee schedule on March 19th 2013, a new category of applicants, called “micro entity”, will be added to the existing categories. Micro entities will be entitled to a 75% reduction on most basic fees (i.e. fees for a “large entity”) related to the filing, examination, and maintenance of a patent.

Micro entity status has technically been in effect since the enactment of the AIA, but fee discounts will only apply as of March 19th. Micro entity status is applicable to independent inventors whose net revenue is less than three times the median income in the United States, and who have not previously filed more than four patent applications, excluding those they might have filed for an employer. A university, or an inventor who must assign his invention to a university, may also benefit from micro entity status, although it seems only American universities will be considered eligible.

If you believe you may be eligible for micro entity status, and you have patent applications or pending patents in the United States, it would be advantageous to evaluate whether you do indeed qualify, and modify your status accordingly. However, such an evaluation must be performed with care, since applicant status must be claimed correctly each time a payment is made to the USPTO. For independent inventors, this determination involves comparing anew their net revenue with the median household income in the U.S. This exercise cannot be taken lightly, since erroneously claiming micro entity status can have disastrous consequences for a patent application or a patent, and can even lead to a loss of rights. The professionals at ROBIC can help you evaluate your status with the USPTO and determine whether claiming micro entity status is worthwhile.