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NEW AIA PATENT BILL PASSED

The Leahy-Smith America Invents Act (AIA), signed into law on September 16, 2011, signified the first major change to United States patent laws since 1952. The new law introduced several significant changes and additions to substantive patent laws, Patent and Trademark Office (PTO) procedures, patent litigation, and fees.

Perhaps the most significant change to the patent laws is the transition from a “first-to-invent” system to a “first-to-file” system. Previously, in order for an invention to be novel, the applicant had to be the first to invent. If two inventors filed competing patent applications for the same invention, the first inventor to have conceived the invention—provided that inventor diligently worked to reduce the invention to practice—was entitled to the patent. Effective March 16, 2013, the first inventor to file a patent application will be entitled to the patent for that

invention, regardless of which inventor was the first to conceive. The priority date under the first-to-file system will be the “effective” filing date, which is the earliest date of priority for the invention in either the U.S. or abroad. This harmonizes U.S. patent law with that of most other countries. (35 U.S.C. §§102 and 103).

Unlike most foreign countries, however, the AIA includes a one year grace period. In a true first-to-file system, any publication, whether made by the inventor or a 3rd party, would bar the inventor from obtaining a patent. However, the U.S. grace period allows an inventor to publish his/her invention one year prior to applying for an application for the invention, without creating a bar for obtaining a patent for that invention in

STANDARD FOR PATENT INVALIDITY

A recent Supreme Court case clarified the burden of proof for patent invalidity claims.

In *Microsoft Corp. v. i4i Ltd. P'ship*, No. 10-290 (June 9, 2011), the Supreme Court reaffirmed that an invalidity defense to patent infringement requires proof by clear and convincing evidence. Defendant Microsoft argued that the clear and convincing burden of proof was too high and that a lower preponderance of the evidence standard should be applied, especially in instances where prior art had not been examined by the United States Patent and Trademark Office.

However, the Court disagreed, noting that by enacting 35 U.S.C. §282, Congress had codified the long standing common law presumption of patent validity. Thus, 35 U.S.C. §282, which states "the burden of establishing



Kinney's Steve Komarec and Mike Collins at the 2011 Kinney & Lange "Intellectual Property: Beyond the Basics" Seminar

the United States. Further, after publishing the invention, any prior art subsequently disclosed by another party will not bar the inventor from obtaining a patent. This effectively gives the inventor a one-year quasi-priority right from the date of the initial publication in the United States. Such publication will still bar an inventor from obtaining a patent in most foreign countries.

For example, if inventor Y publishes his/her invention on March 20, 2013, and inventor X publishes, or files a patent application for the same invention on April 1, 2013, inventor Y is not barred from obtaining a patent in the United States, provided he/she files a patent application on or before March 20, 2014. Once inventor Y publishes the invention, however, inventor X is barred from obtaining a patent for the invention, regardless of whether or not inventor Y files within a year, because inventor Y's publication would be prior art under new 35 U.S.C. §102. Inventor Y's initial publication will still bar him/her from obtaining a patent in most foreign countries.

Several changes have also been instituted for PTO proceedings including

the establishment of the Patent Trial and Appeal Board (PTAB). The PTAB replaces the old Board of Patent Appeals & Interferences. The PTAB is in charge of the newly implemented derivation proceedings which will take the place of interferences. A derivation proceeding is brought when an applicant asserts that another patent or application, with an earlier effective filing date, claims the same invention. If the earlier filed invention was derived from the later application's inventor, the earlier patent is canceled (or the application rejected). The proceeding must be brought within one year of publication or issuance of the earlier application or patent. A patent owner can seek similar relief in a civil action. (35 U.S.C. §§6, 135, 291).

"quasi-priority" rights will exist in the United States for a prior publication

The PTAB also oversees two types of reviews: *inter partes* review and post-grant review. Both *inter partes* and post-grant review will create an estoppel for any issue raised or that reasonably could have been raised. Limits are also placed on litigation when either type of review proceeding is underway. *Inter partes* review allows a petitioner to request to cancel as unpatentable one or more claims of an issued patent. The ground for challenging the claims can only arise under §§102 (novelty) or 103 (obviousness), and the only prior art that may be cited are patents or printed publications. (35 U.S.C. §§311-319).

invalidity . . . shall rest with the party asserting such invalidity” did not depart from the clear and convincing burden of proof of the common law. Thus, the Court held that the burden of proof for an invalidity defense requires proof by clear and convincing evidence even in circumstances where prior art had not been examined.

In practice, this means that a party challenging the validity of a patent obtains no special, lower burden of proof in presenting “new” prior art. However, the impression that “new” prior art, not previously considered by a patent examiner, has on a jury is something that patent litigators should still bear in mind in presenting invalidity arguments.

■ David L. Buck

Post-grant review allows any individual, other than the patent owner, to challenge a patent’s validity. Unlike *inter partes* review, the challenger may assert any ground for invalidity, not just prior patents and publications. The threshold for bringing an action under post-grant review is that it is more likely than not that at least one challenged claim is unpatentable, or there exists a novel question of law. The owner of the patent may respond, comment or amend the claims. Post-grant reviews must be brought within nine months of the challenged patent’s issuance. (35 U.S.C. §§321-329).

The AIA will also impact several areas of patent litigation including the expansion of the prior use defense. Prior use as a defense to infringement has been expanded beyond certain business method claims to allow for inventions involving “subject matter consisting of a process, or consisting of a machine, manufacture, or composition of matter used in a manufacturing or other commercial process.” In order for the defense to apply, the prior use must have been commercial, and must have been one year prior to the earlier of: (1) public disclosure of the invention, or (2) the date the patent application was filed for the invention. This defense is available against any patent that is issued after the date of enactment of the AIA. (35 U.S.C. §273).

The joinder of parties for patent litigation has also been changed by the AIA. This will greatly impact the ability of “patent

trolls” to bring claims against several defendants in a single action. Previously, a plaintiff could join any party to a patent infringement suit by merely asserting that the party infringed the patent-in-suit. Now, before a party can be joined as a defendant, the plaintiff must show: (1) that infringement by all defendants arose out of the same “transaction, occurrence, or series of transactions or occurrences relating to the making, using, importing into the United States, offering for sale, or selling of the same accused product or process”; and (2) there is a question of fact common to all the defendants. (35 U.S.C. §299).

Further, litigants can no longer assert the best mode defense. Prior to the enactment of the AIA, a defendant could assert that a patent lacked disclosure of the best mode for practicing that invention. If the defense was able to prove this, the patent was found to be invalid. Now, a defendant can no longer assert the failure to disclose best mode to prove the invalidity of a patent. Disclosing the best mode is still a requirement for patentability; however, without the best mode defense in litigation, there is really no method of enforcing this requirement. (35 U.S.C. §282).

Several changes and additions to the rules surrounding patent marking are also included in the AIA, one of the more important additions being virtual marking. A product is now properly marked if it contains the word “patent” or the

RECENT PATENTS

Kinney & Lange P.A. files hundreds of new patent applications each year in a wide variety of technology areas. Below are a few recently issued U.S. patents for which the firm is listed as the legal representative.

7,972,361 "Occlusion Device With Flexible Spring Connector"

7,984,656 "NSMS Flight Laser Detector System"

7,986,968 "Control of Field Device on Low Power Wireless Networks"

8,012,242 "Adsorbent Mediated Reduction of Organic Chemicals from Solid Building Materials"

8,020,672 "Video Aided System for Elevator Control"

8,044,699 "Differential High Voltage Level Shifter"

abbreviation "pat." followed by an internet address of a website containing the patent number associated with the product. The website must be accessible to the public and free of charge. (35 U.S.C. §287). This allows patent owners to provide voluminous patent numbers online with only a brief mark on products themselves, and to update patent listings more easily.

A new "micro-entity" status, which provides for a 75% discount on many PTO fees, was authorized by the AIA. A micro-entity is defined as a small entity that has not been named as an inventor on more than four previously filed patent applications (not including foreign applications, or applications assigned to an employer); does not make more than three times the national median household income; and is not assigning the patent rights to an entity that makes more than three times the median household income. Institutions of higher learning, along with applicants that assign their rights to institutions of higher learning also qualify for micro-entity status. Additional rulemaking is necessary before micro-entity fees go into effect. (35 U.S.C. §123).

While this article covers many of the significant changes to patent laws, there are many more changes that have not been covered. Legal counsel should be consulted regarding questions for any particular circumstance.

■ Scott C. Krueger

PILOT PROGRAM

A ten-year pilot project studying a new approach to managing patent litigation took effect in selected U.S. District Courts on September 19, 2011. Congress authorized the project to monitor the effectiveness and practicality of maintaining a panel of "expert" judges, who will preside over the majority of patent and plant variety protection cases in each judicial district. The intent is to support and monitor the experience of fourteen district courts already overseeing a large volume of patent disputes, to determine the extent to which this approach will lead to faster, more consistent outcomes in patent and plant variety lawsuits by enhancing experience of the designated judges. Patent and plant variety cases are initially assigned according to the district's existing random case assignment system. Judges not designated by the chief judge to hear patent and plant variety protection cases are permitted to accept or decline the case. If declined, the case is reassigned to a patent-designated judge. House and Senate Judiciary Committees will be briefed periodically throughout the duration of the project, with further expansion or modifications of the pilot project subject to future Congressional action. ■ Brian T. Craggs

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