what will be the impact of the Patent Reform Act on your business? In short, Congress crafted the Patent Reform Act to reward vigilant businesses who actively seek to protect their inventions and who track patent filings of competitors. Why did Congress do this? Congress wanted these vigilant businesses to keep intellectual property knowledge within the Patent Office and out of the courtroom. Such shift will reduce legal costs associated with patent protection and litigation, to hopefully stimulate job creation and the rest of the economy.

The Patent Reform Act, also known as the American Invents Act (“AIA”), was signed into law on September 16, 2011, and constitutes the most sweeping change to patent law since 1952. The AIA provisions come into effect over a four-year period – many provisions have already come into effect, inter partes critical provisions will come into effect within the next nine months. So what are the new provisions and why do businesses need to be vigilant? The following describes some of the key provisions that put the onus on businesses to act:

First-to-File System (effective March 16, 2013)

The business, however, will need to be vigilant enough to track the competitor’s issued patents and get that information on file, will succeed. As a caution though, it will remain the case that rapid and shoddy patent drafting will not result in a strong patent. Businesses will not succeed that throw together bare bones applications in a hope to beat competitors to the punch. Effective and frequent communication with patent counsel will be critical to quickly get high quality patent applications on file.

Improved Third-Party Submission of Prior Art to Patent Examiners (effective September 16, 2012)

A third-party may now anonymously cite prior art to a patent examiner, with a brief explanation of how that prior art invalidates the application’s claims. There are limited time frames for a third-party to do so however. This is an improvement over the old regime, in which third-parties could submit prior art to a patent examiner, but could not explain how it was pertinent to the application at hand. Thus, third-parties previously felt discouraged from submitting prior art, in fear that an examiner would simply disregard it, thus reducing that art’s persuasive effect in a courtroom later on.

What does this mean? Certainly, businesses need to be more vigilant about what constitutes a protectable invention and then take steps to get a patent application filed as soon as possible. Competitors in a rapidly growing market may develop the same technologies near or at the same time in response to market demand. The first business to assemble proper documentation that properly describes the invention, and get that information on file, will succeed. As a caution though, it will remain the case that rapid and shoddy patent drafting will not result in a strong patent. Businesses will not succeed that throw together bare bones applications in a hope to beat competitors to the punch. Effective and frequent communication with patent counsel will be critical to quickly get high quality patent applications on file.

Post-Grant Review Proceeding (effective September 16, 2012)

This is a key provision for businesses in competitive markets. Within nine months of a patent’s issuance, a third party may request a post-grant review of a patent’s claim, and get that information on file, will succeed. As a caution though, it will remain the case that rapid and shoddy patent drafting will not result in a strong patent. Businesses will not succeed that throw together bare bones applications in a hope to beat competitors to the punch. Effective and frequent communication with patent counsel will be critical to quickly get high quality patent applications on file.

However, under the old regime, a patent examiner reviewed the claims with limited written submissions by the interested parties. The new “inter partes review” procedure seeks to improve on the old procedure, by placing the review in the hands of the newly formed Patent Trial and Appeal Board. The Board may allow for evidence and oral argument, which will likely improve the quality of the review. In addition, an inter partes review must be completed within one year of its initiation, which improves upon the lengthy examination that sometimes occurred under the old regime.

Conclusion

The AIA includes multiple other provisions which are not all discussed here. The Patent Office maintains an up-to-date blog on its website (www.uspto.gov/aia_implementation/) of all the AIA provisions, with commentary regarding their implementation.

Some may wonder if the AIA stifles innovation by overly favoring big business. Big businesses have the resources to remain vigilant. However, as one may note, many of these provisions are not directed to big business or small business, but are rather directed to “bad” patents. “Bad” patents will suffer under the AIA, as they did under the old law. “Good” patents however, will be well-drafted and support strong inventive concepts, will continue to thrive.

And moreover, the Patent Office has strongly pushed in recent years to quickly output “good” patents. In the past two years, the Patent Office has added over 1,000 new examiners, has reduced the backlog of examined applications by about 100,000 applications, and has shaved off about two months of total application pendency, even though the number of new applications has steadily increased. The Patent Office also plans to open three new remote offices before October 2014. The Patent Office is in the business of issuing patents, and will continue to do so, to increase the value of your business’s intellectual property portfolio.

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