

READ ALL ABOUT IT...

New AMERICA INVENTS ACT

The long awaited and most sweeping changes in decades to the U.S. patent law was enacted this month updating the U.S. patent system and promoting harmonization with the world's patent laws. While the long term impact of these changes is not clear, what is clear is that the new law will immediately impact every level of business related to patents, including: portfolio valuation, litigation, licensing, research, and patent acquisition. There is a new system for reviewing method patents related to data processing used in connection with a financial product or service, which special procedure will sunset after eight years. There is no longer the ability to patent any strategy for avoiding or reducing tax liability, as contrasted with tax preparation or financial management, or to patent inventions encompassing a "human organism." The failure to disclose the "best mode" of an invention in the patent application is no longer a ground for invalidity and the Statutory Invention Registration system has been eliminated.

CHANGES FIRST-TO-INVENT TO FIRST-TO-FILE

Previously, the U.S. operated under a first-to-invent system that granted a patent to an inventor who was the first-to-invent even if later-to-file. Now, the filing date or a priority date based on another application, as well as certain public disclosure dates by the inventor, will govern and the patent will be granted to the first inventor to file regardless of which inventor first conceived the invention. However, the first-to-file applicant must still be a true inventor, and not someone who derived the invention from a true inventor. This is a radical departure from the prior longstanding patent law.

NEW DEFINITIONS OF PRIOR ART

The first-to-file procedure will also govern what qualifies as prior art in several important ways. Under the new law, a "claimed invention" is not novel if it is "patented," "described in a printed publication," is "in public use" or is "on sale" before the effective filing date. Blocking "on sale" and "in public use" activities may now occur anywhere in the world. Inventors still retain, however, a limited one-year grace period as to the inventor's own public disclosure. The defense to infringement based on prior commercial use has been widened to include a process, machine, manufacture or composition of matter used in manufacturing or other commercial process that would otherwise infringe if the accused infringer made a good faith commercial use at least one year prior to the patent's effective filing date. These radical changes to the definition of prior art impact the duty to disclose.

PATENT MARKING

Private false patent marking suits (qui tam) are immediately eliminated unless there is proof of a "competitive injury" as a result of false marking. Otherwise, only the U.S. Government may sue for statutory damages presently pegged at up to \$500 per item. Virtual marking will be recognized by posting patent information on the Internet, and failure to remove an expired patent number is now exempt from liability.

ENHANCED PATENT OFFICE FUNDING

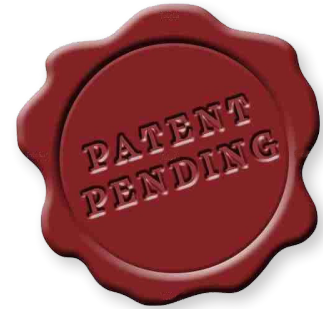
Patent fees are immediately subject to a 15% surcharge. The 50% discount for "small entities" remains, and a new 75% discount for "micro entities" has been created. The micro entity definition includes the inventive activity of the inventor as well as his gross income. There is a \$400 penalty for paper filing.

Dear Lackebach Siegel Clients:

The day before the new patent law was enacted, 54 new patent suits were lodged, attacking 800 companies for patent infringement. Such filings, an all time high for one day, preempt a section of the new law that prevents multiple-defendants in a single law suit in certain circumstances. But nothing in the new law prevents "patent trolls" from suing individual companies. Patent litigation has been and will continue to be a serious threat to manufacturers, so we invite your queries and concerns regarding the new law.

Lackebach Siegel has 88 years of experience helping clients with patent applications, patent enforcement and defenses, as well as related issues. Our office is staffed with experienced attorneys and paralegals ready to help you. Call us today to discuss how the new law applies to your business.

For questions on the impact of the America Invents Act on U.S. Patent Law, Practice, and Strategy contact one of our attorneys, including: Andrew F. Young at AYoung@Lackebach.com and Myron Greenspan at MGreenspan@Lackebach.com.



New Considerations:

- **Timing:** Some provisions of the new Act are effective ten days after enactment (patent fees specifically), while most take effect 12 months to 18 months from now.
- **Expedited Examination:** The present expedited examination procedures have been maintained (e.g., Patent Prosecution Highway, Green Incentive, Age, Health, etc.). A new "Prioritized Examination" process (entailing a large entity fee of \$4,800) has been created and requires a first action within 12 months. Applications that are important to the national economy or national competitiveness are now eligible for a priority examination request.
- **Challenging Patents and Applications:** The prior reexamination procedures are replaced by supplemental examinations and by inter partes review by the Patent Trial and Appeal Board within certain timelines. The prior interference proceedings are out the window due to the new first-to-file process and are replaced by "derivation" proceedings. Derivation proceedings are essential to determine whether the inventor named in the earlier filed application derived the claimed invention from the inventor in the later application. There is now a strong incentive to monitor your competitor's patent grants. A request for post grant review must be filed within nine months of grant.
- **WHAT TO DO NOW?** Patent licenses, patent portfolio valuation, and patent related risk assessments should be reviewed, in view of the breadth of changes effected by the new law. Patent challengers have new tools to attack patents before the PTO at lower costs, so defense and attack strategies should be re-examined. Call your attorney today.

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