



## ARE Patent Law Alert: President Obama Signs Leahy-Smith America Invents Act into Law: Overview of Provisions Now In Effect

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On Friday, September 16, 2011, President Obama signed the Leahy-Smith America Invents Act (“the Act”) into law. (See [ARE Alert: Overview of the Leahy-Smith America Invents Act on Patents](#)). Now that the Act has been enacted, several of its provisions, including provisions regarding false marking claims, multi-defendant joinder practices, and the best mode defense, are now in effect. Other provisions, including the new USPTO Post-Grant Review and *Inter Partes* Review procedures, will go into effect on September 16, 2012. Finally, the provisions that shift the U.S. Patent system to a “first-to-file” system and modify the definition of prior art, will go into effect on March 16, 2013 (eighteen months from enactment of the Act).

We summarize the effective dates of the more significant features of the Act as follows, in order of implementation dates:

### Effective as of September 16, 2011 (Enactment of the Act)

**Patent Marking (Sec. 16):** Section 16 of the Act, which modifies the patent marking requirements (to allow for virtual patent marking using the internet) and tightens the false patent marking provisions to eliminate the *qui tam* provision, require “competitive injury” for standing and limit damages in such suits to the amount adequate to compensate for that injury, is effective as of September 16, 2011 and applies to all civil actions pending on, or commenced on or after September 16, 2011.

**New Joinder, Jurisdiction and Venue Rules (Secs. 9 and 19):** Section 19 of the Act modifies joinder rules under 35 U.S.C. § 299 to make it more difficult for patent owners to file patent infringement actions against large groups of unrelated defendants and clarifies the jurisdictional requirements of 28 U.S.C. §1338(a). Section 9 modifies venue requirements for certain civil actions involving the PTO. These modifications will apply to any civil actions commenced on or after September 16, 2011.

**Limitations on Tax Strategy and Human Organism Patents (Secs. 14 and 33):** Section 14 of the Act, which modifies the validity analysis for “any strategy for reducing, avoiding or deferring tax liability,” and Section 33 of the Act, which provides “no patent may issue on a claim directed to or encompassing a human organism,” are effective as of September 16, 2011 and apply to any patent application that is pending on or filed after that



date, and to any patent that is issued on or after that date.

***Broadened Prior User Rights (Sec. 5):*** Section 5 of the Act that changes 35 U.S.C. 273 defense based on prior use are effective upon enactment of the Act and apply to any patent issue on or after September 16, 2011.

***Limitation of Failure to Disclose Best Mode as a Defense (Sec. 15):*** Section 15 of the Act, which eliminates “failure to disclose the best mode” as “a basis upon which any claim of a patent may be canceled or held invalid or otherwise unenforceable” (See new 35 U.S.C. § 282(3)(A)), is effective as of September 16, 2011 and applies to any proceedings commenced on or after September 16, 2011.

***Interim Inter Partes Reexamination Procedure (Sec. 6):*** Section 6 of the Act provides, as an interim procedure for *Inter Partes* Reexaminations filed between September 16, 2011 and September 16, 2012, that the standard for initiating an *Inter Partes* Reexamination of a patent will be changed from demonstrating “a substantial new question of patentability” to demonstrating “a reasonable likelihood that the requestor would prevail” with respect to at least one challenged claim. The prior standard will continue to apply to any *Inter Partes* Reexaminations filed prior to September 16, 2011. (See Sec. 6(c)(3)(C)).

#### **Effective Before September 16, 2012 (One Year From Enactment of the Act)**

***Transitional Program for Covered Business Methods (Sec. 18):*** Section 18 calls for the PTO to institute a new Transitional Program for Covered Business Method Patents on or before September 16, 2012 (within one year of enactment).

#### **Effective September 16, 2012 (One Year From Enactment of the Act)**

***Removal of Duty to Obtain Advice of Counsel from Willfulness and Inducement Standards Sec. 17):*** Section 17 of the Act, which provides that the failure of an infringer to obtain the advice of counsel with respect to any allegedly infringed patent may not be used to prove that the accused infringer willfully infringed the patent or that the accused infringer intended to induce infringement of the patent will become effective on September 16, 2012 (one year after enactment of the Act) and will apply to any patent issued on or after September 16, 2012.

***New Pre-Grant Third Party Submission Procedure (Sec. 8):*** Section 8 of the Act, which creates a new procedure by which third parties may submit prior art references to the PTO before issuance of another’s patent, will become effective on September 16, 2012 (one year after enactment of the Act) and apply to any patent application filed before, on, or after that date.

***New Provision for Submission of Prior Art or Written Statements (Sec. 6):*** Section 6(g) of the Act amends the procedure by which third parties may submit prior art



to the PTO by now permitting the third party to also submit statements the patent owner filed before a Federal Court or the PTO at any time during which the patent owner “took a position on the scope of any claim of a particular patent.” (See new 35 U.S.C. §301(a)(2)). If the third party makes such a submission pursuant to new 35 U.S.C. § 301(a)(2), the third party may also submit other pleadings or evidence from the proceeding in which the patent owner’s statement was filed that address the patent owner’s statement. (See new 35 U.S.C. § 301(c)). The written statement and additional information submitted pursuant to new 35 U.S.C. § 301(c) can only be used by the PTO for determining the proper meaning of a patent claim during an *Ex Parte* Reexamination, *Inter Partes* Review or during a Post-Grant Review procedure. (See new 35 U.S.C. § 302(d)). This provision will become effective on September 16, 2012 (one year after enactment of the Act) and apply to any patent application filed before, on, or after that date.

***New Inter Partes Review and Post Grant Review Procedures (Sec. 6):*** Section 6 of the Act, which adds new *Inter Partes* Review (35 U.S.C. Chapter 31) and Post-Grant Review (35 U.S.C. Chapter 32) procedures, will become effective to proceedings commenced on or after September 16, 2012 (one year after enactment of the Act).

***New Supplemental Examination Procedure (Sec. 12):*** Section 12 of the Act, which provides for a new supplemental examination procedure that can be used to purge allegations of inequitable conduct, will become effective to proceedings commenced on or after September 16, 2012 (on year after enactment of the Act) with respect to any patent issued before, on, or after the effective date. (See Sec. 12(c)).

**Effective on March 16, 2013 (Eighteen Months After Enactment of the Act):**

***Conversion to First to File System (Sec. 3):*** Section 3 of the Act, which changes the definition of prior art and converts the U.S. Patent Law from a first-to-invent to a first-to-file system, will not become effective until March 16, 2013 (18 months after enactment). This provision will apply only to applications which have an earliest effective filing date after that date. This means patent applicants will have time to adjust their practices to account for this provision. In addition, in the future, there will be different standards for what is considered prior art to a patent for invalidity purposes in litigation, depending on whether the earliest effective filing date of the patent is before or after March 16, 2013.

To learn more about the details of the Smith-Leahy American Invents Act, see our prior ARE Patent Law Alert, Overview of the Leahy-Smith America Invents Act on Patents, available at <http://www.arelaw.com/publications/view/leahy-smith0911a/>. We continue to analyze and follow developments associated with the new law, and will post additional reports on our website. Please look for more of our upcoming publications and speaking engagements on the scope and impact of the Act.



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Mr. Macedo is also the author of [The Corporate Insider's Guide to U.S. Patent Practice](#), published by Oxford University Press in 2009.