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TO OUR CLIENTS:

AMERICA INVENTS ACT - MAJOR CHANGES TO U.S. PATENT LAW

On September 16, 2011, President Obama signed into law the America Invents Act ("Act"). This Act provides significant revisions to the current Patent laws, and changes some of the procedures and guidelines of the U.S. Patent and Trademark Office ("PTO"). Some of the provisions of the Act became effective on September 16, 2011, whereas other provisions will be implemented over the course of the next two years.

The following report highlights some of the major provisions of the Act that are relevant to inventors who have filed for or will be filing U.S. patent applications:

First Inventor To File Rule – Effective Date: March 16, 2013

The traditional standard for determining rights to invention in the US has been the "first to invent" rule, where the first inventor did not need to be the first filer to establish rights in the patent. In contrast, foreign countries, as well as the European Union, generally rely on the "first to file" rule, where the first filer obtains rights to the patent in the subject invention, normally defeating the original, first inventor, who neglected to file for patent protection.

The Act shifts the U.S. standard from "first inventor" to "first inventor to file." Although this is not the same as laws of other industrialized nations, which rely on "first to file," it is a step closer to harmonizing the US laws and rules for patent applications with other countries.

One of the exceptions to entitlement to a patent under the present U.S. law is where the invention was in public use or on sale in the United States for one year or more ("critical date") prior to the filing of the patent application. The Act reforms this rule and establishes the critical date as the effective filing date.

Under the Act, public use in any country is now considered prior art. The Act also provides a new catch-all provision for sources of prior art, as "otherwise available to public."

Once the "first inventor to file" standard takes effect, it is imperative that an inventor seeking a patent in an invention files a patent application as early as possible.

Preissuance Submissions By Third Parties – Effective Date: September 16, 2012

The Act institutes a new procedure at the PTO for any third party to submit for consideration and inclusion in the record of a patent application, any patent, published patent application, or other printed publication of potential relevance to the examination of the application. Certain criteria, such as a submission deadline and required contents, must be met.

Fees – (Various Effective Dates)

The Act allows the PTO to set its own fees, whereas until the present time, the PTO had to obtain Congressional authorization to set patent-related fees. This fee setting authority became effective on September 16, 2011. Since the PTO has not implemented its new fee schedule yet, a surcharge of 15% was applied to all fees in effect on September 16. We will advise you of any future fee changes.

Micro-Entity

One of the most significant changes implemented by the Act is the creation of a new class of inventors: the "micro entity." Under the Act, micro entities are eligible for a 75% reduction in fees for filing, searching, examining, issuing, appealing, and maintaining patent applications and patents. A "micro-entity" is defined as an Applicant:

1. who can qualify as a small entity, defined as "a company with less than 500 employees";
2. has not been named as an inventor on more than 4 previously filed patent applications;
3. did not, in the calendar year preceding the calendar year in which the applicable fee is being paid, have a gross income exceeding 3 times the median household income for that preceding calendar year (as most recently reported by the Bureau of the Census); and
4. has not assigned, granted, or conveyed, and is not under an obligation by contract or law to assign, grant, or convey, a license or other ownership interest in the application concerned to an entity that, in the calendar year preceding the calendar year in which the applicable fee is being paid, had a gross income exceeding 3 times the median household income for that preceding calendar year (as most recently reported by the Bureau of the Census).

Prioritized Examination (Effective Date: September 26, 2011)

Expedited examination of a patent application can now be requested via Prioritized Examination, along with a payment of \$4,800 in government fees (\$2,400 for small entities). The PTO may set a limit on the number of requests available per year (currently at 10,000). Additional criteria must also be met.

Markings (Effective Date: September 16, 2011)

For all patents that are pending on or filed after the effective date, products may be marked with the patent information by "patent" or "pat." which associates the patented article with the patent number(s).

The Act has implemented a change in patent law regarding claims against manufacturers for false patent markings. As of the effective date, only a person who has suffered a competitive injury as a result of a false marking may file a civil action for recovery of damages adequate to compensate for the injury. Otherwise, only the United States may sue for statutory penalty of \$500 per offense. The Act also provides that marking products with an expired patent is not a violation of the statute. As a result, most of the currently pending false marking litigations will be dismissed.

Conclusion

There are numerous other changes to the U.S. Patent law under the America Invents Act that we cannot cover in this newsletter. We are continuously monitoring the development and implementation of the Act and will continue to keep you informed. Please contact us at "mail@mt-iplaw.com," if you have any inquiry.

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