

Changes in US and European Patent Law:

What YOU need to Know

Jay DeYoung and J. Peter Fasse

February 5, 2013



FISH & RICHARDSON

Topics

- What's New in Europe?
 - Unitary European Patent
 - Additional Search Consultation
- What's New in the US?
 - Overview of The New First-Inventor-to-File rules
 - Examples and Scenarios
 - Pros and Cons of New Rules
 - Old Rule/New Rule Transition
 - Strategies for Retaining Old Rule Status
 - Micro Entity Status
 - Laboratory Notebooks

What's New In Europe?

- Unitary European Patent
- Additional Search Consultation

Unitary European Patent (UEP)

- In the works for four decades
- In December 2012, the European Parliament and European Council approved the “EU unitary patent package” to establish:
 - a European unitary patent; and
 - a unified European patent court to decide European patent litigation

Unitary European Patent (UEP)

- Provides the right to prevent direct and indirect use of patented product or process
- Provides protection in all ratifying states
 - Italy and Spain presently decline; want requirement for translation into their languages
 - Only for EU states at time of validation, excludes Norway and Switzerland

Application Process in the EPO

NOW

- apply for a patent in each individual European country to get one or more national patents (“National Patent”), or
- apply for a European patent at the European Patent Office (EPO) under the European Patent Convention (EPC), “European Patent”

UEP

- apply for a patent in each individual European country to get one or more national patents; or
- apply for a European patent at the European Patent Office (EPO) under the European Patent Convention (EPC)

NO CHANGE

Validation/Grant in the EPO

European Patent

- Convert into National patents on grant (“validation”), pay a fee to each state in which validation is desired, and annuities for each country

UEP

- Validate into National patents, with fees and annuities payable to each country, OR
- Validate in all Ratifying States, pay a single fee at grant, and a single annuity
- **Decision made at grant – OPTIONAL**

How much will it COST?

- Filing: no change
- Prosecution: no change
- Post-Grant:
 - Validation:
 - Service fees to agent to effect validation (no change?)
 - Official filing fees (may change)
 - Translation costs (may change)
 - Annuities

Post-Grant costs: Validation

European Patent

- Applicant may choose to validate in only a few states (presently, vast majority only in 3-5 states, e.g., DE, FR, GB, IT)
- COST: US\$500-2,500/country
 - Usually - US\$10-13,000
 - All 27: \$42K

Unitary Patent

- Validate once, covered in all 25 countries (excluding IT, ES at present)
- COST: Not yet set, likely about US\$8-9,000

Post-Grant costs: Translations

European Patent

- London Agreement countries do not require translation (CH, DE, GB, FR, IE, etc.)
- Translate claims only into state's language (DK, FI, IS, HU, SE, etc.)
- Translate whole application into state's language (AT, BE, ES, IT, GR, etc.)

UEP

- One translation of entire patent (one must be English)
- Likely that machine translations will be allowed (when technology matures; EPO working with Google to improve the technology)

Post-Grant Costs: Annuities

European Patent

- Annuities paid to each country
- Can decide to abandon any individual country if costs outweigh benefits
- COSTS: US\$50-2500 per country per year, more later
- Lifetime:
 - 5 states: US\$45,000
 - All 27: US\$211,000

UEP

- Single Annuity paid to EPO
- No option to abandon individual countries to save costs
- Highly political process; amount not yet set (must take SMEs into account – 2 tiers?)
- Amount will likely determine success of the UEP

Strategic Considerations

European Patent

- No coverage outside of those countries in which patent is validated
- Enforcement proceedings in each country OR Unified Patent Court (for National Patent, only in country's courts)

UEP

- Pan-European coverage – maximize protection
- Litigated in UPC
 - One court, one trial
- All rights vulnerable to a single validity attack
- Advantage in customs cases/stop entry of counterfeit goods at borders

More Strategic Considerations

European Patent

- Each country can be separately owned/assigned
- In countries like UK, double territoriality – all acts for indirect infringement in the UK

UEP

- Unitary patent can only be assigned as a single right
- Each country can be separately licensed
- Acts of indirect infringement in multiple countries are actionable
- Italy, Spain not included; still need to validate there separately

Unified Patent Court (UPC)

- A single, transnational patent court system within the EU
- Intent is for all litigation on European Patents and UEP to be litigated in the UPC; 7 year opt-out period for European Patents
- Trial Level: “Court of First Instance”
 - Central Division – three branches
 - Paris (physics, materials)
 - London (life sciences, chemistry)
 - Munich (mechanical, engineering)
 - Local Divisions can be established in member states (GB, FR, DE)
- Court of Appeal in Luxembourg
- Pros: higher damages?
- Cons: forego national courts, e.g., German “split system”

When?

- Applicants may file requests for unitary patents after the legal provisions covering the patent and its overseeing court have entered into force (even for applications filed before ratification)
- Open for ratification 18 February 2013; option to validate will become available 3-4 months after at least 13 have validated, or 1 January 2014, whichever is later
- The EPO expects to validate the first unitary patent in 2014

Additional Search Consideration

- opportunity to have additional search(es) done on entry to the European regional phase, e.g., in cases of lack of unity
- current EPO practice does not allow additional search(es) at this stage
 - to pursue additional inventions after a finding of lack of unity, must file additional (COSTLY) applications (and pay all back maintenance fees back to original filing date)
- Proposal will require the EPO to inform the applicant of the presence of lack of unity, and allow the applicant to pay for additional searches
- May be in effect in early 2014

What's New In the U.S.?

- Overview of The New First-Inventor-to-File rules
- Examples and Scenarios
- Pros and Cons of New Rules
- Old Rule/New Rule Transition
- Strategies for Retaining Old Rule Status
- Micro Entity Status
- Laboratory Notebooks

First-Inventor-to-File Rules

- After **March 15, 2013**, a claimed invention is not novel if it:
 - “was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public **before the effective filing date** of the claimed invention” (§ 102(a)(1))
 - “was described in a patent issued under section 151, or in an application for patent published or deemed published under section 122(b), in which the patent or application, as the case may be, **names another inventor** and was **effectively filed before the effective filing date** of the claimed invention.” (§ 102(a)(2))

Simplified: 35 U.S.C. 102(a)(1) Prior Art

- Precludes a patent if a claimed invention was, before the effective filing date of the claimed invention:
 - Patented;
 - Described in a Printed Publication;
 - In Public Use;
 - On Sale; or
 - Otherwise Available to the Public
- Generally corresponds to the categories of prior art in pre-AIA 35 U.S.C. 102(a) and 35 U.S.C. 102(b)
- “Otherwise Available to the Public” – Many Questions
- No longer limited to U.S. activities—can be public use, offer for sale, publication, patenting anywhere in the world

Simplified: 35 U.S.C. 102(a)(2) Prior Art

- Precludes a patent to a different inventive entity if a claimed invention was described in a:
 - U.S. Patent;
 - U.S. Patent Application Publication; or
 - WIPO PCT Application Publicationthat was effectively filed before the effective filing date of the claimed invention
- Generally corresponds to the categories of prior art in pre-AIA 35 U.S.C. 102(e)
- But eliminates the *Hilmer* Doctrine

One Year Grace Period and Prior Disclosure Exception to 102(a)(1) Prior Art

102(b)(1) One-year grace period for inventor or joint inventor

- Applies to all “disclosures”
 - Open question whether “disclosures” include sales and public uses – are those excused as well?

§ 102(b)(1) A disclosure made one year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if--

(A) the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

(B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

Intervening Disclosure Exception to 102(a)(2) Prior Art

102(b)(2) - Patent application disclosures exempt as prior art under § 102(a)(2) if:

- subject matter obtained from inventor or joint inventor,
- disclosed by the inventor before effective filing date, or
- common ownership or under joint research agreement

§ 102(b)(2) A disclosure shall not be prior art to a claimed invention under subsection (a)(2) if-

(A) the subject matter disclosed was obtained directly or indirectly from the inventor or a joint inventor;

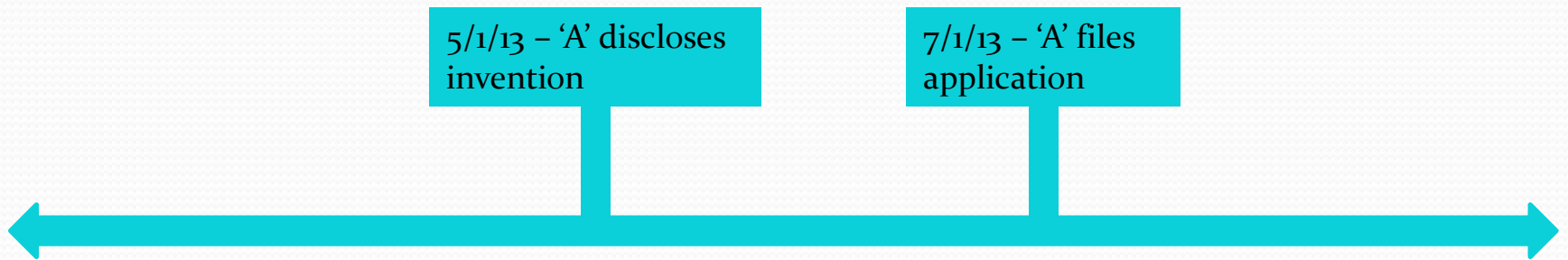
(B) the subject matter disclosed had, before such subject matter was effectively filed under subsection (a)(2), been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

(C) the subject matter disclosed and the claimed invention, not later than the effective filing date of the claimed invention, were owned by the same person or subject to an obligation of assignment to the same person.

Examples of Prior Art Exceptions Under 102(b)(1)(A)

- Grace period exceptions under 35 U.S.C. 102(b)(1) for prior art under 35 U.S.C. 102(a)(1)
- 35 U.S.C. 102(b)(1)(A):
 - A disclosure made one year or less before the effective filing date of the claimed invention shall not be prior art under 35 U.S.C. 102(a)(1) if:
 - The disclosure was made by:
 - the inventor or joint inventor; or
 - another who obtained the subject matter directly or indirectly from the inventor or joint inventor

Example 1: 102(b)(1)(A) Exception



'A' gets the patent because 'A's' publication was by 'A' within a year of filing

Inventor 'A': "That is my disclosure"

Example 2: 102(b)(1)(A) Exception



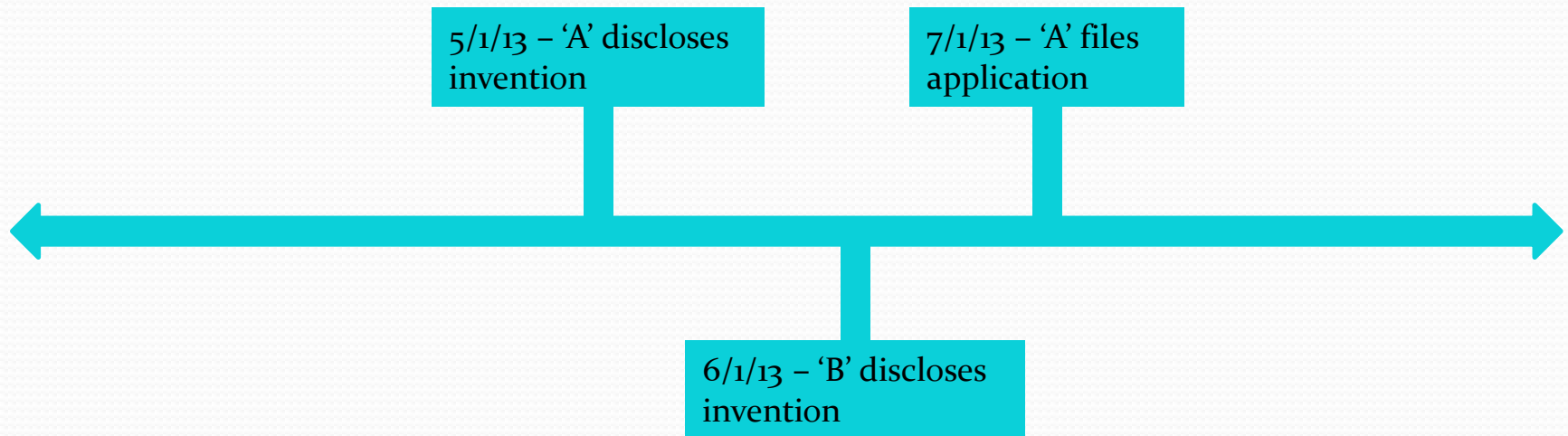
'A' gets the patent if 'A' shows the subject matter disclosed by 'B' was obtained from 'A'

Inventor 'A': "That disclosure originated from me."

Example of Prior Art Exception Under 102(b)(1)(B)

- 35 U.S.C. 102(b)(1)(B):
 - A disclosure made one year or less before the effective filing date of the claimed invention shall not be prior art under 35 U.S.C. 102(a)(1) if:
 - The subject matter disclosed was, before such disclosure, publicly disclosed by:
 - the inventor or joint inventor; or
 - another who obtained the subject matter directly or indirectly from the inventor or joint inventor

Example 3: 102(b)(1)(B) Exception



'A' gets the patent if the subject matter of 'B's' publication is the same subject matter of 'A's' publication.

Inventor 'A': "I publicly disclosed the subject matter first"

Review: 35 U.S.C. 102(a)(2), Patents/Published Application Prior Art

- Precludes a patent to a different inventive entity if a claimed invention was described in a:
 - U.S. Patent;
 - U.S. Patent Application Publication; or
 - WIPO PCT Application Publicationthat was effectively filed before the effective filing date of the claimed invention

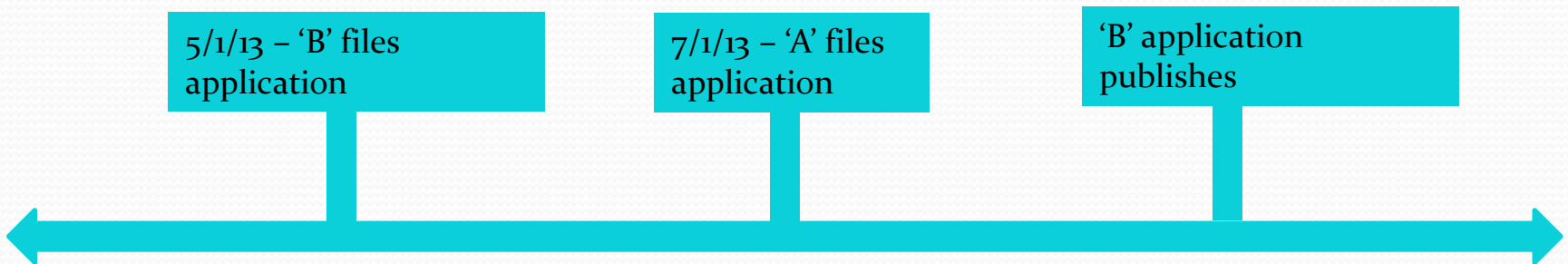
Effective Prior Art Date: Definition

- Effective prior art date of subject matter in patents and published applications under AIA 35 U.S.C. 102(a)(2) is:
 - actual filing date of the patent or published application, or
 - date to which the patent or published application is entitled to claim a right of priority or benefit under 35 U.S.C. 119, 120, 121, or 365 which describes the subject matter

Example of Prior Art Exception Under 102(b)(2)(A)

- Exceptions under 35 U.S.C. 102(b)(2) for prior art under 35 U.S.C. 102(a)(2)
- Exception #1: 35 U.S.C. 102(b)(2)(A):
 - A disclosure in an application or patent shall not be prior art under 35 U.S.C. 102(a)(2) if:
 - the disclosure was made by another who obtained the subject matter directly or indirectly from the inventor or joint inventor

Example 4: 102(b)(2)(A) Exception



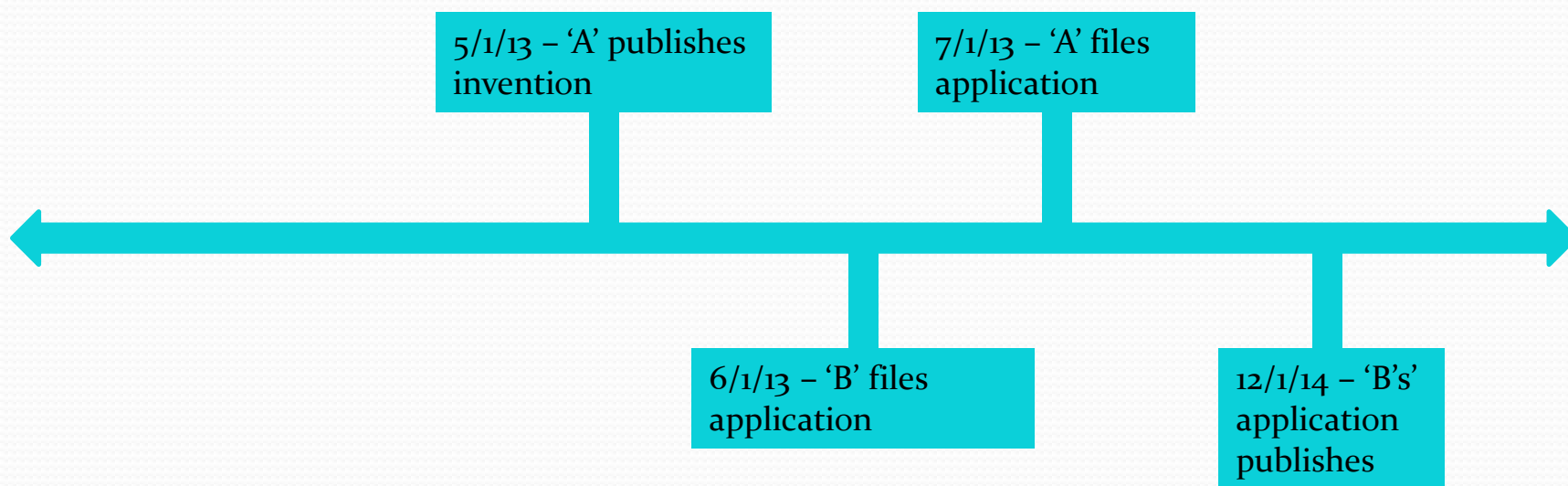
'A' gets the patent if 'A' shows the subject matter disclosed by 'B' was obtained from 'A'

Inventor 'A': "That disclosure originated from me."

Example of Prior Art Exception Under 102(b)(2)(B)

- Exception #2 (35 U.S.C. 102(b)(2)(B)):
 - A disclosure in an application or patent shall not be prior art under 35 U.S.C. 102(a)(2) if:
 - the subject matter disclosed was, before such subject matter was effectively filed, publicly disclosed by:
 - the inventor or joint inventor; or
 - another who obtained the subject matter directly or indirectly from the inventor or joint inventor

Example 5: 102(b)(2)(B) Exception



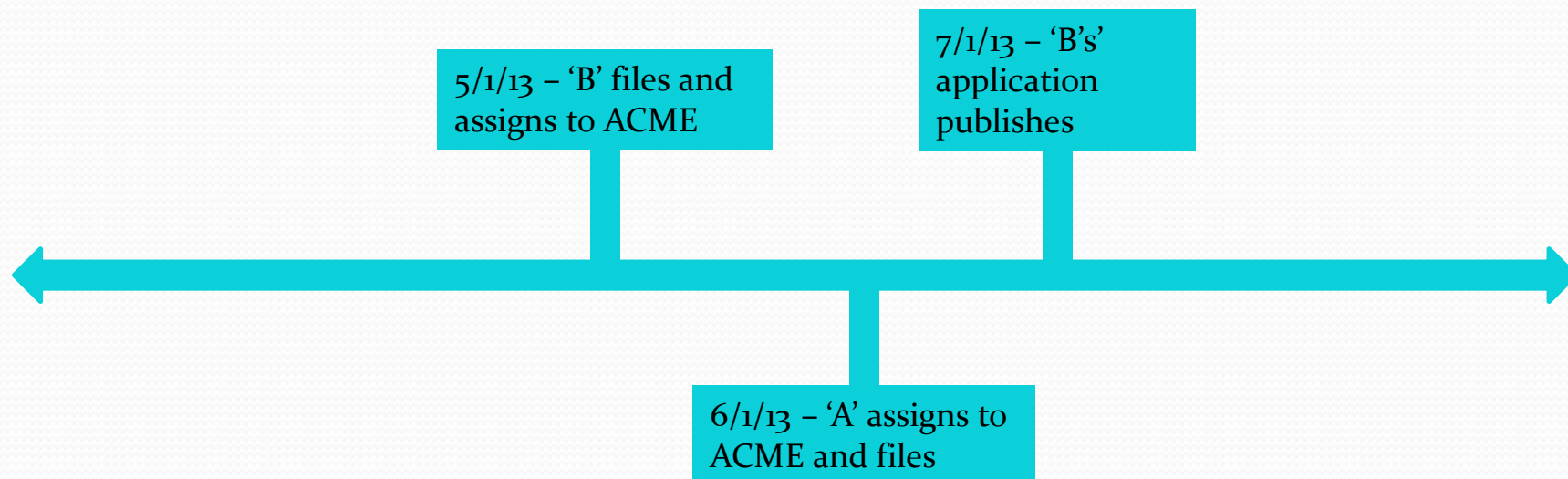
'A' gets the patent if the subject matter of 'B's' application is the same subject matter of 'A's' publication

Inventor 'A': "I publicly disclosed the subject matter before 'B' filed his patent application with that subject matter."

Example of Prior Art Exception Under 102(b)(2)(C)

- Exception #3: 35 U.S.C. 102(b)(2)(C):
 - A disclosure made in an application or patent shall not be prior art under 35 U.S.C. 102(a)(2) if:
 - the subject matter and the claimed invention were commonly owned or subject to an obligation of assignment to the same person not later than the effective filing date of the claimed invention

Example 6: 102(b)(2)(C) Exception Common Ownership



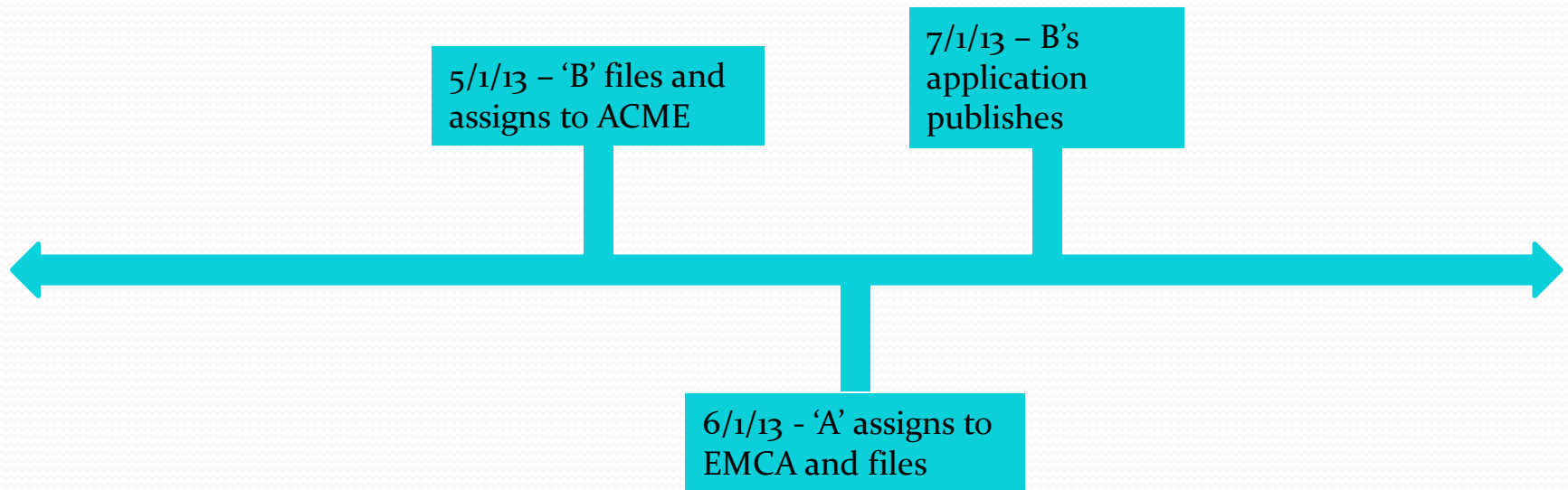
'A' avoids 'B' as prior art since the subject matter of 'A' and 'B' were subject to an obligation to assign to the same company ACME before the effective filing date of the claimed invention

Inventor 'A': "We work for the same company and have assigned our rights to it before the effective filing date of my application."

Joint Research Agreements

- Treatment of joint research agreements under 102(b)(2)(C)
- The “common ownership” exception under 35 U.S.C. 102(b)(2)(C) for 35 U.S.C. 102(a)(2) prior art is applicable if:
 - claimed invention was made by/on behalf of at least one party to a joint research agreement in effect on/before the effective filing date of the claimed invention;
 - claimed invention was made as a result of activities within the scope of the joint research agreement; and
 - application discloses the parties to the joint research agreement

Example 7: 102(b)(2)(C) Exception Common Ownership



'A' avoids 'B' as prior art if the subject matter of 'B' and the claimed invention of 'A' were made by or on behalf of a joint research agreement in effect before the effective filing date of the claimed invention.

Inventor 'A': "I was working with 'B', and we developed the subject matter together under a joint research agreement before I filed."

Pros/Cons of New Law for Portfolio Management

Pro	Con
<p>Expanded carve-out for in-house prior art (as exempt from § 102(a)(2)):</p> <ul style="list-style-type: none">• Expands current § 103(c) provisions• Applies to art arising from joint development agreements, and art obtained from inventor	<p>Vulnerability to post-grant review</p>
<p>Limited contraction of prior art:</p> <ul style="list-style-type: none">• “102(g)” art is eliminated	<p>Expanded scope of prior art:</p> <ul style="list-style-type: none">• Sales and public uses worldwide• Oral Disclosures
<p>“Grace period” applies to disclosures obtained indirectly from inventor</p>	<p>Inability to “swear behind”</p>

Transition to New Rules

After **March 15, 2013**, if you file or amend a claim to be without support in an “old” application, you lose the benefit of the old rules **forever**:

(1) IN GENERAL- Except as otherwise provided in this section, the amendments made by this section shall take effect upon the expiration of the 18-month period beginning on the date of the enactment of this Act, and **shall apply to any application for patent, and to any patent issuing thereon, that contains or contained at any time-**

(A) **a claim to a claimed invention that has an effective filing date** as defined in section 100(i) of title 35, United States Code, **that is on or after the effective date** described in this paragraph; or

(B) a specific reference under section 120, 121, or 365(c) of title 35, United States Code, to any patent or application that contains or contained at any time such a claim.

(Section 3(n)(1) of the AIA)

- Canceling an offending claim won't rescue the old rules
- Filing a new continuation won't help, because the “chain” of priority to an application filed under the old rules has been cut

Filing Strategies: Pre-March 16, 2013

Maximizing “First to Invent” Status

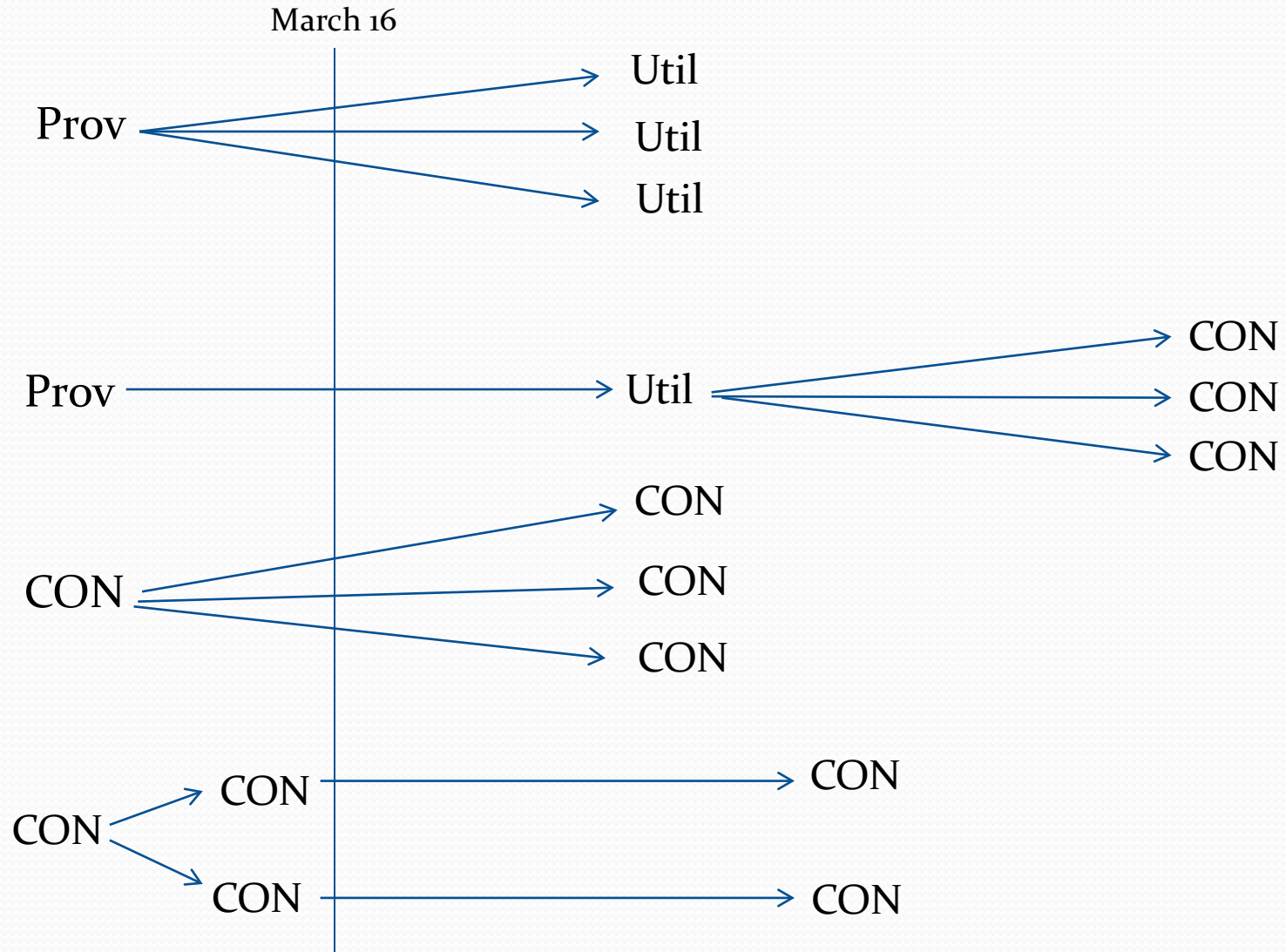
1. Prioritize invention disclosures and file provisional applications as soon as possible.
2. Convert existing provisional applications prior to March 16, 2013.
3. If provisional(s) prior to March 16, 2013, and utility/PCT filed after:
 - Consider sales, offers for sale, public use, oral disclosure issues in interim
4. Portfolio assessment
 - Audit for on sale, offers for sale, or public use prior art; file multiple CONs prior to March 16, 2013
 - Change corporate behavior re: same

Filing Strategies: Post-March 16, 2013

Preserving “First to Invent” Status

- 1) For any provisional filed before March 16, 2013, to be converted after March 16, 2013, consider multiple utility applications claiming priority to the provisional.
- 2) For continuations to be filed after March 16, 2013, claiming priority to a “first to invent” status application, consider multiple continuations.
- 3) For continuations to be filed after March 16, 2013, claiming priority to a “first to invent” status application, carefully draft claims (perhaps narrow) to ensure priority.
- 4) After March 16, 2013, file serial provisional applications for your new invention disclosures, if necessary.

Strategies: Maximize Chances for Most Important Cases



Micro Entity Status

- The AIA defines a micro entity as an applicant who certifies that he/she (35 USC 123(a)):
 - Qualifies as a small entity;
 - Has not been named as an inventor on more than 4 previously filed patent applications;
 - Did not, in the calendar year preceding the calendar year in which the applicable fee is paid, have a gross income exceeding 3 times the median household income; and
 - Has not assigned, granted, or conveyed (and is not under obligation to do so) 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 paid, had a gross income exceeding 3 times the median household income; OR
- (35 USC 123 (d)): that their primary employer is, or he/she has assigned to (or is obligated to assign to), an institution of higher education as defined in section 101(a) of the Higher Education Act of 1965

Laboratory Notebooks

- Recommendation: Keep Maintaining Laboratory Notebooks
 - Notebooks somewhat less important under first-inventor-to-file rules
 - HOWEVER, still important for:
 - Establishing rights in derivation proceedings
 - Establishing exceptions to prior art rules
 - Telling story of invention in litigation
 - Good science

Patent Reform 2013

Thank you

J. Peter Fasse (Fasse@fr.com; 617-521-7802)

Jay DeYoung (deyoung@fr.com; 617-956-5985)

Ian Lodovice (lodovice@fr.com); (617) 956-5972

Tiffany Reiter (reiter@fr.com); (617) 956-5937

Michelle Gao (mgao@fr.com): (617) 521-7009

For further information, see “Patent Reform”
at www.fr.com



FISH & RICHARDSON