America Invents Act & Global Patent Harmonization

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Under Secretary of Commerce for IP & Director of the U.S. Patent and Trademark Office
Smartphone patent fight: 'World War III'
Experts expect most of the dozens of patent lawsuits to eventually be settled; smartphone innovation could suffer, some add.

Obama Says So Long SOPA, Killing Controversial Internet Piracy

Technology Patent Wars Heat Up -- Microsoft and AOL Make Billion Dollar Deal
Five Star Equities Provides Stock Research on AOL, Inc. and Microsoft Corporation
Historically, Technological Change Poses Challenges

then

sewing machine  railroads  telegraph

telephone  aircraft  radio

now

tablet computer

mobile phone
America Invents Act: Balances the Playing Field

First Inventors vs. Follow-on Competitors

http://www.uspto.gov/AmericaInventsAct
**Innovation Landscape Rooted in IP**

- IP-intensive industries accounted for 34.8% of U.S. gross domestic product (GDP), in 2010.

- Every 2 jobs in IP-intensive industries supports an additional 1 job elsewhere in the economy.

- In total, 40.0 million jobs, or 27.7% of all jobs, were directly or indirectly attributable to the most IP-intensive industries.

- The AIA is strengthening IPR to allow those industries to continue to flourish and add jobs.
### What we have implemented:

**What remains to be implemented:**

<table>
<thead>
<tr>
<th>(60-Day and Under Effective Dates)</th>
<th>(12-Month Effective Date)</th>
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</thead>
<tbody>
<tr>
<td>• Reexamination transition for threshold</td>
<td>• Inventor’s oath/declaration</td>
</tr>
<tr>
<td>• Tax strategies are deemed within the prior art</td>
<td>• Third party submission of prior art for patent application</td>
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<tr>
<td>• <strong>Best Mode</strong></td>
<td>• Supplemental examination</td>
</tr>
<tr>
<td>• Human organism prohibition</td>
<td>• Citation of prior art in a patent file</td>
</tr>
<tr>
<td>• Patent term extension for drugs</td>
<td>• Priority examination for important technologies</td>
</tr>
<tr>
<td>• Virtual and false marking</td>
<td>• <em>Inter partes</em> review</td>
</tr>
<tr>
<td>• Venue change from DDC to EDVA for certain suits</td>
<td>• Post-grant review</td>
</tr>
<tr>
<td>• OED Statute of Limitations</td>
<td>• Transitional post-grant review program for covered business method patents</td>
</tr>
<tr>
<td>• Fee Setting Authority (Sec. 10)</td>
<td></td>
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<tr>
<td>• Establishment of micro-entity (effective after Sec. 10 rulemaking completed)</td>
<td></td>
</tr>
<tr>
<td>• <strong>Prioritized examination</strong></td>
<td></td>
</tr>
<tr>
<td>• 15% transition surcharge</td>
<td>• First-to-File</td>
</tr>
<tr>
<td>• Electronic filing incentive</td>
<td>• Derivation proceedings</td>
</tr>
<tr>
<td>• Reserve fund</td>
<td></td>
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</table>

**Proposed Rules Released Yesterday**
Contested Case Proceedings

Effective September 16, 2012

- Inter partes reexamination
- Inter partes review
- Post-grant review (PGR)
- Transitional program for business method patents
- Derivation Proceedings

Petition Filed
- 2 months

Preliminary Response
- 3 months

Threshold

Decision on Petition

Conference Call

Patentee Response
- 2 months

Reply
- 1 month

Patentee Reply

Oral Hearing

Final Written Decision

No more than 12 months
Tackling Backlog of BPAI Cases May Drive More Appeals Cases to the Courts

- # of Examiners
- # of Board Judges
- # of Solicitor Attorneys

Federal Circuit Court Appeals Cases

Greater Clarity & Certainty in Patent and Trademark Law

Board of Patent Appeals & Interferences Backlog
• Provides a defense to infringement for an entity that engages in internal commercial use or sale of an invention at least 1 year before the earlier of:
  – (i) the effective filing date; or
  – (ii) inventor’s disclosure

• Expanded to all technologies; Clear and convincing evidence

• Cannot be asserted against patents owned by a university

• [Website link]

[Website link]
Global Impacts of AIA

- AIA adopts international norms related to:
  - First-to-file
  - Prior user rights
  - Broadening the definition of prior art
  - Eliminating the *Hilmer* doctrine
  - Virtually eliminating the best mode requirement

- US Patent Reform:
  - Facilitates work-sharing with international patent offices
  - Provides renewed opportunities to harmonize the international patent system
The Time for Harmonization is Now

*Optimal environment for innovation & diffusion.

*The Fragmented International System
  • Increases Costs & Decreases Certainty
  • Stymies Innovation & Growth
Grace Period

• Lack of a harmonized, 1-year grace period causes innovators to lose rights in key markets

• A 12 month term of Japan’s grace period may be a workable model for future harmonization discussions.

• **Business Benefits:**
  * SMEs can pursue funding without losing access to patent rights
  * Enables protection, commercialization and prompt disclosure of university research
  * Matches rate & pace of modern business cycles
Status Update & What’s Next?

– April Meeting of the Tegernsee Group
  • US, UK, France, Germany, Denmark, Japan and EPO

– Objective: Study issues for harmonization and define process for achieving it
  • Grace period
  • 18-month publication
  • Prior art effect of secret prior art
  • Prior User Rights

– Reconvening in October 2012
In the Meantime: Work sharing

• Fruitful discussions with the Trilateral Offices & the IP5
  – Common Citation Document; Ten Foundation Projects

• “Patent Prosecution Highway” network
  – Expanded to “PCT-PPH”
  – Over 10,400 requests processed

• PPH 2.0 – Discussions with MOTTAINI partners to implement 2.0

• IP5 Progress
  – Classification convergence
  – Global Dossier

What you are missing if you are not using PPH

* Significantly lower costs
* Fast-tracked examination
* Higher quality
Current Patent Prosecution Highway (PPH) Programs

- Japan (JPO)
- Korea (KIPO)
- China (SIPO)
- European Patent Office (EPO)
- Germany (DPMA)
- Australia (IPAU)
- Canada (CIPO)
- United Kingdom (UKIPO)
- Denmark (DKPTO)
- Iceland (IPO)
- Norway (NIPO)
- Nordic Patent Institute (NPI)
- Finland (NBPR)
- Sweden (PRV)
- Russia (Rospatent)
- Israel (ILPO)
- Taiwan (TIPO)
- Hungary (HPO)
- Spain (SPTO)
- Austria (APO)
- Singapore (IPOS)
- Mexico (IMPI)
PPH Requests at USPTO

• Status as of May 1, 2012

<table>
<thead>
<tr>
<th></th>
<th>Paris-PPH</th>
<th>PCT-PPH</th>
<th>Total</th>
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<tbody>
<tr>
<td></td>
<td>7,206</td>
<td>3,479</td>
<td>10,685</td>
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• PPH results compared with all cases:

<table>
<thead>
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<th></th>
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<th>PCT-PPH</th>
<th>All Cases</th>
</tr>
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<tbody>
<tr>
<td>Grant Rate</td>
<td>89%</td>
<td>92%</td>
<td>49%</td>
</tr>
<tr>
<td>(Allowances/Total Number of Disposals)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actions per Disposal</td>
<td>2.13</td>
<td>1.61</td>
<td>2.49</td>
</tr>
</tbody>
</table>
Nearly 3,500 applications submitted

2010-2011

IP Pro Bono Program

2011-2014

2012-2013

http://patentsforhumanity.challenge.gov/
Thank You