

What Start-Ups Should Know About Recent Changes in Patent Law

The Leahy-Smith America Invents Act—or AIA for short—was enacted in September 2012 and implemented in stages between September 16, 2012 and March 16, 2013. In this brief article, I discuss some of the provisions that may affect your start-up's decisions as to how best protect its inventions and look out for your competition.

First-Inventor-to-File

The United States has long had a first-to-invent system. Accordingly, prior to adoption of the AIA, if two inventors filed patent applications for the exact same invention, theoretically, the first inventor to have invented the invention should be awarded the patent. I say theoretically here, because the first inventor of course must be able to establish an invention date with sufficient evidence. Moreover, the first inventor must be able to establish that he/she did not dilly-dally from the time of invention to the time he/she filed his/her patent application. This system was at odds with most of the rest of the world.

Under the AIA, beginning on March 16, 2013, the United States has a first-inventor-to-file system. If two inventors file patent applications for the exact same invention, theoretically, the inventor who first filed his/her patent application should be awarded the patent, even if the first filer invented the invention after the second filer. I say theoretically here, because if the second filer can prove that the first filer actually derived the invention from the second filer, then the second filer should be awarded the patent.

Clear as mud, right? What do you need to know? In short, even more so than it used to be, it is a race between you and your competition to file a patent application. Therefore, you should encourage your engineers to submit invention disclosures regularly and early in their invention process. You should be contacting your patent attorney early in the process. You should consider a practice of filing provisional patent applications in an effort to get a patent application filed as soon as possible. Talk to your patent attorney about setting up an internal procedure to make sure that patent applications are filed in a timely manner.

Challenging Patent Applications and Patents

Third parties now have more options for challenging the patent applications and issued patents of their competition.

Beginning September 16, 2012, you now have the ability to submit prior art to the Examiner that is handling a competitor's pending patent application. In other words, you now have the ability to affect the scope of patent protection that your competition may obtain in a patent or your competition's ability to obtain a patent at all. Accordingly, your start-up should set up an internal procedure to monitor, or have your patent attorney monitor for you, the patent applications of your competition. If a competitor's patent application has broad claims that could affect your ability to continue selling your products, you need to take action. You need to identify prior art and get the prior art in front of the Examiner so that the prior art is considered during the Examination process.

Also beginning September 16, 2012, you now have an expanded ability to challenge a competitor's issued patent. That said, the costs associated with challenging a competitor's patent has significantly

increased. Within nine months of issuance of a patent, and for a government fee of approximately \$36,000, you may now request a “Post Grant Review” to invalidate a patent. The Review may be based on any grounds of invalidity, including invalidity based on prior art, as well as based on the patentee’s public disclosures more than 12 months before the filing date of the patent application or based on third parties’ public disclosures before the filing date of the patent application. If you wait until after nine months from issuance of a patent, a new “*Inter Partes* Review” option may be initiated for a mere \$27,000. However, under *Inter Partes* Review, invalidity arguments can only be based on prior patents and printed publications as prior art, and not on the actions of the patentee or third parties prior to the filing of the patent application. So-called “*Ex Partes* Reexamination” is still available any time after issuance of a patent and only costs about \$18,000 in government fees to initiate. The standards for initiating *Ex Parte* Reexamination are slightly different than for *Inter Partes* Review, and the requestor does not participate in the actual reexamination process following the initial request.

Talk to your patent attorney about setting up internal procedures to make sure that important dates aren’t missed, to learn how to search for your competitor’s pending patent applications and recently issued patents, and to learn how to conduct prior art searches, etc.

Patent Marking

In order to obtain past damages in a patent infringement lawsuit, you must establish that your patented products were marked as patented. The products themselves must be marked, not merely associated packaging, instruction booklets, marketing material, or websites. Prior to the AIA, for a patent marking to have legal effect, the actual patent number itself must have appeared on the product. Under the AIA, however, you now have the option of “virtual marking.” That is, you can indicate on your product that it is patented and include a website where the specific patent number(s) are identified. This is significant for small products that are covered by several patents. It means that when a new patent issues, you no longer have to retool or print new labels for products simply to add a new patent number to the list.

Talk to your patent attorney if you have any questions, as this article is not legal advice and is not intended to be legal advice.

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