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Further Alignment of US Patent Law with Elsewhere

The USA has come another step closer to aligning itself with the rest of the world with regard to patent law. On 8 September 2011, Congress passed a patent reform bill (that was approved by the Senate in June) and which President Obama is now expected to sign, bringing it into law. When that happens, there will be a number of effects. Here, we look particularly at how the bill will affect UK inventors:

- **Fees:** Patent fees will increase by 15 per cent, ten days after enactment. Clients would be advised to **check what US patent activity they have and pay fees due in the next few months now.**
- **First to File:** 18 months after enactment, the US will move to the First-to-File system in which the patent application that is filed first has priority. In Europe we are familiar with this, but in the States they have always had the First-to-Invent system, whereby the first inventor to conceive the invention would be awarded the patent. That resulted in the complex and expensive “Interference” proceedings at which inventors of the same subject matter would argue as to who was the first to conceive it. As a result of the First-to-File system, interference proceedings will disappear. **In principle, this does not affect the way UK business should manage their patent position.**
- **Grace Period:** There has always been a twelve-month grace period in the States, to protect inventors from prejudicing their own patent applications following public disclosure of their inventions. In most countries, a grace period does not exist; there is a strict absolute novelty requirement. While we may be familiar with such a system, the US is not ready to adopt it and the one year grace period remains. **The US grace period also remains effective for those UK inventors who have destroyed their ability to get European protection through early public disclosure (although there is a six month grace period for German utility model patents). UK inventors can continue to get US protection for up to one year after their first public use.**
- **Prior Art:** The benefit of the 12 month Grace Period is slightly diminished by a change in what is defined as prior art in the US. Now, prior use of an invention outside the States will constitute prior art against subsequently filed US applications. **This will have a major impact for any UK business that publicly uses an invention before a third party patents the same thing in the States. That prior use will now count as prior art. Also of benefit to UK businesses is that foreign patent applications will henceforth count as prior art against later filed US applications.**

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- **Oppositions:** While declining to call them oppositions, a new “post grant review” will be able to be requested by anyone for a period of nine months after grant of a patent, allowing the patent to be challenged on any grounds. There is also a different “inter parties review” available within the same period or within nine months of any “post grant review” that has taken place. In this inter parties review, only novelty and inventive step of a patented invention can be challenged. These proceedings will be conducted before a new Patent Trial and Appeal Board of the USPTO. **Although European oppositions filed by UK business are still fairly rare, the new Act will give UK businesses the opportunity to file an opposition in the States. We can set up a watching service (as we do now in respect of some European cases) to monitor progress of US applications so that the opposition possibility is not missed.**
- **Supplemental Examination:** If circumstances come to light after grant that might give rise to an “inequitable conduct” accusation, this can be resolved by a process of Supplemental Examination, which is similar to existing post grant re-examination. Both can only occur once the new facts give rise to a substantial new question of patentability. **Re-examination (of one’s own or a third party patent) by the USPTO remains a possibility at any time.**
- **Best Mode:** It used to be a requirement to disclose in the patent specification the best known method of putting an invention into effect, which, if not met, could result in the loss of a patent. That requirement will disappear as a result of the new Act. It will still be a requirement during examination, with the possibility of refusal if not met, but quite how an examiner is supposed to demonstrate a lack of disclosure of the best mode is not clear. This reduces the need to redraft patent specifications when an international application is filed at the end of the normal twelve month priority period. However, having good exemplification of an invention in a patent specification is always a good thing from a patentability perspective.
- **Prioritized Examination:** It will be possible to pay to have an application examined ahead of others (fee currently proposed is \$4800).
- **Micro-Entity Status:** First there were small and large entities; now there are micro entities for which USPTO fees are halved again. **Good news for universities and small businesses.**
- **Opinions of Counsel:** The prior failure of an accused infringer to obtain an opinion of counsel can no longer be used to prove wilful infringement. Opinions of Counsel were a great boon to US lawyers, but not to business people who risked “triple damages” if they had not received an (expensive) opinion that their activities would not infringe a given patent. Nevertheless, such an opinion will continue to protect against the risk of being accused of wilful infringement; and wilful infringement is still an expensive mistake to make.

- **False and Virtual Marking:** A money making idea that has clogged up US courts for some time is being removed. Hitherto, one could claim damages for each item of product sold that was marked as patented when that was not the case. This will be possible no longer. Moreover, it will henceforth be possible to meet the US marking requirements “virtually” – that is by reference to a website. “Marking” means informing third parties that a patent protects a product. A patentee may not be able to get an award of damages from an infringer if the patented product is not marked with the patent number and the infringer did not know about the patent. On the other hand, false marking is an offence.

The reform bill includes numerous other provisions of lesser importance. We will keep you advised of developments.

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