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PATENT REFORM'S "BRAVE NEW WORLD"

After several years of seemingly dead-end discussions about reforming the patent system in the U.S., Congress finally has passed the *America Invents Act*, which President Obama has signed into law. The Act generally is considered the most significant reform in U.S. patent law in the last 60 years, although many parties do not think it goes far enough.

The legislation has several components. Significant reforms include the following (a detailed summary follows):

First-to-File. The U.S. appear to join the rest of the world in moving towards a first-to-file patent system, away from the current first-to-invent approach. Adoption will be delayed for 18 months after the Act becomes law to allow two studies on prior user rights and the impact of the new system on small businesses to be completed. There is an exception for inventions that have been derived from the later-filed inventor. The first-to-file system is expected to go into effect in February 2013.

The reform is not a pure "first-to-file" system, however. The statutory language in new Sections 35 USC 102(a) and (b) provide that the inventor who *discloses* first will prevail, even over someone who invented first and filed first. Thus, the new system may more properly be term "first-to-publish."

This transition generally is considered to favor "big business" at the expense of small entities and individual inventors. However, the interference process for resolving "first-to-invent" disputes under the current system is costly and complex, and also worked to the disadvantage of small businesses, so the net effect may well be to their advantage.

The new system will require a more proactive patent filing strategy, possibly based around the frequent use of provisional patents to capture the initial inventive concept and significant changes as it is developed. The general rule will be "*File Early; File Often.*"

Prior Art Redefined. To go along with the first-to-file system, the one-year "grace period" to avoid the statutory bar in the United States becomes more limited. Under the current system, an inventor has up to one year after a sale, offer to sell, or public use or disclosure of an invention to file a patent application. The Act now limits the one-year grace period to disclosures made by an inventor (or on his or her behalf).



In addition, the prior art sale/offer to sell bar has been expanded to include sales and offers anywhere in the world, not just in the U.S. Further, all patents or published patent applications will now be considered prior art as of the filing date of the first application filed anywhere in the world to which priority is claimed. Previously, the filing date in the United States was used.

Additional Routes for Challenges or Review. The Act provides for three new procedures for reviewing a patent after it issues. A *Post Grant Review* allows a third party to challenge the validity of a patent on any statutory grounds within nine months of issuance. This is, in essence, an “opposition” proceeding. *Inter Partes Review* takes the place of the current Inter Partes Reexamination process, but with changes to the standard for granting review and the reviewing entity. Both of these procedures also are subject to estoppel, so a third party initiating either process may be prevented from separately challenging the patent on any ground that was raised or reasonably could have been raised in the proceeding.

Finally, *Supplemental Examination* allows the patent owner or assignee the change to open the issued patent for additional examination to address issues that raise a substantial new question of patentability. This may even give a patent owner a chance to correct possible inequitable conduct issues, under certain circumstances.

Prior Commercial Use Defense. The prior commercial use defense in patent litigation, which has been limited to business methods, is being expanded to include other categories of patentable subject matter. The entities covered also have been expanded to include affiliated entities or companies, and the commercial use must have occurred more than one year prior to the patent’s filing or disclosure date. Commercial use of technology by a university does not qualify for the defense, however, where the prior use was in a laboratory for research.

False Marking Suits. The Act eliminates *qui tam* cases based on false marking. A third party can only bring a false marking action where it has suffered actual economic harm from the false marking, and damages then are limited to the economic harm. Further, a product marked with an expired patent number that covered the product at one time is no longer considered to be false marking.

Prioritized Examination. The Act creates a new method to have an application examined earlier than normal (i.e., moving it ahead of other applications in the queue). With the pendency period of a typical application now approximately three years, this appears to be a way to accelerate the application process, albeit at a cost. The proposed fee for this is \$4800 (half that for small entities).

Micro-Entity Fees. The current system recognizes large entities, which pay full fees, and small entities, which pay half fees for most actions. The Act now adds micro-entities, for which fees will be halved again. This is good news for universities, individual inventors, and small businesses, especially as patent fees in general will increase by 15 percent ten days after enactment.

There are several other changes beyond those discussed above. Overall, the changes in patent law will present significant opportunities, as well as challenges, for patent owners and applicants.

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UPCOMING EVENTS

Mid-South Intellectual Property Institute Conference/Oxford Film Festival

The Mid-South Intellectual Property Institute is excited to announce its first annual conference, which will be held at the new home for the University of Mississippi School of Law - the Khayat Law Center - in Oxford, MS, on February 10-12. The purpose of the MSIPI is to engage, foster and promote an active core of well informed and active lawyers who practice in the area of intellectual property. This first annual conference of the MSIPI invites lawyers and entrepreneurs to come together and share knowledge and expertise, while updating their knowledge with the latest developments in intellectual property. This year's conference will be held in conjunction with the Oxford Film Festival-come for the law, stay for the movies. More information about the MSIPI, including registration instructions, can be found at www.MSIPI.org Please visit the website to learn more. We hope you will choose to attend this informative and fun conference, which is seeking CLE credit for Mississippi, Alabama, Tennessee, and Louisiana.

Please also check out the website for the Oxford film festival at: <http://www.oxfordfilmfest.com/>

Crossroads Film Festival - April 2012

Don't miss the 13th annual Crossroads Film Festival, set for April 13-15, 2012. More to come on this event. Please check out the website at <http://www.crossroadsfilmfestival.com/>



For more information, please check out our website at: http://www.msbar.org/7_intellectual_property.php

If you are interested in submitting or contributing to an article for the MS Bar IP newsletter, please contact Anita Modak-Truran, Meaghin Burke or Jason Bush.

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Mississippi International Film Festival, Legal Clinic - October 22, 2011

In conjunction with the Mississippi International Film Festival, the IP Section held an IP legal clinic on Saturday, October 22. Anita Modak-Truran, Ryanne Duffy Saucier and Jason Bush staffed the clinic and provided IP pointers to filmmakers and musicians in attendance at the event.

Special thanks to Steve Godbold for photography and artistic assistance.
<http://www.godboldartist.com/>