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U.S. Switches to First to File Patent System on March 16, 2013

On March 16, 2013, the "first to file" provisions of the 2011 patent law reform bill, the America Invents Act (New Law), go into effect. Under these provisions, filing patent applications on the earliest practical date and before a company's own public disclosure, sale or offer for sale will be more important than it is under current law.

Generally, the three major changes in the New Law which have heightened the importance of early filing are 1) the first party to file an application on an invention is entitled to a patent that issues on the invention, regardless of who is first to invent; 2) the important date for most prior art activities and documents becomes the filing date of an application as opposed to the date of invention as under the pre-March 16, 2013 law (Current Law); and 3) the general one-year grace period that currently allows an inventor to file a patent application within one year of a public disclosure, sale or offer for sale of an invention is eliminated. These three changes are explained in more detail below.

Change to First to File System

Under the New Law, the first inventor who files a patent application will be entitled to the patent. For example, person A may be the first to invent and diligently pursue the invention to a patent application filed with the Patent Office. Under the Current Law, if person B invents later than person A, and if person B files a patent application before person A, person A may be entitled to the patent that issues on the invention by demonstrating person A's earlier invention date. Under the New Law, except for limited exceptions, person B is entitled to the patent because person B filed the patent application before person A filed their application.

Change to Filing Date Based Prior Art System

Under the Current Law, some types of prior art are tied to the inventor's date of invention such that if the inventor can prove invention before the effective date of the prior art, the prior art can be avoided and the inventor may be entitled to a patent for the invention. Prior art under the New Law is governed by 35 U.S.C. § 102(a), and under the New Law, all categories of prior art are tied to the filing date

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of the patent application. Prior art that is created by a third party that is dated prior to the inventor's filing date (as opposed to invention date) can no longer be avoided by demonstrating an invention date before the prior art date. Generally, third-party disclosure of an invention even one day before the application's filing date will now qualify as prior art.

Change to Prior Art Exceptions

Under the Current Law, there is a general grace period that allows a patent application to be filed with the Patent Office within one year of a publication, sale, offer for sale or public use of an invention. The New Law no longer has a general one-year grace period within which to file a patent application.

The New Law does include several exceptions from prior art set forth in 35 U.S.C. §102(b). However, how the scope of the prior art exceptions in 35 U.S.C. §102(b) will be interpreted by the Federal Courts is uncertain. Accordingly, to be on the safe side, it will generally be best for inventors to file their applications as early as practical and prior to public disclosure, sale or offer for sale of the invention rather than relying on one of the prior art exceptions in 35 U.S.C. § 102(b).

Another prior art exception set forth in 35 U.S.C. § 102(b)(2)(C) excludes certain patents and published patent applications from acting as prior art against a later filed application, when both the earlier patent or published patent application and the later filed application are commonly owned. In contrast to Current Law, this ownership exception applies to both the novelty and non-obviousness requirements of patent law.

General Considerations for Before March 16, 2013

1. Filing complete, non-provisional patent applications for new inventions prior to March 16, 2013, where practical, should be considered. Filing before March 16, 2013 will ensure that the first to file system under the New Law does not apply and the more favorable prior art categories under the first to invent system of Current Law apply to the patent application.
2. If your company has an invention that has been disclosed in the last year or is scheduled for disclosure before March 16, 2013, filing a complete, non-provisional patent application before March 16, 2013 should be considered where practical. Filing before March 16, 2013 will ensure that Current Law's well understood grace period applies to the application.
3. Obtaining or revising employment agreements for inventive employees to

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include appropriate intellectual property assignment language should be considered. Such agreements will likely establish the common ownership needed for the prior art exception in 35 U.S.C. § 102(b)(2)(C) to apply to exclude certain patents and published patent applications from acting as prior art against a company's later filed application.

General Considerations Under the First to File System Effective March 16, 2013

1. Generally, patent applications should be filed as early as practical. For each day that passes, another entity may file a patent application for the same or similar invention, and the entity that files the earlier application will be entitled to the patent. If another inventor or entity publicly discloses an invention before an application is filed, the earlier disclosure of the invention will likely be prior art to the patent application. Accordingly, companies and inventors should look for ways to streamline the internal patent application decision processes to avoid unneeded delays and to obtain application filing dates as early as practical.
2. It will generally be best for inventors to file their applications prior to public disclosure, sale or offer for sale of the invention rather than relying on one of the public disclosure prior art exceptions in 35 U.S.C. § 102(b) due to potential uncertainty in the interpretation of the prior art exceptions.
3. Use of confidentiality agreements when disclosing information to third parties (e.g., customers, suppliers, partners, etc.) will remain important. Use of a confidentiality agreement when disclosing information to a third party will significantly lower the risk that the disclosure will qualify as prior art under 35 U.S.C. § 102(a). Use of confidentiality agreements prior to disclosing an invention still remains important to prevent the disclosure from potentially barring foreign patent rights in those countries that provide no grace period.

Because of the complexity of the new statutory scheme and the uncertainty regarding how it will be applied and interpreted by the U.S. Patent and Trademark Office and by the federal courts, it is strongly recommended that inventors and companies consult their patent counsel regarding particular patent application filing decisions.

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