



DecipheredSM

by Lerner David

Leahy Smith Patent Reform Act

Today, President Obama signed into law the Leahy Smith patent reform act, which adopts a first-to-file system and provides for new post-grant challenges to patent validity. An executive summary of the most significant provisions follows:

First To File

Starting in March 2013, the first inventor to file - rather than the first to invent - will be entitled to a patent. Early patent filing will be critical, as most third party prior public disclosures, including certain prior public uses and sales outside of the U.S., will preclude or limit patentability. Corporations may want to file early provisional patent applications, followed by updated applications as the technology develops. This provision will not affect already existing patents or applications filed within the next 18 months.

Post-Grant Administrative Challenges

Starting in one year, third parties will be allowed to challenge patents in the Patent Office, within 9 months of issuance. Such Post Grant Review may raise virtually any patentability issue, including anticipation, obviousness, or challenges based on the patent's written description or formalities. Following the nine-month window, challengers may institute Inter Partes Review, a replacement for the current inter partes reexamination process, which will permit challenges based only on prior patents and printed publications.

In view of these changes, corporations considering bringing an inter partes reexamination under the current rules must do so within the next year. Corporations should also set up a properly designed competitor watch program to watch for U.S. patent applications that may be subject to challenge. Finally, corporations should consider budgeting not only for initiating patent challenges but for defending against challenges to their own patents, beginning in 2012.

False Marking

The new law strictly limits false patent marking suits, effectively ending the recent tide of false-marking litigation. Striking down the existing qui tam provisions, the new law permits only the federal government or direct competitors to sue for false marking. Non-governmental litigants can no longer seek \$500 in statutory damages per item. And not removing expired patent numbers from commercial products is no longer actionable. These changes apply retroactively to pending cases.

Other Changes

There are numerous other changes, some of which impact patent litigation, some of which are unique to specific types of inventions such as business methods or computers, and some of which increase patent fees. A personal prior commercial use defense has been established, for example, and the "best mode defense" has been eliminated. Finally, **any patent fees that can be paid in the next ten days should be paid now**, to avoid a 15% surcharge.

If you would like more information or would like to discuss any of these provisions in greater detail, please contact us.