

November 1, 2011

## The Leahy-Smith America Invents Act

On September 16, President Obama signed H.R. 1249 into law. Passage of the America Invents Act, authored by Senator Patrick Leahy (D-VT) and Congressman Lamar Smith (R-TX), marks the first comprehensive reform to the country's patent system since 1952. The law's most significant changes are as follows:

### **First to File**

Effective March 2013, the country will shift from a "first to invent" system to a "first to file" system. Under the previous "first to invent," long legal battles could result from inventors aiming to prove that they were the first to invent something. The "first to file" change puts the U.S. on par with the patent systems in most other industrialized nations, and is intended to streamline the patent granting process and lower costs. Some small business advocates argued against the change, claiming that it would unfairly favor large companies with the resources to file more quickly than entrepreneurs.

### **U.S. Patent and Trademark Office (PTO) Processes**

#### Reexamination

Those wishing to challenge a patent on any ground may submit their case directly to the PTO up to nine months after the patent is issued. Board decisions may be appealed to a federal circuit court, but not a district court. These changes will go into effect 12-18 months after enactment, depending on the type of patent.

#### Inter Partes Reviews

Effective upon the law's enactment, anyone requesting *inter partes* reexamination must show "a reasonable likelihood that the requestor would prevail" in at least one claim, rather than previous requirement of "a substantial new question of patentability." This higher threshold is intended to prevent unnecessary litigation.

### **Fees**

#### Fee Collection

After much debate over the handling of PTO fees, the law contains something of a compromise between the previous complete Congressional control over the Patent Office's budget and the fees it collects, and giving the Office complete control over its own finances. Under the AIA, the PTO will set

its own fees, and any funds they accrue above their annual budget will go into a new Patent and Trademark Fee Reserve Fund within the Treasury. The Reserve Fund is intended for the Patent Office's budgetary use, but requires an appropriations action from Congress before the PTO can spend it.

### Changes to Fees

Almost all patent fees increased by 15 percent, with the exception of the new category of "micro entities," which had most of their fees reduced by 75 percent. Funds collected from the 15 percent surcharge will be directed to the Patent and Trademark Appropriation Account, where they will be available for immediate spending by the PTO.

The PTO is also authorized to begin new fees, including a \$400 fee for non-electronic filing and a fee for a prioritized application - \$4,800 for large entities and \$2,400 for small entities.

### **More Information**

- Visit the PTO website on Patent Reform Implementation:  
[http://www.uspto.gov/aia\\_implementation/index.jsp](http://www.uspto.gov/aia_implementation/index.jsp)
- View a complete PTO fee schedule, effective September 26, 2011:  
<http://www.uspto.gov/web/offices/ac/qs/ope/fee092611.htm>