



## America Invents Act

### Impact on Intellectual Property Litigation

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The full impact of the America Invents Act (AIA), which takes effect between September 16, 2011 through March 16, 2013, on intellectual property litigation remains to be seen. Though the changes to the law are defined, how the new rules play out, in practice, will be revealed as these cases are decided.

#### **Covered Business Method Patents**

Effective September 16, 2012, the United States Patent and Trademark Office (USPTO) has implemented a transitional eight year program for a person who is sued or charged with infringement of certain business method patents to challenge the validity of the patents. The covered patents are those that claim a method or corresponding apparatus for performing data processing or other operations used in the practice, administration or management of a financial product or service, except patents for “technological inventions.” The USPTO’s review of the patent is statutorily required to be complete within one year of institution, except that the time may be extended up to six months for good cause.

Separately, the new law specifies that an ATM machine will not be regarded as a “place of business” for establishing venue for an action for infringement of a business method patent.

#### **Best Mode Defense Eliminated**

Effective September 16, 2011, failure to disclose “best mode” for making and using the invention is no longer a basis for finding a patent, or claim, invalid or unenforceable. The requirement to disclose the best mode remains in the patent statute, but there is no enforcement mechanism.

Practice Note: Under 35 U.S.C. § 112, it is still necessary to disclose sufficient detail to allow one of ordinary skill in the art to make or use the invention, the so-called “enablement requirement.” Failure to satisfy the enablement requirement may be a basis for finding a patent claim invalid.

#### **Prior User Rights Defense to Infringement**

Effective for patents issued on or after September 16, 2011, the changes to the prior user rights defense to patent infringement, under the AIA, include:

- an expansion of prior law, which allowed a “prior rights” defense to claims of infringement of a business method patent. The new law allows a prior rights defense for any type of patent claims, not limited to business methods
- a requirement that there be a good faith, commercial use of an invention in the U.S. prior to the earlier of (1) one year prior to the effective filing date of the application, or (2) the date of public disclosure of the invention.

- the definition of “commercial use” to include “an internal commercial use” or an arms-length sale or transfer “of a useful end result of such commercial use.”
- a rule that it does not apply if the patent is owned by a nonprofit institution of higher education, or was funded by the federal government.

## **False Marking Claims**

The AIA changes to the law regarding false marking claims include:

- Effective for all cases pending or commenced on or after September 16, 2011, private parties may not collect the statutory penalty for false marking; only the U.S. Government may do so.
- Marking a product with an expired patent that covered the product is not false marking.
- A competitor may sue for false marking, but may only recover “damages adequate to compensate for the injury.”

Practice Note: these provisions spelled the end for the hundreds of private party cases filed since the Federal Circuit decision in *Forest Group, Inc. v. Bon Tool Co.*, 590 F.3d 1295 (Fed. Cir. 2009), which broadened the availability of penalties for false marking.

## **Virtual Marking**

Effective September 16, 2011, a product may be marked by including the word “patent” (or “pat”) and a web address where the public can find a posting that “associates the patent article with the number of the patent.”

Practice Note: This provision makes it much simpler to mark a product, especially where the product is covered by multiple patents. It also makes it easy to add patents to the marking after the product has already been introduced. It is much easier to change web page content than to change a product label. This will also help to ensure that patent owners can recover damages for past infringement, where product marking is required to do so.

## **Joinder**

For all cases filed on or after September 16, 2011, joinder of accused infringers in one lawsuit is limited to cases in which the right to relief is asserted jointly, severally, or with respect to the same transaction or occurrence. It is not sufficient that each party is accused of infringing the same patent.

Practice Note: This provision has made it more difficult for patent infringement plaintiffs to file cases against multiple defendants, who often have differing interests because of differences in their products. However, suits may be filed separately against each entity, and in some instances, may then be consolidated, at least for purposes of discovery and pretrial proceedings under the multidistrict litigation statute.

## Opinions of Counsel

Failure to obtain advice of counsel regarding an alleged infringement, or to present such evidence at trial, may not be used to prove either willful infringement or intent to induce infringement.

Practice Note: This provision may put a halt to the practice in some districts of allowing plaintiffs to comment on an alleged infringer's failure to obtain an opinion of counsel. It also reverses, legislatively, the Federal Circuit's decision in *Broadcom Corp. v. Qualcomm Inc.*, 543 F.3d 683 (Fed. Cir. 2008), in which the court held that the failure to obtain an opinion of counsel could be used to prove "intent" to induce infringement.