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## America Invents Act changing way small businesses file for patents

**F**or many businesses, especially small companies and start-ups, it is imperative to protect innovations through patenting. The America Invents Act, enacted a year ago, resulted in many significant changes to U.S. patent law, which require businesses to adjust some current practices.

The changes include an expansion of prior user rights – insulating from infringement commercial activities that began more than a year before a competitor's patent application was filed. The act also adds new ways to challenge the validity of a patent at the U.S. Patent Office, rather than through expensive litigation.

Third parties will be permitted to comment on the patentability of pending patent applications as a way to prevent a questionable patent from ever issuing or in an effort to narrow its scope. Large companies may use these new tools to thwart smaller competitors and startups for whom patent protection often is critical to their ability to compete. Universities, as well as some individual inventors and startups, also may qualify for a 75 percent reduction in patent filing fees beginning March 2013.

Two changes from the act of particular importance to small businesses and startups are prioritized examination and first-to-file.

Patent applications normally are examined in the order they are received. It takes nearly two years for the Patent Office to begin substantive examination of a patent application and about three years for a patent to issue. However, successful applicants typically can obtain a patent in less than 12 months by taking advantage of the act's prioritized examination track.

What's the catch? Prioritized examination requires additional fees totaling \$5,230 or \$2,830 for individuals and small companies. While expensive, obtaining a patent



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in less than a year may be well worth the additional cost.

Currently, U.S. patents are awarded to the first-to-invent, with complex rules for determining the first inventor when conflicting applications are filed.

Beginning March 16, 2013, patents will be awarded to the first to file. And while inventors still will have a one-year grace period in which to file their patent application following their own public disclosure of the invention, reliance on the grace period could prove fatal.

While the new first-to-file system does bring the U.S. more in line with the rest of the world, it has some quirks. In particular, the second inventor to file a patent application will be able to obtain a patent over a first inventor to file if the second-to-file publicly disclosed the invention before the first application was filed.

In contrast, in Europe and Asia, such a public disclosure would prevent either inventor from obtaining a patent. For this reason, some have characterized the act as establishing a system that awards patents to the first inventor to publish or file.

This does not mean businesses should adopt the practice of publicly disclosing inventions before filing an application. First, publicly disclosing an invention before filing an application will bar patentability in most other countries. Premature disclosures also will provide valuable information to competitors. Finally, there still are significant unanswered questions as to the extent to which a prior public dis-

closure will allow a second filer to obtain a patent.

Rather than relying on the public disclosure exception, companies should instead file early and often – in many instances filing multiple provisional patent applications to establish early filing dates throughout the development process. A first

provisional patent application may be filed early in development, with subsequent provisional applications filed as the invention is refined. A provisional patent application is not examined for patentability, and must be followed up by a non-provisional application within 12 months. The non-provisional filing begins the examination process.

Keep in mind, however, that a provisional application will only provide an early effective filing date. A provisional application which is not as thorough as possible will provide little or no benefit under first-to-file. On the other hand, the filing fee for a provisional patent application is only \$250 (\$125 for small entities), compared with \$1,250 for a non-provisional application.

For large multinational companies that typically file hundreds of patent applications around the world each year, the new U.S. first-to-file system likely will not significantly affect their approach. Those with more modest budgets, on the other hand, will need to rethink their approach to make sure they file patent applications sooner rather than later, taking advantage of provisional patent applications whenever appropriate.

March 15, 2013, is the last day to file applications under the current first-to-invent system. Apart from some rare situations, nothing good can come from filing your patent application after this date.

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