

## LEAHY-SMITH AMERICA INVENTS ACT

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### SYNOPSIS

The Leahy-Smith America Invents Act significantly modifies the patent act for the first time in over fifty years. The Act is touted to move the United States from a "first-to-invent" to a "first-inventor-to-file" system, with a complex statutory framework that overhauls Section 102 defining the "novelty" conditions for patentability. In addition, the legislation adds four new post-grant proceedings, which will directly impact practice in the Patent Office as well as in litigation. The Act eliminates failure to disclose the "best mode" as a basis for invalidity in the courts, while expanding the defense to infringement based on prior commercial use. The Act effectively eliminates *qui tam* suits of false patent marking, and multiple-defendant suits where the only connection between the parties is an allegation of infringement of the asserted patent.

### BULLET POINT SUMMARY

- Transition from a "first-to-invent" patent system to a "first-inventor-to-file" (FITF) system, to more closely harmonize the United States with the rest of the world
  - Replaces current Section 102 in its entirety with new provisions defining the novelty conditions for patentability
  - Includes a 12-month grace period for inventor who publicly discloses an invention to file a patent application and retain FITF status
  - Excludes from prior art certain information derived from the inventor, and prior art where the inventor was first to disclose
  - Retains certain protections for joint research
- Four new post-grant proceedings
  - Post-grant review - must be filed within nine months after grant of a FITF patent, with expanded grounds for attack
  - Inter-partes review - replaces existing inter partes reexamination; grounds limited to anticipation and obviousness based on prior art patents and publications
  - Supplemental examination - pre-litigation submissions to avoid inequitable conduct defense
  - Transitional program for "Covered Business Method Patents" - eight-year period for expanded post-grant review of certain business method patents
- Multi-defendant suits
  - Cannot join multiple defendants in a single suit based solely on allegations that each has infringed the patent
  - Adopts common standard for both joinder of defendants and consolidation of cases for trial

- Patent marking
    - Suits under § 292(a) may only be brought by the United States
    - Others may sue for “damages adequate to compensate” for competitive injury
  - Best mode
    - Failure to disclose best mode eliminated as a basis for invalidity
    - Patent Office may still reject applications on this basis
  - Tax strategy patents
    - Removes inventions directed to “tax strategy” as subject matter eligible for a patent
    - Ban excludes inventions related to tax filing and preparation, as well as those solely for financial management
  - Prior user rights
    - Defense to infringement based on prior commercial use expanded to apply to any technology, including “premarketing regulatory review” for drugs and “nonprofit laboratory use”
    - Defense not generally available against patents owned by an “institution of higher education”
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Covington & Burling LLP has prepared a 2-hour CLE course for patent lawyers that provides an in-depth review of Section 102 and the FITF system, as well as the post-grant proceedings. A second CLE course provides an overview of the legislation, and the policy and debate surrounding the various provisions.

If you are interested in either of these course offerings, please contact the following members of our firm:

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\*\*\* CLE credit pending based on jurisdictional requirements