submitting patents that won’t stand up to litigation.

The National Academy of Sciences and the National Academy of Engineering are conducting a 33-month study of emerging problems within the system and will be producing an interim report toward the end of the year. This will be worth watching because universities are entangling themselves increasingly with industrial research interests and litigation problems have been growing.

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Legal Lens

The American Inventors Protection Act of 1999

BY JOSEPH E. GORTYCH

Under Article I, Section 8, clause 8 of the U.S. Constitution, Congress has the legislative power “To promote the Progress of Sciences and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” Under this clause, Congress has created a complex body of law governing the patenting of inventions. The most recent patent legislation, signed into law on November 29, 1999, is the “American Inventors Protection Act of 1999” (P.L. 106-113). The text of this Act is contained in Title IV of S. 1948, the “Intellectual Property and Communications Omnibus Reform Act of 1999,” and can be found on-line at www.aipla.com, the website of the American Intellectual Property Law Association (AIPLA). This month’s column discusses the more important sections of this relatively new legislation and its impact on the patenting community and the USPTO.

Inventors Rights Act

Almost everyone at some time in their life conceives an idea so wonderful that, if patented, would surely bring fame and fortune. For most, the idea goes as far as discussion amongst relatives and friends, and then dies on the vine. For others, the urge to pursue the idea is so strong that they seek ways to protect it and market it. Those not familiar with patents and their role in the business world need to rely on others to assist them in this endeavor. One place they might turn is to an invention promotion company. These companies hold themselves out as competent to commercialize and license inventions for the benefit of the inventor in exchange for a fee, and/or some or all of the patent rights to the invention.

Unfortunately, the collective reputation of such companies is so poor that Congress decided to include in the American Inventors Protection Act a section protecting inventors from deceptive practices of invention promotion companies. This section of the Act requires invention promoters to disclose in writing the number of positive and negative evaluations of inventions they have given over a five-year period and their customers’ success in receiving net financial profit and license agreements as a direct result of their invention promotion services.

Customers injured by failure to disclose the required information or by any material false or fraudulent representation by an invention promoter can bring a civil action to recover statutory damages of up to $5,000, or actual damages. Damages of up to three times the amount of actual damages are available for intentional or willful violations.

The Commissioner of Patents is required to make publicly available all complaints received by the USPTO involving invention promoters, along with any responses by the invention promoters to the complaints.

First Inventor Defense Act

This section of the Act provides a defense against charges of patent infringement of a business method patent for a party who had, in good faith, reduced the method to practice and commercially exploited the invention at least one year before the effective filing date of the patent. A successful defense does not result in the subject patent being held invalid.

Patent Term Guarantee Act

This section of the Act extends the term of patents where the applications were pending for more than three years. Extensions are available for delays in issuance of a patent due to interference proceedings, secrecy orders and appellate review. This section ensures that if a patent application is pending in the USPTO for over three years, the term of the issued patent will be extended one day for each day the application is delayed in the USPTO beyond the three-year limit. This guarantees a minimum patent term of 17 years from issuance of the patent, though the actual term is defined as 20 years from the date of filing. This section applies only to applications filed on or after May 29, 2000.

Domestic Publication of Foreign Filed Patent Applications Act

Prior to enactment of the Act, all U.S. patent applications were held secret in the USPTO until issuance. However, this section of the Act now requires the publication of U.S. patent applications 18 months from the priority date (e.g., the filing date) of the application, unless the applicant makes a request, upon filing the application, certifying that the invention will not be filed abroad or filed under the terms of a multilateral international agreement (e.g., the Patent Cooperation Treaty, or PCT). This section of the Act is meant to bring the U.S. patent system more in line with other foreign patent systems. With the new publication rule, U.S. inventors will be able to see the U.S. filed inventions of their foreign counterparts (if there is a corresponding foreign patent application filed or to be filed) prior to

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issuance, just as foreign inventors are able to see U.S. inventions filed abroad prior to issuance. This allows for the state of the art to be gleaned earlier, and should assist companies and individuals in making quicker and more informed decisions about how to proceed with research and development.

If applicants for a U.S. patent do not want their application published, they need to state when filing the application that no foreign application or PCT application will be subsequently filed on the invention. If the applicant later decides to file a PCT or foreign application, he or she must let the USPTO know within 45 days of the PCT or foreign filing. Provisional rights are available to patentees to obtain reasonable royalties if others make, use, sell, or import the invention during the period between publication and issuance of the patent. Provisional applications will not be published. In addition, timely abandonment of the application will preclude publication of the application. Also, if the foreign-filed application is less extensive than the application filed in the USPTO, the applicant may submit and request publication of a redacted version.

The USPTO will recover the costs associated with the 18-month publication of patent applications by charging a publication fee (non-optional, of course) after a Notice of Allowance of the patent. This section of the Act also provides for a study of the prior art effect of the published patent applications. The provisions of this title are to take effect November 29, 2000, and apply to patent applications filed on or after that date.

Optional Inter Partes Re-examination Procedure Act
Prior to the Act, a third party (i.e., a person or entity other than the patent owner) could request that a patent be re-examined by the USPTO. However, the re-examination procedure allowed for minimal involvement of the third party. This section of the Act establishes a re-examination alternative that expands the scope of participation of third-party requesters by permitting those parties to submit a written response each time the patent owner files a response to the USPTO. Third-party requesters who choose to use the optional procedure, however, will not be able to appeal adverse decisions beyond the Board of Patent Appeals and Interferences. In addition, they will not be able to challenge, in any subsequent civil action, factual determinations. This section applies to any patent issuing from a patent application filed on or after November 29, 1999.

Patent and Trademark Office Efficiency Act
This section of the Act establishes a “new” USPTO as an agency within the Department of Commerce, subject to the policy direction of the Secretary of Commerce. The USPTO is now headed by an undersecretary of commerce for intellectual property and director of the USPTO, appointed by the President with the advice and consent of the Senate. The Act makes the USPTO a performance-based organization (PBO), only the second federal agency to be so ordained (the other is the Education Department Office of Student Financial Assistance). The plan is to have two separate offices: the Patent Office and the Trademark Office. The new structure and PBO status should provide more flexibility for the USPTO to act like a business, with more autonomy over its budget, hiring, procurement and the like.

Conclusion
The above-described changes to the patent laws are significant and should have a positive impact on the U.S. inventor community. With the ever-increasing number of patent applications being filed, and the new publication requirement for patent applications, the USPTO has its work cut out for it. Time will tell whether the provisions of the Act will serve their intended purpose.

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... And Most Important...

Are the advisor’s students happy? Are they satisfied with their research and graduate student experience? [S, OF, OS]