

The AIA at 10: The Good and Debatably Bad, According To Counsel

Patrick Wingrove
September 7, 2021

Next week, the Leahy-Smith America Invents Act turns 10 years old – an important milestone in the history of US intellectual property law that marks a decade of simpler patent prosecution and, depending on who you talk to, rampant validity challenges.

The AIA, which was signed into law by President Barack Obama on September 16 2011, is probably best known for shifting the US patent system from first-to-invent to first-to-file and establishing the Patent Trial and Appeal Board (PTAB) – a mixed bag of good and bad, according to sources.

Counsel from Novartis, IBM, Siemens, Facebook and **McKool Smith** agree that over the past decade, US practitioners and inventors have largely benefitted from the first-to-file change and other alterations, including the establishment of the USPTO's patent pro-bono programme.

But several note that they've also suffered as a result of the PTAB's implementation, which was meant to ensure that patent challengers had a cost-efficient means to invalidate bad patents, but in practice provided a mechanism for them to unfairly take multiple bites at the same apple.

"When the AIA came through, a lot of the changes were, and have been, good," says Dan Staudt, chief IP counsel at Siemens in Orlando. "But some of the other changes, such as the PTAB, were intended to be good but didn't work out so well."

The good

Counsel say the first-to-file shift was a good thing because at worst it has changed very little in terms of prosecution strategy, at least for large companies, and at best has given patent owners more certainty.

Corey Salsberg, global head of IP affairs at Novartis in Washington DC, points out that prior to the AIA, patent applicants would often get hampered by interference proceedings.

These proceedings, also known as priority contests, would be used to determine the first inventor of inventions claimed in patent applications, and could seriously derail prosecution.

"You'd have to scour through lab notebooks to find the evidence of inventorship from your end that happened before the discovery or research of the other inventor," says Salsberg.

"From a predictability standpoint, you now know that you won't be undermined or beaten to the punch by an inventor who filed later but claims to have invented the thing first."

First-to-file also provided more certainty by aligning the US with other major patent jurisdictions, including the UK, France and Germany, which have all long had first-to-file systems.

Staudt at Siemens says the move harmonised procedure, removing the need for counsel to consider certain prosecution factors for the US and others for Europe and elsewhere – although a lot of large businesses were already geared up to work with first-to-file because of their global needs, he adds.

But more importantly, says Staudt, the AIA's introduction of first-to-file set the stage for global patent law harmonisation.

Staudt, who has worked to synchronise global patent law for several years, including in his role as president of AIPLA, explains that the AIA gave the US a seat in international IP talks.

"I'm very involved with the trilateral co-operation between the EPO, JPO and USPTO, and us going to first-to-file was a big leap forward in those discussions," he says. "If that hadn't happened, we wouldn't even have been at the table for the past decade."

The AIA also introduced several philanthropic measures that have benefitted solo inventors and small business over the past 10 years, acting as a boon for the US economy.

Under the USPTO's pro-bono programme, for example, inventors and small businesses that met certain financial thresholds and other criteria could be eligible for free legal assistance in preparing and filing patent applications.

The AIA also introduced 75% filing discounts at the USPTO for applicants deemed to be micro entities.

"As you know, I'm a huge supporter of patent pro bono and I believe that these provisions went a long way in democratising the US patent system and helping inventors benefit from it over the past decade," says Salsberg at Novartis.

The PTAB

From tech companies' perspectives, the AIA also brought in a world of good by establishing the PTAB and giving them a way to quickly and cheaply disarm nuisance patent assertion entities.

Shayne O'Reilly, head of licensing and open source (and former IP litigation counsel) at Facebook in Atlanta, says the PTAB has been very helpful in allowing companies to reduce litigation costs and providing certainty to both patent challengers and owners.

"The PTAB has largely done what it was intended to do by providing invalidity determinations from experienced administrative patent judges, and by giving plaintiffs more certainty on whether they should proceed with district court litigation or not."

He adds that even with changes to procedure, such as the introduction of the NHK-Fintiv rule, which expanded the scope of discretionary denials, the PTAB provides more certainty than tech companies enjoyed before its existence.

Other sources say the PTAB works better now than it used to thanks to changes including the NHK-Finitiv rule and the expanding of estoppel scope after SAS v Iancu to all arguments that reasonably could have been brought during an inter partes review (IPR).

But several add that the PTAB was badly implemented at the start and perhaps for several years after. Nick Matich, principal at McKool Smith in Washington DC, points out that when the PTAB came into being, it instituted most challenges, allowed different challengers to file multiple IPRs against the same patents, and enabled arguments to be raised there and then at the district courts.

Manny Schechter, chief patent counsel at IBM in New York, says the PTAB may still need some fine tuning. "The issue of the redundant number of challenges that occur is something that deserves attention."

The AIA hasn't been a perfect solution to all the US's patent woes over the past decade, it seems, but it's done a lot of good. There's also a very strong chance that more wrinkles at the PTAB could be ironed out over the next 10 years – and perhaps at that point, patent owners and challengers will be unanimous on the PTAB along with the rest of the AIA.