

# Issues and Strategies for the AIA First-to-File Patent Statutes and Rules

WSPLA CLE

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Presenters:

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Aaron Chatterjee  
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## Agenda

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AIA Status

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Novelty and Prior Art

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Grace Period

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"Secret" Public Use and On Sale

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Common Ownership Exception

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Prior Use Defense

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Derivation Proceedings

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Proposed Rules and Regulations

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Summary and Q&A

# AIA Status



Sept. 16, 2011

- Limit false marking
- Joinder reforms
- Eliminate best mode
- Prior user defense

Sept. 16, 2012

- *Inter partes* review
- Post-grant review
- Third party submissions
- Supplemental examination

March 16, 2013

- First-to-File rules (New Sect. 102 and 103)
- No more interference
- Derivation proceedings

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## Current 35 USC 102 (a) - (g)

A person shall be entitled to a patent unless—	
(a) the invention was known or used by others <u>in this country</u> , or patented or described in a printed publication in this or a foreign country, <u>before the invention</u> thereof by the applicant for patent, or	→
(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale <u>in this country</u> , more than one year prior to the date of the application for patent in the United States, or	
(c) <del>he has abandoned the invention, or</del>	Eliminate
(d) the invention was first patented or caused to be patented, or was the subject of an inventor's certificate, by the applicant or his legal representatives or assigns in a foreign country prior to the date of the application for patent in this country on an application for patent or inventor's certificate filed more than twelve months before the filing of the application in the United States, or	→
(e) (1) and (2) {Published application or patent <u>before the invention</u> }, or	
(f) <del>he did not himself invent the subject matter sought to be patented, or</del>	Eliminate
(g) (1) and (2) {Prior invention by another}	→

## New 35 USC 102(a)

(a) NOVELTY; PRIOR ART.— A person shall be entitled to a patent unless—
(1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or <u>otherwise available to the public before the effective filing date</u> of the claimed invention; or
(2) the claimed invention was described in a patent issued under section 151, or in an application for patent published or deemed published under section 122(b), in which the patent or application, as the case may be, names another inventor and <u>was effectively filed before the effective filing date</u> of the claimed invention.

Derivation Proceedings  
(New 35 USC 135)

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## Changes to Novelty and Prior Art

### Effective filing date matters most

- Effective filing date is the date that matters under the AIA
  - = Actual filing date or the filing date of the earliest provisional, nonprovisional, international (PCT), or foreign patent application
- Invention date is not relevant (but as evidence for grace period and derivation?)

### No more swearing behind a reference

- Applicants can no longer use a declaration based on invention date to disqualify a reference

### Foreign public use and on sale activities

- Public use and on sale activities in a foreign country can now be prior art

### Prior art foreign priority date

- Foreign priority filing date of a US patent application can now be the effective date of the reference

### Applicability of the AIA First-to-File Rules

- Applications with an effective filing date on or after March 16, 2013

### New 35 USC 102(a)

(a) NOVELTY; PRIOR ART.— A person shall be entitled to a patent unless—

(1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention; or

(2) the claimed invention was described in a patent issued under section 151, or in an application for patent published or deemed published under section 122(b), in which the patent or application, as the case may be, names another inventor and was effectively filed before the effective filing date of the claimed invention.

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## Grace period exceptions - Outline

- Disclosure Definition
- Threshold Question
- Grace period
  - Inventor disclosures
  - Non-inventor disclosures
  - Intervening public disclosures
- USPTO requirements for intervening disclosure
- Hypotheticals

## Definition of Disclosure

### New 35 USC 102(b) – EXCEPTIONS

(1) **DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION.**—A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if—

(A) the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

(B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

The term ‘disclosure’ is not statutorily defined by the AIA.

The USPTO is treating the term “disclosure” as “a generic expression intended to encompass the documents and activities enumerated in 35 U.S.C. 102(a)”. 77 FR 43763

*i.e., being patented, described in a printed publication, in public use, on sale, or otherwise available to the public, or being described in a U.S. patent, U.S. patent application publication, or WIPO published application*

## Threshold question – “1 year or less”

### New 35 USC 102(b) – EXCEPTIONS

(1) **DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION.**—A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if—

(A) the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

(B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

The grace period is still “1 year or less before the effective filing date of the claimed invention”.

The effective filing date is still determined on a per-claim basis. See 35 U.S.C. 100(i)(1).

As before the AIA, a reference may be prior art to one claim, but not another (e.g., CIP).

## Grace period – Inventor's own disclosure

### New 35 USC 102(b) – EXCEPTIONS

(1) DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION.—A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if—

(A) the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

(B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

Was the disclosure made by an inventor?

If so, file an affidavit to claim the exception.

See proposed 37 CFR 1.130(a)(1) at 77 FR 43758.

## Grace period – Non-inventor disclosures

### New 35 USC 102(b) – EXCEPTIONS

(1) DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION.—A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if—

(A) the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

(B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

Did the party disclosing obtain the subject matter from an inventor?

The affidavit or declaration must show inventor is actual inventor of the subject matter disclosed, **and** indicate the communication of the subject matter to the 3<sup>rd</sup> party. See 77 FR 43766-67. See also proposed 37 CFR 1.130(a)(2).

The USPTO also proposes that the communication must have been “*sufficient to enable one of ordinary skill in the art to make the subject matter of the claimed invention*”. (!!) 77 FR 43767.

## Grace period – Intervening public disclosures

### New 35 USC 102(b) – EXCEPTIONS

(1) DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION.—A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if—

(A) the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

(B) the subject matter disclosed had, **before such disclosure**, been **publicly** disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

If there was a **public** disclosure that qualifies for an exception under 35 USC 102(b)(1)(A), then a **later** disclosure of that subject matter, regardless of who makes such disclosure, **shall not** be prior art to the claimed invention.

Leaks – Note that non-public disclosures are insufficient to enable this exception. Thus, a leak from 3<sup>rd</sup> party under NDA must be excluded under 35 USC 102(b)(1)(A), including showing Communications.

## USPTO requirements for intervening disclosure

### New 35 USC 102(b) – EXCEPTIONS

(1) DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION.—A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if—

(A) the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

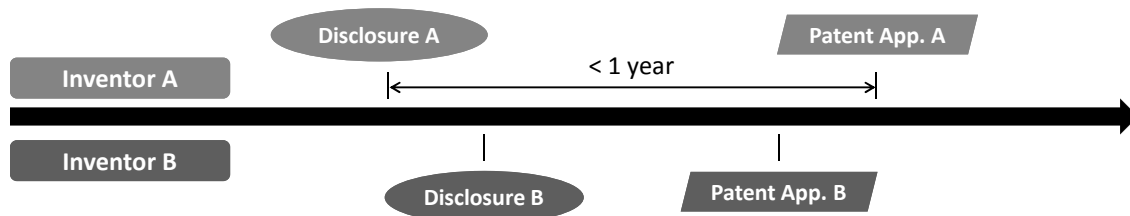
(B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

The USPTO will require the later disclosure to be **100% equivalent** for the exception in 102(b)(1)(B) to apply.

“Even if the only differences between the subject matter in the prior art disclosure ... and the subject matter publicly disclosed by the inventor ... are mere insubstantial changes, or only trivial or obvious variations, the exception ... does not apply.”  
**77 FR 43767**

A hypothetical will show the risks clearly....

## Hypothetical #1 – Race to the Patent Office



(( Presume independence between inventors A and B ))

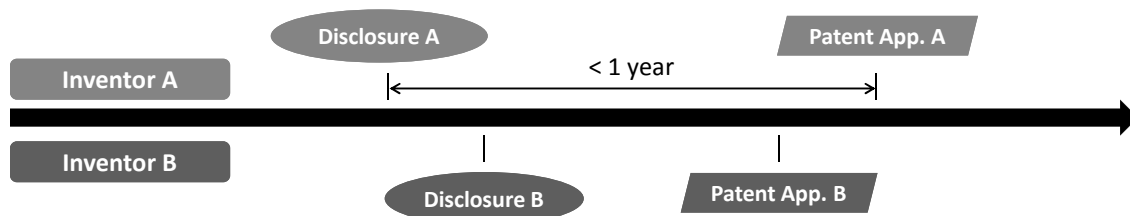
Disclosure A – Public disclosure of a novel circle with radius = 1.0

Disclosure B – **Identical** public disclosure of the novel circle with radius = 1.0

Patent Application A – Claims novel circle with radius = 1.0

Patent Application B – Claims novel circle with radius = 1.0

## Hypotheticals #2 – Inventor B



(( Presume independence between inventors A and B ))

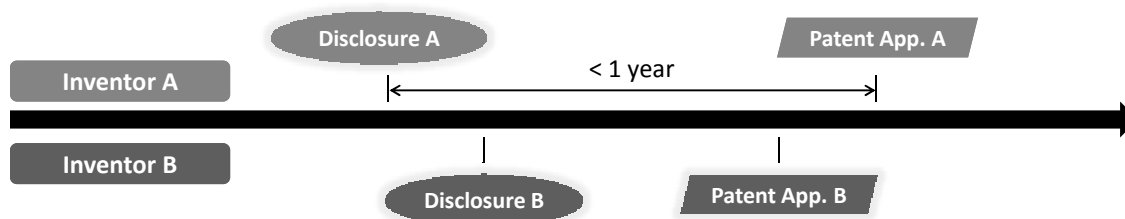
Disclosure A – Public disclosure of a novel circle with radius = 1.0

Disclosure B – Public disclosure of the novel circle, **radius between 0.75 and 1.25**

Patent Application A – Claims novel circle with radius = 1.0

Patent Application B – Claims novel circle with **radius between 0.75 and 1.25**

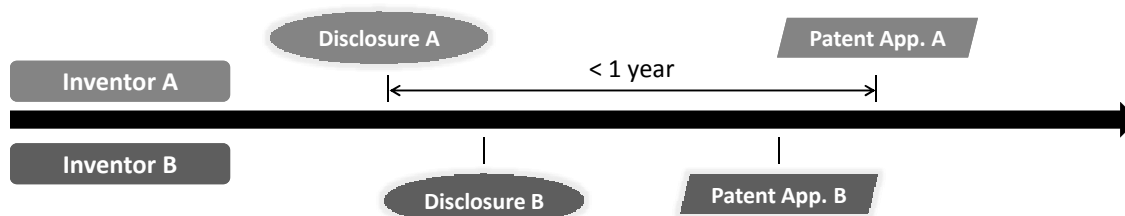
## Hypothetical #2 – Inventor B



Can Inventor B exclude disclosures A and B as prior art?

- Yes, disclosure B qualifies for the exception under 102(b)(1)(A) because the prior disclosure was made by the inventor less than one year before filing
- No, disclosure A does not qualify under 102(b)(1)(A) because it was independently disclosed, and does not qualify under 102(b)(1)(B) because there was no prior disclosure by Inventor B qualifying under 102(b)(1)(A)

## Hypothetical #2 – Inventor B

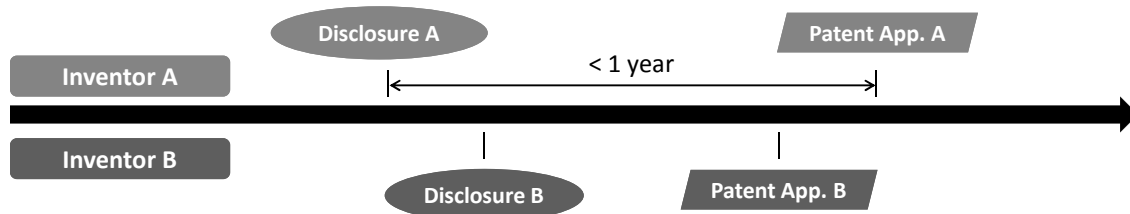


Can Inventor B get any claims?

- “It depends”... on whether any part of the radius ranges 0.75-1.25 are non-obvious in view of Disclosure A’s 1.0 radius.
- Analysis expected to be very similar to pre-AIA analysis



## Hypothetical #3 – Inventor A



(( Presume independence between inventors A and B ))

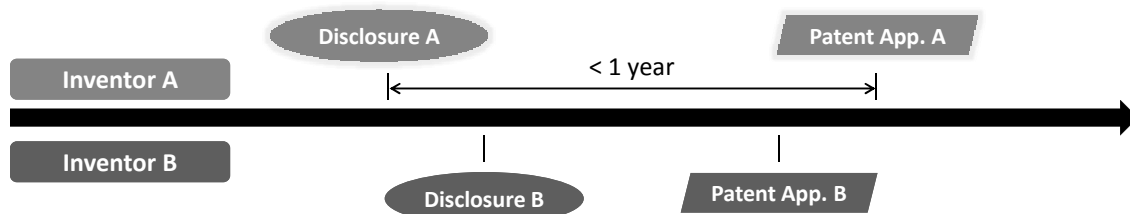
Disclosure A – Public disclosure of a novel circle with radius = 1.0

Disclosure B – Public disclosure of the novel circle, radius between 0.75 and 1.25

Patent Application A – Claims novel circle with radius = 1.0

Patent Application B – Claims novel circle with radius between 0.75 and 1.25

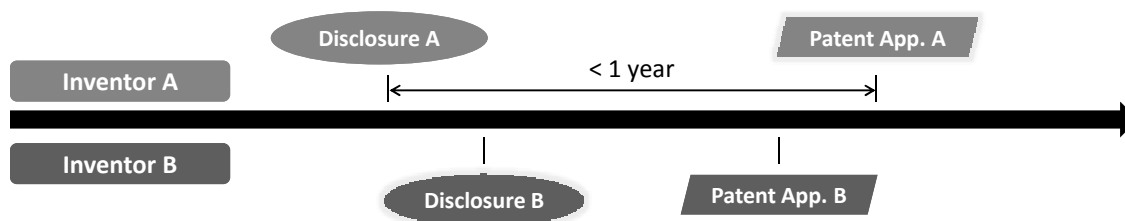
## Hypothetical #3 – Inventor A



Can Inventor A exclude disclosure A as prior art?

- Yes, disclosure A qualifies for the exception under 102(b)(1)(A) because the prior disclosure was made by the inventor less than one year before filing

## Hypothetical #3 – Inventor A



Can Inventor A exclude disclosure B as prior art?

- Disclosure A was a prior public disclosure qualifying for an exception under 102(b)(1)(A)
- Under current proposed rules, USPTO would not allow the exception because the two disclosures are not identical
- USPTO position results in Inventor A being denied a patent

## Hypothetical #4 – PTO position peril



Disclosure A – Public disclosure of a complex, innovative, novel invention

Disclosure B – Public disclosure exactly as in disclosure A, PLUS describes that the **color may be red** (an obvious, non-functional aspect)

Patent Application A – Claims invention as exactly as described in disclosure A

## Question of statutory interpretation?

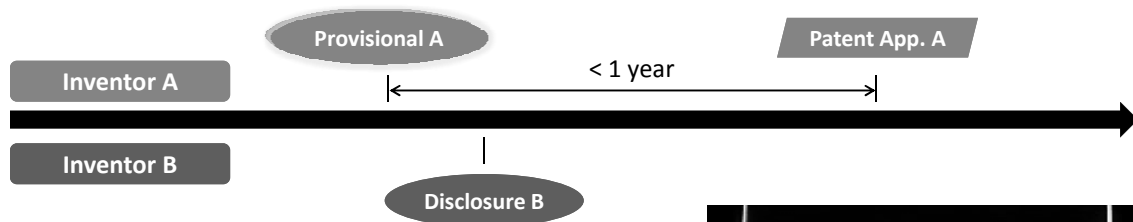
<i>This is NOT the statute official text...</i>
(1) DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION.—A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if—
(A) the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or
(B) the subject matter <u>of the claimed invention</u> disclosed had ... been publicly disclosed by the inventor[s ... ] or another who obtained the subject matter <u>of the claimed invention</u> disclosed directly or indirectly from the inventor or a joint inventor.

Congress may not have intended that result. Some legislative history supports this view:

“Under new section 102(b)(1)(B), once the U.S. inventor discloses his invention, no subsequent prior art can defeat the invention. The U.S. inventor does not need to prove that the third party disclosures following his own disclosures are derived from him.” Senator Kyl (R-AZ)

This is ***not*** the current USPTO interpretation, which is what we must deal with from day one.

## Winning at a strange game?



**Avoid reliance on the grace period** where possible  
**File provisionals** to minimize grace period reliance

- Priority obtained for scope of the provisional
- Inventor A would not, however, be able to claim radius 0.75, 1.25, etc.



## “Secret” Public Use and On-Sale Activity

### New 35 USC 102 (a)

A person shall be entitled to a patent unless—

(1) the claimed invention was patented, described in a printed publication, **OR** in public use, on sale, **OR otherwise available to the public** before the effective filing date of the claimed invention; or

(2) the claimed invention was described in a patent issued under section 151, or in an application for patent published or deemed published under section 122(b), in which the patent or application, as the case may be, names another inventor and was effectively filed before the effective filing date of the claimed invention.

- “Otherwise available to the public”
  - “Catch All” for new types of public disclosures
  - A qualifier which narrows the definition of “public use” and/or “on sale”
  - Both of the above

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## Pre-AIA Law on Public Use

### • “Secret” Public Use

- ***Metallizing Engineering v. Kenyon Bearing***, 153 F.2d 516 (2<sup>nd</sup> Cir. 1946)
  - Equitable bar prevents patentee from getting patent
  - Not prior art to 3<sup>rd</sup> parties
- ***Egbert v. Lippmann***, 104 U.S. 333 (1881)
  - Public use found where inventor allowed another to use inventive corset insert, though hidden from view during use, because he did not impose an obligation of secrecy or restrictions on its use
- ***In re Smith***, 714 F.2d 1127 (Fed. Cir. 1983)
  - “Public use” occurs when the inventor allows another person to use the invention without limitation, restriction or obligation of secrecy to the inventor
- ***In re Blaisdell***, 242 F.2d 779 (CCPA 1957);
  - there is a “public use” even though an invention is completely hidden from view as part of a larger machine or article, if the invention is otherwise used in its natural and intended way and the larger machine or article is accessible to the public



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## Pre-AIA Law on On-Sale Activity

### • Secret On-Sale Activity

- Full statutory bar applying to all not just to parties
- *Pfaff v. Wells*, 525 U.S. 55 (1998)
  - “On-Sale” does not need an actual reduction to practice
    - Ready for patenting
    - Commercial offer for sale
- *Hobbs v. United States*, 451 F.2d 849 (5th Cir. 1971)
  - “Public” as used in 35 U.S.C. 102(b) modifies “use” only.
  - “Public” does not modify “sale,” therefore no requirement for on-sale to be in public
- *TPLabs v. Professional Positioners*, 724 F.2d 965 (Fed. Cir. 1984)
  - Experimental use exception



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## Under AIA – Public Use and On-Sale



### • Senate Colloquy on §102(a)

- Mr. Leahy
  - 102(a) was drafted in part to do away with the precedent under current law that private offers for sale or private uses or secret processes practiced in the US that result in a product or service that is made public may be deemed patent defeating prior art. That will no longer be the case. In effect, the new paragraph 102(a)(1) imposes an overarching requirement for availability to the public, that is a public disclosure, which will limit paragraph 102 (a)(1) prior art to subject matter meeting the public accessibility standard that is well-settled in current law, especially case law of the Federal Circuit.
- Mr. Hatch
  - On 102(b)(1)(B): It is my understanding that this provision ensures that an inventor who made a public disclosure...is fully protected during the grace period. The inventor is protected not only from the inventor's own disclosure...but also against disclosures made by others...so long as the prior art disclosures from others came after the public disclosure by the inventor.

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## Under AIA – Public Use and On-Sale

- Senate Colloquy not binding but could be persuasive
- Prior versions of bill expressly required public availability of commercial use and on-sale activities
- Public Policy arguments for status quo
  - Pro:
    - Prior interpretation better balances patent rights with public disclosure
  - Con:
    - Better harmonizes with international patent law
    - Better protects inventors with more limited grace period under AIA
- This is a question to be resolved by the courts!



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## AIA – PTO Proposed Examination Guidelines

### In Public Use:

- The pre-AIA case law indicates that a public use will bar patentability if the public use occurs before the critical date and the invention is ready for patenting. Under the pre-AIA case law, the inquiry was whether the use was: (1) accessible to the public; and (2) commercially exploited.
- **The phrase “in public use” in AIA 35 U.S.C.102(a)(1) is treated as having the same meaning as “in public use” in pre-AIA 35 U.S.C.102(b).**
- No geographical limitation under AIA. (Pre-AIA public use “in this country”)



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## AIA – PTO Proposed Examination Guidelines

**SALE**

### On-Sale:

- The pre-AIA case law ... indicates that a sale will bar patentability of the invention if the sale of the claimed invention was: (1) the subject of a commercial offer for sale, not primarily for experimental purposes; and (2) ready for patenting
- No geographical limitation under AIA. (Pre-AIA on-sale “in this country”)
- The language of AIA 35 U.S.C. 102(a)(1) does not expressly state whether a sale must be “sufficiently” public to preclude the grant of a patent.... **The Office is seeking the benefit of public comment on ... the “on sale” provision and is not setting out an initial position in this guidance to avoid having an influence on the comments.**

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## AIA - Practical Implications

- **File early and often**
  - Use provisionals, if needed
- **Make sure to use NDA's where feasible**
  - May preserve rights in US and internationally
- **Evaluate “secret” uses critically**
  - Don't assume that rights lost either in the US or internationally
    - Cloud Computing releases with locked functionality
    - Cloud Computing scenarios where exposed functionality does not disclose invention
    - Evaluate options in each country of interest



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## Common Ownership Exception

### New 35 USC 102(b)(2)(C)

(2) DISCLOSURES APPEARING IN APPLICATIONS AND PATENTS.— A disclosure shall not be prior art to a claimed invention under subsection (a)(2) if—

..... (C) the subject matter disclosed and the claimed invention, not later than the effective filing date of the claimed invention, were owned by the same person or subject to an obligation of assignment to the same person.

### Applicable to Novelty

- Current common ownership exception (35 USC 103 [c]) is only applicable to obviousness
- Exception under the AIA applies to novelty as well

### Dependent on effective filing date

- Current exception is keyed to the invention date
- New exception is keyed to the effective filing date

### Joint Research Agreements

- Claimed inventions made under JRA still qualify for the common ownership exception (see new 102[c])
- Agreement was effective before the effective filing date of the claimed invention

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## Obviousness

### Current 35 USC 103

Conditions for patentability; non-obvious subject matter

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

~~(b) {non-obviousness of biotechnological inventions}~~

(c) {common ownership exception}

*Eliminate*

### New 35 USC 103

Conditions for patentability; non-obvious subject matter

A patent for a claimed invention may not be obtained, notwithstanding that the claimed invention is not identically disclosed as set forth in section 102, if the differences between the claimed invention and the prior art are such that the claimed invention as a whole would have been obvious before the effective filing date of the claimed invention to a person having ordinary skill in the art to which the claimed invention pertains. Patentability shall not be negated by the manner in which the invention was made.

Common Ownership Exception in 35 USC 102(b)(2)(C) and (c)

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## Prior Commercial Use Defense – 35 USC 273

### Applicability

- Process, and machine, manufacture, or composition of matter used in a manufacturing or commercial process
- Commercially used in the US
- Regulatory review and usage by certain non-profit entities count as commercial use

### Timing

- At least 1 year prior to the effective filing date or 102(b)(1) disclosure date

### Limitations and Exceptions

- Transferable as part of a business sale but limited to the existing sites
- Derivation destroys this defense
- University exception
- Not a general license of all claims – only extend to subject matter of the use

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## Prior Commercial Use Defense – 35 USC 273

### Independent of invalidity

- Establishment of a prior use defense does not automatically mean that the patent is invalid

### Standard of Proof

- By clear and convincing evidence

### Unreasonable assertion may lead to attorney fees award

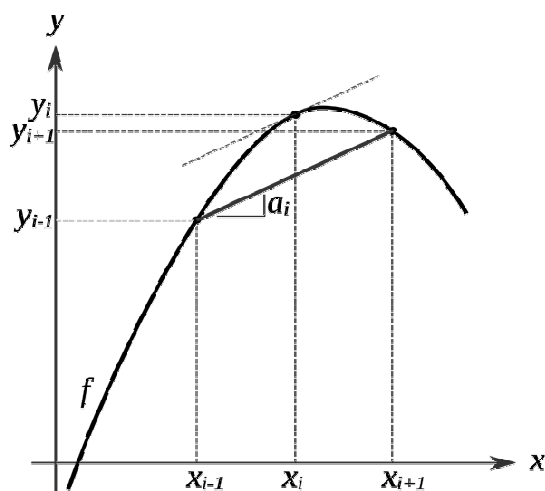
- 35 USC 273 (f) - If the defense under this section is pleaded by a person who is found to infringe the patent and who subsequently fails to demonstrate a reasonable basis for asserting the defense, the court shall find the case exceptional for the purpose of awarding attorney fees under section 285.

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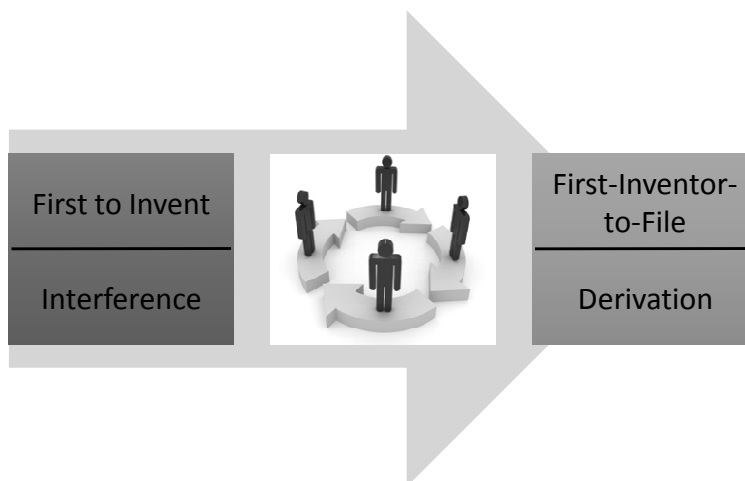
## America Invents Act: Derivation



## Derivation!



## America Invents Act: Derivation Proceedings



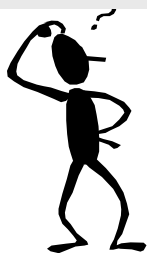
## Preliminaries

### Interferences Questions

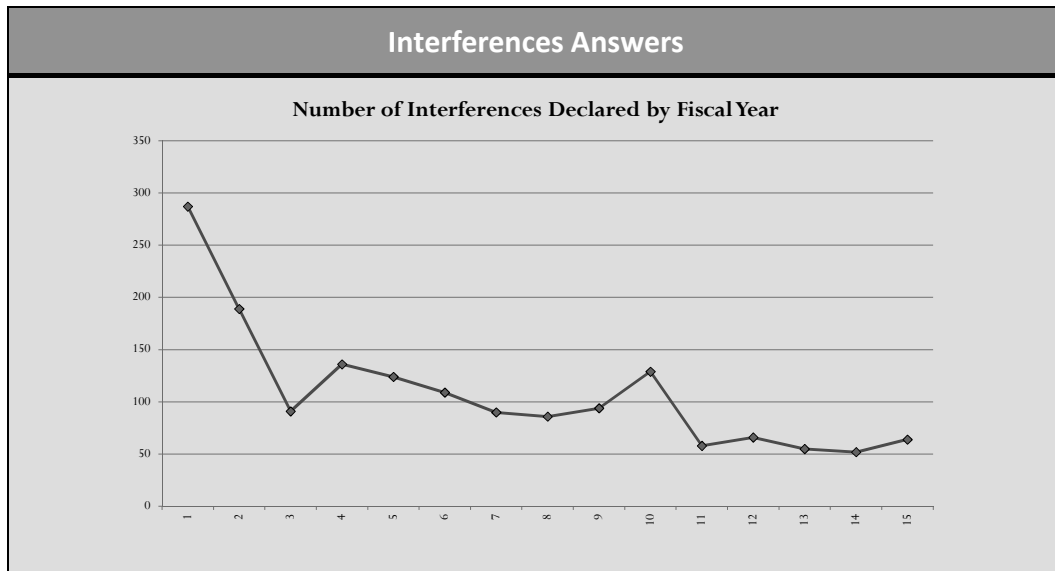
Who here has been involved in an interference proceeding?

How many interferences do you think are typically declared per year?

How much do you think the average interference costs – all inclusive?



## Preliminaries



## Preliminaries

**Interferences Answers**

The 2011 **AIPLA** Report Of Economic Survey mean estimates:  
 \$322,000 through the completion of the preliminary motions phase; and  
 \$631,000 through the entire interference.

**PTO** estimates a mean cost of \$732,000 through the entire interference.

Some commenters have suggested that you should be budgeting \$250,000 to \$1,000,000.

## Preliminaries

### Derivation Questions

Who here thinks they will be handling a derivation proceeding?

How many derivation proceedings do you think the PTO will handle per year?

How much do you think the average derivation proceeding will cost– all inclusive?



## Preliminaries

### Derivation Answers

**The PTO estimates that 50 derivation petitions** will be filed in fiscal years 2013, 2014, and 2015.  
After that, the numbers are expected to decrease.


The PTO estimates that the average cost of:  
preparing a petition for derivation will be **\$61,333**; and  
preparing a motion, opposition, or reply will be **\$34,000**.

The PTO estimates that average derivation proceeding will have **23.4** motions, oppositions, and replies after institution.

## America Invents Act: “Inventive Conflict”

Interference (priority contest)	102 Derivation	Derivation
Who (independently) invented first and deserves the patent. (FIRST INVENTOR)	That a reference isn't prior art.	That one of the supposed inventors derived the invention from the other. (TRUE INVENTOR)
USPTO (application-patent) <b>35 USC § 135</b> or District Court (patent-patent) <b>35 U.S.C. § 291</b>	USPTO	USPTO (application-patent) <b>35 USC § 135</b> or District Court (patent-patent) <b>35 U.S.C. § 291</b>

## America Invents Act: “Inventive Conflict”

AIA Applicability		
Interference (priority contest)	102 Derivation	Derivation
To each claim of an application, and any patent issued thereon, if such application or patent contains or contained at any time:  (A) a claim to an invention having an effective filing date that occurs <b><u>before March 16, 2013</u></b> ; or (B) a priority claim to any patent or application that contains or contained at any time such a claim.	Any application, and any patent issuing thereon, that contains or contained at any time:  (A) a claim to a claimed invention that has an effective filing date <b><u>on or after March 16, 2013</u></b> ; or (B) a priority claim to any patent or application that contains or contained at any time such a claim.	 SAME
<b>Effective filing date</b> = the earliest priority date for a claimed invention or the actual filing date if there is no priority claim to an earlier application.		

## America Invents Act: “Inventive Conflict”

How does it Start? (USPTO)		
Interference (priority contest)	102 Derivation	Derivation
<p>The <b>applicant</b> or an <b>examiner</b> can suggest an interference.</p> <p>Once suggested, the examiner must consult with an Interference Practice Specialist (IPS).</p> <p>The IPS may then refer the interference to the PTAB.</p>	<p>Applicant files a <b>§1.130</b> affidavit or declaration</p> <p><u>or</u></p> <p>Applicant can include a <b>statement in the specification</b> regarding prior disclosure by the inventor or joint inventor.</p> <p><b>But</b> only if the information in the spec is sufficient to comply with what is required in a § 1.130 affidavit or declaration.</p>	<p><u>Only</u> via petition by an applicant for a patent.</p> <p>The Examiner cannot start a derivation proceeding.</p> <p><b>However</b> – The Proposed Rules state that in some situations the examiner may <b>require an applicant to file a petition</b> for derivation proceeding!</p>

## America Invents Act: Derivation Proceedings

Petition Requirements
<p>The petition must be filed <b>within 1 year of the date of the first publication</b> of a claim to an invention that is the same or substantially the same as the earlier application’s claim to the invention.</p> <ul style="list-style-type: none"> <li>• “The first publication” means either a patent or an application publication under 35 U.S.C. 122(b), including a publication of an international application designating the U.S.</li> </ul>
<p>The petition must show that at least one claim is:</p> <ul style="list-style-type: none"> <li>The same or substantially the same as the respondent’s claimed invention; and</li> <li>The same or substantially the same as the invention disclosed to the respondent.</li> </ul> <ul style="list-style-type: none"> <li>• “Same or substantially the same” means patentably indistinct.</li> </ul>
<p>The petition must set forth basis for finding that an inventor named in an earlier application or patent derived the claimed invention.</p>

## America Invents Act: Derivation Proceedings

Petition Requirements
The petition must certify that the earlier application was filed without authorization.
The Petition must provide substantial evidence, including one affidavit, in support of the petition to show how the invention was communicated to the respondent.
The Petition must show that the respondent's claimed invention is not patentably distinct from the invention disclosed (directly or indirectly) to the respondent.
The petition must provide a claim construction for the disputed claims.

## America Invents Act: Derivation Proceedings

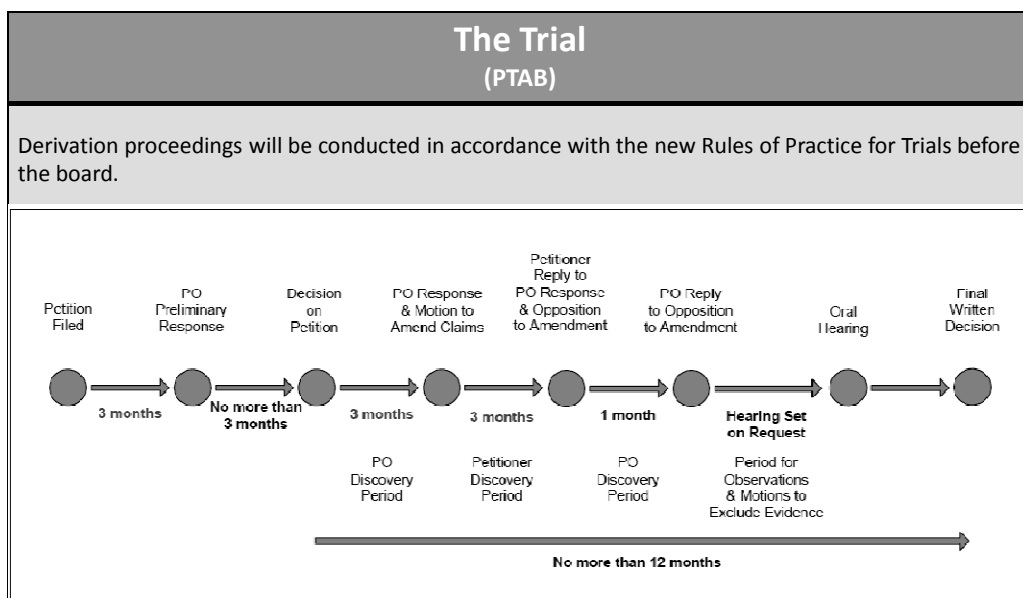
Instituting Derivation Proceeding (USPTO)
The petition is reviewed by the Board of Patent Trials and Appeals (PTAB).
If the petition is noncompliant or incomplete, the board may issue a notice of incomplete petition, giving the setting a time period of the earlier of one month or the expiration of the statutory deadline to file a compliant petition.
An ALJ from the PTAB will decide whether to institute a derivation proceeding.
By statute and rule, the ALJ's decision is non-appealable.



## America Invents Act: Derivation Proceedings

Issue (USPTO)
<b>Question:</b> How will you know that related US or international application has been published so that you can file a petition within 1 year of publication of the derived patent?
<b>Solution:</b> Set up a publication monitoring process.
<b>Better Solution:</b> Track the publications of all those individuals and companies to which you have disclosed your invention.
<b>Best Solution:</b> File before you disclose anything!

## America Invents Act: Derivation Proceedings



## America Invents Act: Derivation Proceedings

### How it Ends

35 USC § 135  
(USPTO)

The **Board will issue a written decision** that states whether an inventor named in an earlier application derived the claimed invention from an inventor named in the petitioner's application without authorization.

The Board expects to provide a final decision **not more than one year from the institution of the proceeding**.

A dissatisfied party may file a request for rehearing with the Board, appeal to the District Court, or appeal to the Federal Circuit.

#### Alternatively –

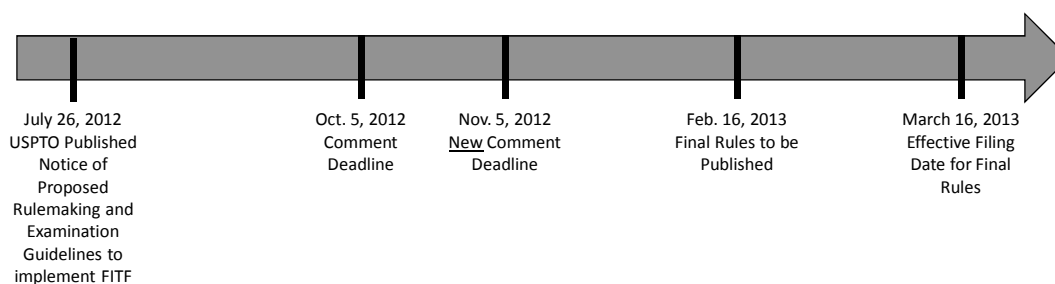
A settlement in derivation will be accepted by the Board unless it is inconsistent with the evidence of record. AIA encourages settlement in a trial by allowing the parties to settle.

The parties may arbitrate issues in the proceeding, but nothing precludes the Office from determining the patentability of the claimed inventions involved in the proceeding.

## America Invents Act: Rules & Guidelines



## First-Inventor-to-File PTO Rules & Guidelines Status



## First-Inventor-to-File Rules Comments

Intellectual Property Organizations	Government Agencies	Academic and Research Institutions	Law Firms	Companies	Individuals
AIPPI Japan ABA Section of IP Law AIPLA Coalition for Patent Fairness IPO Japan Intellectual Property Association Japan Patent Attorneys Association LES US & Canada Minnesota Intellectual Property Law Association Union of European Practitioners in Intellectual Property Washington State Patent Law Association	The Office of Advocacy, U.S. Small Business Administration	Higher Ed. Associations MIT NDSU Research Foundation Purdue Research Foundation The Research Foundation for SUNY SUNY Upstate Medical University UAB Research Foundation University of California University of Maryland Vanderbilt University WSU Office of IP Admin. Administration Wisconsin Alumni Research Foundation	Greenblum & Bernstein, P.L.C. Holland & Hart LLP Oliff & Berridge, PLC Sterne, Kessler, Goldstein & Fox P.L.L.C.	Article One Partners, LLC Biotechnology Industry Organization BusinessEurope CONNECT Danziger 'Dan' Flower Farm Freescale Semiconductor, Inc. IBM Corporation IEEE-USA Koninklijke Philips Electronics N.V. National Small Business Association Research In Motion, Ltd. ("RIM")	Anonymous Bright, Greg Brown, Anne George, Scott Helfgott, Samson Hoffberg, Steven M. Jackson, Kathy Labrador, Gaudencio Logan, Robert Mason, James C. Miedema, Garrett Paau, Alan Pope, Lawrence Pope, Lawrence - Supplemental Preston, Kenneth Schleicher, Rod Sundby, Suzannah Vermillion, Justin Matthew Villamar, Carlos Watson, D. Yamada-Hanff, Adam

## First-Inventor-to-File Guidelines Comments

Intellectual Property Organizations	Government Agencies	Academic and Research Institutions	Law Firms	Companies	Individuals
AIPPI Japan ABA Section of IP Law AIPLA Coalition for Patent Fairness IPO Japan Intellectual Property Association Japan Patent Attorneys Association LES US & Canada Minnesota Intellectual Property Law Association Union of European Practitioners in Intellectual Property Washington State Patent Law Association	<a href="#">Japan Patent Office</a> The Office of Advocacy, U.S. Small Business Administration	<a href="#">BYU</a> Higher Ed. Associations <a href="#">Indiana University</a> MIT NDSU Research Foundation Purdue Research Foundation The Research Foundation for SUNY <a href="#">S. Illinois University School of Medicine</a> SUNY Upstate Medical University <a href="#">Tulane University</a> UAB Research Foundation University of California University of Illinois University of Maryland <a href="#">University of Massachusetts</a> <a href="#">University of Michigan</a> <a href="#">University of Oklahoma</a> Vanderbilt University WSU Office of IP Admin. Administration Wisconsin Alumni Research Foundation	<a href="#">Greenblum &amp; Bernstein, P.L.C.</a> <a href="#">Holland &amp; Hart LLP</a> <a href="#">Oliff &amp; Berridge, P.C.</a> Sterne, Kessler, Goldstein & Fox P.L.L.C.	Article One Partners, LLC Biotechnology Industry Organization BusinessEurope CONNECT Danziger 'Dan' Flower Farm <a href="#">Eli Lilly and Company</a> <a href="#">Eli Lilly and Company - Supplemental</a> Freescale Semiconductor, Inc. IBM Corporation IEEE-USA Koninklijke Philips Electronics N.V. National Small Business Association <a href="#">Novartis Corporation</a> <a href="#">Pharmaceutical Research and Manufacturers of America</a> Research In Motion, Ltd. ("RIM")	Bird, John Connolly, Sean <b>Helfgott, Samson</b> Lemley, Mark <b>Mason, James C.</b> Macfarlane, Scott Merges, Robert Morgan, Paul Neifeld, Rick Neifeld, Rick - Supplemental Nowotarski, Mark <b>Paau, Alan</b> Pedersen, Joel Pegram, John <b>Pope, Lawrence</b> <b>Pope, Lawrence - Supplemental</b> <b>Preston, Kenneth</b> Quinn, Jr., Eugene R. Sundby, Suzannah

## Umbrella Administrative Trial Rules and Trial Practice Guide Comments

Intellectual Property Organizations	Government Agencies	Academic and Research Institutions	Law Firms	Companies	Individuals
ABA ABA Section of IP Law Section of Intellectual Property Law American Intellectual Property Law Association 4 American Intellectual Property Law Association 5 Association of Corporate Counsel CONNECT 2 CONNECT 1 Innovation Alliance 2 Japan Intellectual Property Association 1 Japan Intellectual Property Association 2 Japan Patent Attorneys Association 2 Minnesota Intellectual Property Law Association 2 Minnesota Intellectual Property Law Association 2 Public Patent Foundation 2 Public Patent Foundation 3 Public Patent Foundation 1		IEEE	Foley and Lardner LLP Hunton and Williams Oblon, Spivak, McClelland, Maier and Neustadt 1 Oliff and Berridge 3 Oliff and Berridge 1 Schwegman, Lundberg and Woessner 3 Schwegman, Lundberg and Woessner 1 Sterne, Kessler, Goldstein and Fox 2 Sterne, Kessler, Goldstein and Fox 1	Asklepios Pharmaceuticals and Neos Therapeutics Business Software Alliance 1 Cummins Allison Corp Financial Services Roundtable et al Genentech 2 IBM 5 IBM 6 Independent Community Bankers of America Intel Corporation Intellectual Ventures LLC 4 Microsoft 1 Microsoft 3 Novartis Corporation 2 Novo Nordisk Pharmaceutical Research and Manufacturers of America Regulatory Checkbook Research In Motion 1 Research In Motion 2 Verizon, Google, Cisco, Intuit, and Symantec	Burchfiel, Kenneth DiCarlo, Paul Fitzpatrick, Michael J. Hayden, Craig W. Jonathan R. Sick and Herbert D. Hart III Lelkes, Robert 1 Linck, Nancy J. 1 Lindeen, Gordon 2 Lindeen, Gordon 3 Lindeen, Gordon 1 Matthew Smith and Andrew Baluch Miller, Charles E. Millet, Marcus J. 1 Millet, Marcus J. 2 Neifeld, Rick Nixon, Dale Phipps, Daima Sandip Patel, Michael Goldman and Michael Fitzpatrick Stoner, Bruce Sundby, Suzannah 1 Vepachedu, Rao Walsh, Edmund J.

## First-Inventor-to-File Comments on the Rules and Guidelines

Common/Frequent Problems Found With the Rules and Guidelines	
IP Organizations	Universities
The Guidelines statement that even if the only differences between the inventor's disclosure and a third party disclosure "are mere insubstantial changes, or only trivial or obvious variations," the exception under §102(b)(1)(B) does not apply.	← SAME
Proposed rule requiring the applicant to make statements to help the examiner determine whether FITF or FTI applies to applications filed on or after March 16, 2013.	Guidelines statement that if an "the application names fewer inventors than a publication it would not be readily apparent from the publication that it is by the inventor or a joint inventor and the publication would be treated as prior art under 35 U.S.C. 102(a)(1)."
PTO's request for comments on the meaning of "otherwise available to the public."	← SAME
The accelerated requirements for certified priority documents under 1.55(d)(3).	
The statement in the Guidelines that says the Office may require an applicant to file a petition for derivation proceeding.	
The mandatory requirement to submit certified English translations of provisional applications filed in languages other than English after this March 15th.	

## Comments on Proposed Guidelines on Disclosure Applicability under 35 U.S.C. 102(b)(1)(B)

### Comments on Proposed Rules and Guidelines

“Even if the only differences between the subject matter in the prior art disclosure that is relied upon under 35 U.S.C. 102(a) and the subject matter publicly disclosed by the inventor before such prior art disclosure are mere **insubstantial changes**, or only **trivial** or **obvious** variations, the exception under 35 U.S.C. 102(b)(1)(B) does not apply.”

#### The Association of American Universities (AAU) -

“We view this language to be a **gratuitous** and **unwarranted extrapolation** beyond an objective translation of statute into regulation. In our view this language constitutes substantive rule-making and exceeds the authority of USPTO. The AIA does not use the term “same” subject matter and is ambiguous on the point. The language in the Examination Guidelines quoted above **seems almost to invite someone who finds the disclosed invention problematic to copy the disclosure, introduce a “mere insubstantial change” or “trivial or obvious variant” and publish the resultant product**, perhaps just on a website, to establish patent-defeating prior art under 102(a), eviscerating the clear intention of the grace period to encourage early publication. (emphasis added.)

This **extra-textual extrapolation** of the statutory language also diametrically contradicts the legislative history expressing the intent of Congress. . . .

We request that USPTO eliminate this language and suggest that the Office instead consider using language such as **“subject matter commensurate with the claimed invention”** or other less prejudicial language with regard to the 102(b) exceptions in the Examination Guidelines.”

### Comments on Proposed Rules and Guidelines

“Even if the only differences between the subject matter in the prior art disclosure that is relied upon under 35 U.S.C. 102(a) and the subject matter publicly disclosed by the inventor before such prior art disclosure are mere **insubstantial changes**, or only **trivial** or **obvious** variations, the exception under 35 U.S.C. 102(b)(1)(B) does not apply.”

#### The Research Foundation for SUNY -

“The intervening publication, **by regurgitating the inventor’s own work with obvious or trivial variations**, cannot divest the inventor of his original right, and that right includes a scope of protection that includes equivalents and perhaps obvious variants.”

...

**“Thus, all aspects of the derived material in a third party publication must be excluded as elements of the prior art, unless they rise to the level of “independent invention”, and to that extent the “independent invention” should not act as a bar against patentability of the earlier different invention.** Indeed, even if a derivative publication or patent filing includes subject matter which is inventive over the earlier publication, the entirety of the first inventor’s disclosure and the obvious variants of that disclosure must also be excluded from the scope of the prior art against that first inventor, leaving only the distinct inventive contribution of the later third party inventor who derived his invention from the first inventor, to the extent that the new invention is separable, as available prior art.”

### Comments on Proposed Rules and Guidelines

“Even if the only differences between the subject matter in the prior art disclosure that is relied upon under 35 U.S.C. 102(a) and the subject matter publicly disclosed by the inventor before such prior art disclosure are mere **insubstantial changes**, or only **trivial** or **obvious** variations, the exception under 35 U.S.C. 102(b)(1)(B) does not apply.”

#### The IPO -

“[The guidelines impose] **a verbatim requirement, and [are] directly contrary to congressional intent.** Such an interpretation could have far-reaching and unintended consequences. It would appear to allow third parties to usurp a public disclosure by making a minor or trivial change, publishing it immediately, and then precluding the original publisher from obtaining a patent on the disclosed subject matter. **This would decimate the grace period contemplated by the AIA.**”

### Comments on Statements Required By Proposed Rules on Section 1.78(a)(1)

### Comments on Proposed Rules and Guidelines

If a nonprovisional application filed on or after March 16, 2013, claims the benefit of or priority to any application that was filed prior to March 16, 2013, and also contains or contained at any time a claimed invention having an effective filing date on or after March 16, 2013, the applicant must provide a statement to that effect.

If a nonprovisional application filed on or after March 16, 2013, does not contain a claim to a claimed invention having an effective filing date on or after March 16, 2013, but discloses subject matter not in the priority application, the applicant must provide a statement to that effect.

The ABA Section of IP Law-

"[T]he ABA IPL respectfully submits that **adding this burden is unnecessary on applicants** when for the majority of the cases nothing turns on the statement. The statement will be helpful to the Office only in a small minority of cases. "

...

Further, if the priority document is a non-provisional, **the statement would be redundant of the need to classify the application as "continuation-in-part", continuation, and the like.**

...

The requirement for statements applying broadly to all patent filings **shifts at least part of the initial burden onto applicants**, which is improper, save for what might be a vanishingly small number of patent filings. "

### Comments on Proposed Rules and Guidelines

If a nonprovisional application filed on or after March 16, 2013, claims the benefit of or priority to any application that was filed prior to March 16, 2013, and also contains or contained at any time a claimed invention having an effective filing date on or after March 16, 2013, the applicant must provide a statement to that effect.

If a nonprovisional application filed on or after March 16, 2013, does not contain a claim to a claimed invention having an effective filing date on or after March 16, 2013, but discloses subject matter not in the priority application, the applicant must provide a statement to that effect.

The AIPLA -

"AIPLA opposes this requirement. Requiring an applicant to make a statement whether "new matter" or a "new claim" has been added to an application at such an early stage in prosecution is **an unprecedented burden on the applicant**, with potentially severe negative consequences for both the applicant and the applicant's representative.

...

In particular, such a requirement is an **unfair shifting of a burden** that properly belongs on the Office.

...

Shifting that burden to the applicant and the applicant's representative could conflict with a practitioner's ethical obligation to zealously advocate for her client, by requiring an admission with potential substantive consequences at an unripe time. **It also could expose the practitioner herself to an unjustifiable increase in potential for liability."**



## Comments on secret on sale and “otherwise available to the public”

65

### Comments on Proposed Rules and Guidelines

#### PTO’s request for comments on the meaning of “otherwise available to the public.”

A person shall be entitled to a patent unless— (1) the claimed invention was patented, described in a printed publication, **OR** in public use, on sale, **OR otherwise available to the public** before the effective filing date of the claimed invention

The ABA Section of IP Law-

**ABA IPL respectfully submits that the passage “otherwise available to the public” reflects the touchstone of what constitutes prior art under the AIA under section 102(a)(1). This section requires availability to the public or public accessibility is an overarching requirement.** Such accessibility is critical to provide a simpler, more predictable and fully transparent patent system. As such, for a “public use,” for a determination that an invention is “on sale,” as well as to assess whether an offer for sale has been made, the statutory requirements under the AIA require a public disclosure. Thus, **non-public offers for sale (and non-public uses) would not qualify as prior art under the AIA.**

### Comments on Proposed Rules and Guidelines

#### PTO's request for comments on the meaning of "otherwise available to the public."

A person shall be entitled to a patent unless— (1) the claimed invention was patented, described in a printed publication, **OR** in public use, on sale, **OR otherwise available to the public** before the effective filing date of the claimed invention

The AIPLA -

The **AIPLA** "believes that an offer for sale needs to be public to qualify as "on sale" prior art under §102(a)(1)."

...

The "AIPLA believes that maintaining the current interpretation that a sale need not be available to the public would present practical difficulties that may not be able to be overcome. As already mentioned, the ability to find such activities during prior art searches is doubtful. **This would pose significant burdens on patent holders in the context of challenges to the patent during post-grant proceedings.**"

### Comments on Proposed Rules and Guidelines

#### PTO's request for comments on the meaning of "otherwise available to the public."

A person shall be entitled to a patent unless— (1) the claimed invention was patented, described in a printed publication, **OR** in public use, on sale, **OR otherwise available to the public** before the effective filing date of the claimed invention

The IPO-

"First, statutory construction of the remainder of the statute, which states "or otherwise available to the public," qualifies the earlier portions of the statute. Second, the purpose of the AIA is to simplify the patent process and to reduce the burdens on litigation. If secret sales were considered invalidating acts, patent litigation would continue to be burdened with extensive discovery into whether or not a patentee secretly sought to sell or offer to sell his invention. This would frustrate one of the purposes of the AIA. Thus, **IPO urges the PTO to adopt rules and guidelines consistent with the legislative history by defining prior art that is "on sale" as being that which is *publicly* on sale.**

### Comments on Proposed Rules and Guidelines

#### PTO's request for comments on the meaning of "otherwise available to the public."

A person shall be entitled to a patent unless— (1) the claimed invention was patented, described in a printed publication, **OR** in public use, on sale, **OR otherwise available to the public** before the effective filing date of the claimed invention

The AAU -

**"We believe that non-public offers for sale should not be considered prior art precisely because they are not public. In addition, the stipulation under current law that an offer to license is not considered an offer to sell should be continued.** Such license offers typically occur under confidentiality agreements and are not publicly available within the generally understood meaning of the term. **We urge USPTO, however, to consider the effect of new mechanisms such as crowdfunding and other web-based platforms on this matter.** While the Examination Guidelines suggest these might be considered as "otherwise available prior art," such a categorization may well depend on the particular platform in question, and we urge some flexibility in this regard."

Comments on grace period applicability for  
patent application that names fewer inventors  
than those named in a publication

### Comments on Proposed Rules and Guidelines

The proposed Guidelines state:

“[I]n circumstances where an application names additional persons as inventors relative to the persons named as authors in the publication (e.g., the application names as inventors A, B, and C, and the publication names as authors A and B), and the publication is one year or less before the effective filing date, it is apparent that the disclosure is a grace period inventor disclosure, and the publication would not be treated as prior art under 35 U.S.C. 102(a)(1).

If, however, the application names fewer inventors than a publication (e.g., the application names as inventors A and B, and the publication names as authors A, B and C), it would not be readily apparent from the publication that it is by the inventor or a joint inventor and the publication would be treated as prior art under 35 U.S.C. 102(a)(1).

#### The AAU -

“Our associations’ second major concern is the proposed treatment of authorship of grace period disclosures, which we believe militates against academic publishing. . . . Rules for authorship of scholarly publications are different from rules for determining inventorship under patent law. The proposed Guidelines correctly note that the situation in which an application names fewer inventors than a prior publication names authors creates ambiguity about the identity of the inventors. But the Guidelines appear to adopt a default position that a publication having more authors than the subsequent patent application has inventors is categorically rejected as a grace period inventor disclosure, leading to a rejection. An overrule of such a rejection would require an “unequivocal” statement from inventors and an absence of any (emphasis added) evidence to the contrary.”

### USPTO’s Examination Guidelines Caveats

- These proposed guidelines do not constitute substantive rulemaking and **do not have the force and effect of law.**
- The proposed guidelines set out the Office’s interpretation of 35 U.S.C. 102 and 103 as amended by the AIA, and advise the public and the Patent Examining Corps on how the changes to 35 U.S.C. 102 and 103 in the AIA impact the provisions of the Manual of Patent Examining Procedure (MPEP) pertaining to 35 U.S.C. 102 and 103.
- The guidelines have been developed as a matter of internal Office management and **are not intended to create any right or benefit, substantive or procedural, enforceable by any party against the Office.**
- Rejections will continue to be based upon the substantive law, and it is these rejections that are appealable.
- **Failure of Office personnel to follow the guidelines is not, in itself, a proper basis for either an appeal or a petition.**

## America Invents Act: First-Inventor-To-File Summary

### Prior Art Expansion under the AIA

- Prior art includes public use and sales outside the US
- Patents and published applications are available as prior art as of the earliest filing date
- No more swearing behind a reference

### Limited Grace Period

- AIA only allows a limited, personal grace period for the inventor(s)

### There will be uncertainty

- Definition of “disclosure”
- Scope of grace period, particularly in intervening 3<sup>rd</sup> party disclosure scenario
- Meaning of “otherwise available to the public”
- Types and Level of evidence to prove derivation

## America Invents Act: First-Inventor-To-File Practice Tip

### Try to file before March 15, 2013

- This is particularly true for nonprovisional applications off of provisionals and CIP applications

### File Early, Often and Complete

- Capture inventions in-house as soon as possible
- Timely review invention disclosures and decide whether to file a patent application
- Employ an efficient process for drafting applications (including all communications and review)
- Quickly approve and file applications

### Configure docket system for the AIA

- Prepare your docket system to track new dates, for example:
  1. Submission of certified copy of foreign priority application
  2. Statements regarding priority document
  3. Disclosure events

## America Invents Act: First-Inventor-To-File Practice Tip

### Client partnership

- Inform clients of the new rules
- Work closely with them to mitigate risks

### Track the flow of information

- Before sharing information about inventions, advise your clients that confidentiality agreement should be put in place between the parties
- Have provisions in the agreement to keep track of how the information is distributed

### Be informed

- Monitor new regulations, guidelines and public information
- Be prepared as the new First-To-File rules phased into your practice in the next few years

Q & A