

REPORT

REVISIONS TO 35 U.S.C. §102(e) AND U.S. REEXAMINATION LAW

November 4, 2002

Largely to correct errors and ambiguities in the American Inventors Protection Act (see our November 29, 1999 Special Report), Congress has passed legislation, which President Bush signed on Saturday, November 2, clarifying 35 U.S.C. §102(e) and revising both *ex parte* and *inter partes* reexamination practice. The changes and their effects are summarized below.

I. Clarification of 35 U.S.C. §102(e)

A. The Statutory Changes

35 U.S.C. §102(e) has again been revised, and now reads as follows:

A person shall be entitled to a patent unless:

...

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for the purposes of this subsection of an application filed in the United States only if the international application designated

the United States and was published under Article 21(2) of such treaty in the English language; or ...

In addition, the effective date provisions of this section of the statute have also been changed.

The changes to §102(e) establish that its terms apply equally to U.S. Patent Application Publications and U.S. Patents.

Under revised §102(e), both the publication of, and a patent issued on, a direct U.S. national patent application will be prior art to others as of its U.S. filing date.

For a patent or publication issuing on the U.S. national stage of a PCT application designating the United States and filed on or after November 29, 2000, neither the application publication nor the patent will have an effective prior art date under §102(e), unless the PCT application was published in the English language. If the PCT application was published in the English language, then the prior art date of the resulting publication or patent under §102(e) would be the international filing date.

For a patent issuing on the U.S. national stage of a PCT application having an international filing date before November 29, 2000, the effective §102(e) prior art date is the date that the national stage entry requirements of 35 U.S.C.

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§371(c) were met (i.e., a copy and any necessary translation of the application and the oath or declaration were filed and the filing fee was paid), regardless of the language of the PCT publication.

The effective date under §102(e) of a continuing application would be the earlier of the actual U.S. filing date of the continuing application or the effective §102(e) date of the parent application(s) from which it claims benefit under 35 U.S.C. §120 and that contains the relevant disclosure being relied upon as prior art.

A chart reflecting various possible scenarios involving PCT applications appears in Appendix A. In this chart, it is assumed that the various parent applications include the same disclosure as the final patent or publication being relied upon as prior art. Care should, of course, be taken in analyzing the §102(e) prior art status of a patent issuing on a continuation-in-part application, because there may be an issue of lack of continuity of disclosure that could negate effectiveness of a parent filing date under §102(e).

The effective date clarification also establishes that revised section 102(e) applies to all pending patent applications and unexpired patents. However, the prior art effective dates of references are limited as discussed above. In addition, the revised effective date clause eliminates the requirement that a PCT application actually enter the U.S. national stage in order to qualify as §102(e) prior art, or to trigger the one-year claim-copying period under 35 U.S.C. §135(b).

B. Use of Bypass Continuing and Provisional Applications

As noted above, §102(e) still discriminates against applicants who file PCT applications that designate the United States but that are filed and published in a non-English

language. The publication of the U.S. national stage application or issuance of a U.S. patent on the national stage application does not establish a prior art effective date under §102(e) as of the international filing date of a PCT application published in a non-English language. For such applications and patents where the international filing date is on or after November 29, 2000, no §102(e) date is established at all, and for earlier-filed international applications the U.S. national stage entry date is the §102(e) date. However, the publication of the PCT application itself does constitute prior art under 35 U.S.C. §102(a) and (b) as of the PCT publication date, regardless of the language of the PCT publication.

Consideration may be given to filing a U.S. continuation/divisional application (a "bypass continuation application") rather than entering the U.S. national stage for a PCT application designating the United States but published in a non-English language. However, this will establish a §102(e) date only as of the filing date of the bypass continuation application. Because that filing date is usually later than the publication date of the PCT application, there is generally little or no benefit in this approach in terms of creating a prior art effective date. Thus other considerations should also be taken into account.

Unity v. Restriction Practice

Unlike a bypass continuation application, a PCT U.S. national stage application is entitled to PCT "unity of invention" practice rather than U.S. "restriction" practice during prosecution. "Unity" practice is generally less likely to result in a need for divisional applications than is "restriction" practice. Thus, use of a national stage application may be more desirable for applicants than use of a bypass continuation application in this regard.

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Filing Fees

The filing fee for a PCT national stage application is approximately \$150 higher than the filing fee for a bypass continuation application. However, if the international application does not enter the U.S. national stage, a certified copy of the underlying priority document(s) must be filed in the U.S. bypass continuation application, thus largely offsetting the difference in filing fees. Accordingly, we generally recommend taking the U.S. national stage filing approach to preserve the "unity" benefits where all other factors are equal.

Provisional Royalties

Provisional royalties are not available in a national stage application with an international filing date before November 29, 2000, while they are available for a bypass continuation application filed on or after November 29, 2000, based on an international application filed before November 29, 2000. This can be an advantage of the bypass continuation application route for cases with an international filing date before November 29, 2000.

On the other hand, for an international application filed on or after November 29, 2000, provisional royalties may begin to accrue as early as the international publication date (subject to other prerequisites also being met) for a patent issuing on the national stage application. However, the earliest date on which provisional royalties begin to accrue in a bypass continuation application is the publication date of that bypass continuation application, which would generally be significantly later than the international publication date. This can be a disadvantage of the bypass continuation application route for cases with an international filing date on or after November 29, 2000.

Patent Term Guarantee

The patent term guarantee provisions of the AIPA are not available in a national stage application with an international filing date before

May 29, 2000, while they are available for a bypass continuation application filed on or after May 29, 2000, but based on an international application filed before May 29, 2000. This can be an advantage of the bypass continuation application route for cases with an international filing date before May 29, 2000.

Text Revisions

When entering the U.S. national stage, a literal English translation of the international application must be filed. In contrast, when filing a bypass continuation application, a literal translation is not necessary, and the specification and claims may be revised. Thus, if it is desirable to significantly revise the application and/or claims, it may be advantageous to file a bypass continuation application rather than enter the U.S. national stage. This is required to file a CIP application adding new matter. However, in order to obtain the benefit of the filing date of the PCT application, the claims of the bypass continuation application must find §112 support in the PCT application.

In summary, several factors should be considered when determining whether to enter the U.S. national stage or to file a bypass continuation application. All of these factors should be considered when selecting which route to follow. Summaries of these factors relative to different filing dates appear in Appendices B-E.

The Provisional Application Alternative

If establishment of the earliest possible §102(e) date is critical, an alternative approach is to file directly in the United States rather than using the PCT approach for the United States, especially if publication of the PCT application in English is not possible. A very effective way to accomplish this is to file a U.S. provisional application at about the same time as or shortly after the filing of the foreign priority application. A U.S. non-provisional application may then be filed within one year after the foreign priority

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application, claiming priority benefits to both the foreign application and the U.S. provisional application. The U.S. provisional application need not be filed in English (although a translation of it would eventually need to be filed in the non-provisional application).

This approach provides an early §102(e) date (the provisional application filing date) without the need for preparing translations before the time for filing a PCT application, and at the relatively low cost of filing a provisional application. In addition, it provides the added benefit of providing a U.S. filing date for purposes of the grace year of 35 U.S.C. §102(b) even earlier than the usual PCT filing date.

II. Reexamination Law Changes

Both *ex parte* and *inter partes* reexamination proceedings have been amended to expand the prior art on which reexamination can be based. In particular, reexamination can now be based on prior art patents and publications, whether or not those patents and publications have previously been cited to or considered by the Examiner during examination of the application for the patent being reexamined. Before the present law change, reexamination could not be based on such references, even though the Examiner might previously have overlooked the fact that they anticipate or render obvious claims of the patent being reexamined. Now, such oversights can be drawn to the

Examiner's attention and create a basis for reexamination.

The law change also adds more balance to the *inter partes* reexamination procedure by (1) permitting the requester to participate in patentee appeals, and (2) permitting the requester to appeal to the Court of Appeals for the Federal Circuit from Patent Office decisions favorable to the patentee. While this improves the position of the requester in *inter partes* reexamination, however, the estoppels on the requester and the procedural benefits to the patentee in such proceedings would still lead us to recommend against use of *inter partes* reexamination under most circumstances.

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This Special Report is intended to provide information about legal issues of current interest. It is not intended as legal advice and does not constitute an opinion of Oloff & Berridge, PLC. Readers should seek the advice of professional counsel before acting upon any of the information contained herein.

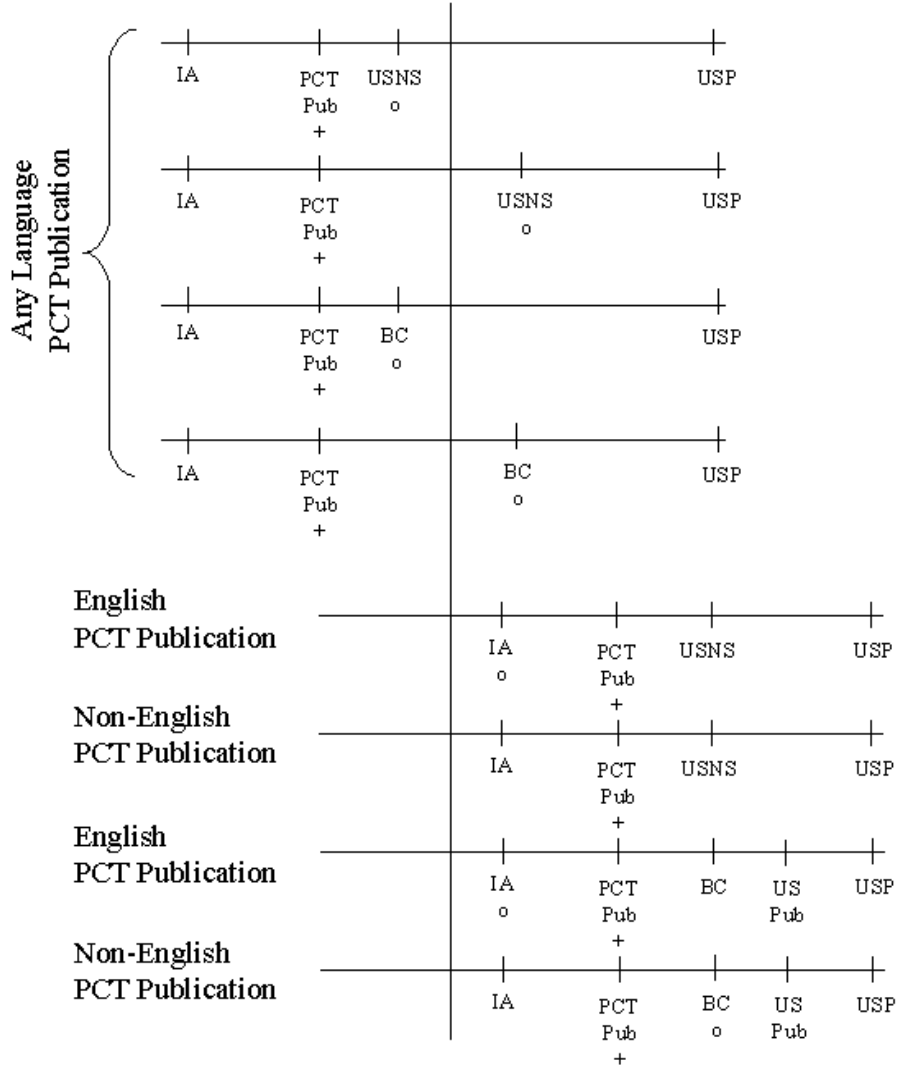
For further information, please contact us by telephone at (703) 836-6400, facsimile at (703) 836-2787, e-mail at email@oliff.com or mail at 277 South Washington Street, Suite 500, Alexandria, Virginia 22314. Information about our firm can also be found on our web site, www.oliff.com.

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Appendix A

§102(e) Scenarios Involving PCT Applications

November 29, 2000



- + = Earliest §102(a), §102(b) prior art date
- o = Earliest §102(e) prior art date
- IA = International Application Filing Date
- USNS = U.S. National Stage Date of Satisfaction of §371(c) Requirements
- BC = Bypass Continuation Application Filing Date
- PCT Pub = Date of Publication of the PCT International Application
- US Pub = Date of Publication of the U.S. Application
- USP = Issue Date of the U.S. Patent

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Appendix B

International Application designating the United States filed in any language before May 29, 2000; National Stage/Bypass Continuation Application filed on or after November 29, 2000.

A. National Stage.

1. No §122(b) publication, no provisional royalties.
2. International publication is §102(a) and (b) prior art as of its publication date, but is not §102(e) prior art.
3. §102(e) date of resulting patent is date of compliance with §371(c).
4. Not subject to patent term guarantee.
5. Subject to PCT Unity practice rather than U.S. Restriction practice.
6. Requires direct translation of international application not filed in English.

B. Bypass Continuation Application.

1. §122(b) publication; provisional royalties available no earlier than U.S. publication date.
2. International publication is §102(a) and (b) prior art as of its publication date, but is not §102(e) prior art.
3. §102(e) dates of §122(b) publication and resulting patent are date of filing bypass continuation application.
4. Subject to patent term guarantee.
5. Subject to U.S. Restriction practice rather than PCT Unity practice.
6. Does not require direct translation of international application not filed in English.

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Appendix C

International Application designating the United States filed in any language on or after May 29, 2000, but before November 29, 2000; National Stage/Bypass Continuation Application filed on or after November 29, 2000.

A. National Stage.

1. No §122(b) publication, no provisional royalties.
2. International publication is §102(a) and (b) prior art as of its publication date, but is not §102(e) prior art.
3. §102(e) date of resulting patent is date of compliance with §371(c).
4. Subject to patent term guarantee.
5. Subject to PCT Unity practice rather than U.S. Restriction practice.
6. Requires direct translation of international application not filed in English.

B. Bypass Continuation Application.

1. §122(b) publication; provisional royalties available no earlier than U.S. publication date.
2. International publication is §102(a) and (b) prior art as of its publication date, but is not §102(e) prior art.
3. §102(e) dates of §122(b) publication and resulting patent are date of filing bypass continuation application.
4. Subject to patent term guarantee.
5. Subject to U.S. Restriction practice rather than PCT Unity practice.
6. Does not require direct translation of international application not filed in English.

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Appendix D

International Application designating the United States filed on or after November 29, 2000 and published in English.

A. National Stage.

1. §122(b) publication; provisional royalties available no earlier than PCT publication date.
2. International publication is §102(a) and (b) prior art as of its publication date, and is §102(e) prior art as of the international filing date.
3. Resulting U.S. publication and patent are §102(e) prior art as of the international filing date.
4. Subject to patent term guarantee.
5. Subject to PCT Unity practice rather than U.S. Restriction practice.
6. Requires direct translation of international application not filed in English.

B. Bypass Continuation Application.

1. §122(b) publication; provisional royalties available no earlier than U.S. publication date.
2. International publication is §102(a) and (b) prior art as of its publication date, and is §102(e) prior art as of the international filing date.
3. Resulting U.S. publication and patent are §102(e) prior art as of the international filing date.
4. Subject to patent term guarantee.
5. Subject to U.S. Restriction practice rather than PCT Unity practice.
6. Does not require direct translation of international application not filed in English.

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Appendix E

International Application designating the United States filed on or after November 29, 2000 and not published in English.

A. National Stage.

1. §122(b) publication; provisional royalties available no earlier than submission of English translation of PCT publication to PTO.
2. International publication is §102(a) and (b) prior art as of its publication date, but is not §102(e) prior art.
3. Resulting U.S. publication and patent have no §102(e) date.
4. Subject to patent term guarantee.
5. Subject to PCT Unity practice rather than U.S. Restriction practice.
6. Requires direct translation of international application not filed in English

B. Bypass Continuation Application.

1. §122(b) publication; provisional royalties available no earlier than U.S. publication date.
2. International publication is §102(a) and (b) prior art as of its publication date, but is not §102(e) prior art.
3. §102(e) dates of §122(b) publication and resulting patent are date of filing bypass continuation application.
4. Subject to patent term guarantee.
5. Subject to U.S. Restriction practice rather than PCT Unity practice.
6. Does not require direct translation of international application not filed in English.