

REPORT

PLANNING FOR MARCH 16, 2013 U.S. FIRST-INVENTOR-TO-FILE CHANGES

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The America Invents Act (AIA) that was passed last year establishes that certain patent applications and the resulting patents will be subject to new first-inventor-to-file (FITF) law beginning March 16, 2013. The U.S. Patent and Trademark Office (USPTO) has proposed rules and guidelines for implementing this change in the law, but final rules and guidelines will likely not be available until a month or two before the March 16 effective date.

In addition, as we previously reported, the USPTO has proposed substantial patent application filing fee increases that will take effect near the same time.¹ The final fees and their effective date have not yet been published, but will likely become available in January 2013.

It is important for our clients to develop and implement strategies to prepare for these important changes in the law, the USPTO rules, and USPTO fees. We are providing this Special Report now, even though the proposed rules, guidelines and fees may change, to assist in that process. Our specific recommendations appear at the end of this Special Report.

I. Background

The AIA makes sweeping changes to 35 U.S.C. §§102 and 103 to shift the United States patent system from a first-to-invent system to a first-inventor-to-file system. Notable changes include:

- The ability to disqualify information and references as prior art based on "prior invention" will be eliminated, the "grace period" for self-disclosures and some limited third-party disclosures will be redefined, and the "grace period" will now extend back from the filing date of foreign-priority applications.
- U.S. patents, U.S. patent application publications, and publications of PCT international applications that designate the United States will be prior art as of the earliest date on which the relevant subject matter in them was "effectively filed," regardless of whether the earliest effective filing is in an application filed in the United States or another country, or in English or another language, with the exception of disclosures excluded under the redefined "grace period."

¹ See our September 14, 2012 Special Report, "USPTO Proposes AIA-Based Patent Fee Changes."

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- The prior art exception for commonly owned or Joint Research Agreement patents and patent application publications will be extended to apply to anticipation issues under §102, as well as to obviousness issues under §103.

These and other FITF changes are detailed in Section III.A. of our November 22, 2011 Special Report, "Updated Analysis of America Invents Act (AIA)," which is available in English and Japanese in the News & Events section of our website (www.oliff.com). That detailed discussion is not repeated here, but the present Special Report does expand on a number of aspects of the changes.

The USPTO issued proposed examination guidelines and proposed changes to its rules for consistency with, and to address examination issues raised by, the changes made by the AIA. Some of those proposed guidelines and changes, if made final, may significantly affect our clients and their patent applications, including (1) requirements that statements be submitted in certain applications that "bridge" March 16, 2013, (2) requirements for invoking the prior art exceptions under AIA §102(b), (3) requirements that the USPTO receive certified copies of foreign priority applications within newly shortened time periods, and (4) narrow interpretation of certain AIA prior art exceptions. Other issues were expressly left unresolved in the USPTO proposals pending further input from the public and consideration by the USPTO.

II. Determining And Selecting The Law That Will Apply

A. Determining Which Law Applies

As discussed in detail in our November 22, 2011 Special Report, as of March 16, 2013, there

will be three standards under which claims could be examined vis-à-vis prior art:

1. Pre-AIA §§102/103 only
2. AIA §§102/103 only
3. AIA §§102/103 and pre-AIA §102(g)

1. Applications And Patents To Which Pre-AIA Law Applies

Pre-AIA §§102/103 will apply to all claims of any U.S. patent application or patent that does not contain and did not contain at any time a claim having an effective filing date on or after March 16, 2013, and that does not have a specific reference under §§ 120, 121, or 365(c) (i.e., a claim to continuation, divisional or continuation-in-part (CIP) status) to an application that contains or at any time contained a claim having an effective filing date on or after March 16, 2013.² Non-exhaustive examples of such patent applications include a U.S. patent application that is filed:

(1) before March 16, 2013;

(2) as the U.S. national phase of a PCT international application having an international filing date before March 16, 2013, regardless of the date of entry into the U.S. national phase;

(3) on or after March 16, 2013, and directly claims priority to at least one U.S. provisional or foreign priority application filed before March 16, 2013, and never included any claim that is not supported in at least one such pre-March 16, 2013 application;

(4) as the national phase of a PCT international application having an international

² Pre-AIA §§135 and 291 relating to interference practice also apply to such patent applications and patents.

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filing date on or after March 16, 2013, that directly claims priority to a U.S. provisional or foreign priority application filed before March 16, 2013, and in which the PCT application and national phase application never included any claim that is not supported in the priority application; and

(5) as a continuation, divisional or CIP of any of the foregoing applications, and neither it nor any U.S. or PCT parent application(s) ever included any claim that is not supported in a pre-March 16, 2013 application.

The USPTO has stated that it will not consider a post-March 15, 2013 filing in a pre-AIA patent application of an amendment that includes a claim that is not supported in the application to be inclusion of such a claim in the application that will cause AIA law to apply. Instead, it will reject inclusion of such a claim in the application under 35 U.S.C. 112(a).

2. Applications And Patents To Which AIA Law Applies

AIA §§102/103 will apply to all claims of any U.S. patent application or patent that contains or contained at any time a claim having an effective filing date on or after March 16, 2013, or that has a specific reference under §§ 120, 121, or 365(c) (i.e., a claim to continuation, divisional or CIP status) to an application that contains or at any time contained a claim having an effective filing date on or after March 16, 2013. Non-exhaustive examples of such patent applications include a U.S. patent application that is filed:

(1) on or after March 16, 2013 without a priority or continuing application benefit claim;

(2) as the U.S. national phase of a PCT international application having an international

filing date on or after March 16, 2013 without a priority or continuing application benefit claim;

(3) on or after March 16, 2013, and claims priority to at least one U.S. provisional or foreign priority application filed before March 16, 2013, but includes or ever included any claim that is not supported in at least one such pre-March 16, 2013 application;

(4) as the national phase of a PCT international application having an international filing date on or after March 16, 2013 that claims priority to a U.S. provisional or foreign priority application filed before March 16, 2013, but the PCT application or national phase application includes or ever included any claim that is not supported in at least one such pre-March 16, 2013 priority application;

(5) as a CIP of a prior U.S. or PCT application, the CIP application having been filed on or after March 16, 2013 and including or ever having included at least one claim that is not supported in at least one pre-March 16, 2013 application; and

(6) as a continuation, divisional or CIP of any of the foregoing applications.

3. Applications And Patents To Which Both AIA Law And Pre-AIA §102(g) Apply

All claims of patent applications and patents that are subject to AIA §§102/103 will also be subject to pre-AIA §102(g) if the application or patent contains or contained at any time a claim having an effective filing date before March 16, 2013, or is a continuing application (under §§ 120, 121, or 365(c)) of an application that contains or contained at any time such a claim. Thus, pre-AIA §102(g) can continue to apply to applications and resulting patents filed long after

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March 16, 2013 as long as they or a parent U.S. or PCT application have (or had) at least one claim with a priority and/or continuing application benefit date before March 16, 2013.³

B. Selecting Which Law Applies

As can be seen from the above examples, pre-AIA law may apply based on the relationship between a post-March 15, 2013 U.S. patent application and a pre-March 16, 2013 parent or priority application. Thus, decisions made and actions taken before March 16, 2013 in filing U.S., foreign and PCT international applications can determine whether AIA law or pre-AIA law will apply in U.S. patent applications and resulting patents for many years to come.

As further discussed below, pre-AIA law is generally likely to be more favorable to patent applicants and patentees than AIA law. However, AIA law may sometimes be more favorable, for example to take advantage of the grace period extending back in time from a foreign priority date rather than merely from the effective U.S. filing date, or to take advantage of common ownership elimination of references that would have been prior art under pre-AIA §102(e).

Once AIA law applies to a U.S. or PCT application, an applicant cannot revert back to pre-AIA law for that application or any application claiming benefit of its filing date under 35 U.S.C. §120, 121 or 365(c) (although pre-AIA §102(g) may apply to some AIA-law applications). However, applications can readily be converted from being subject to pre-AIA law to being subject to AIA law (except that pre-AIA §102(g) will remain applicable). For example, an applicant can file a CIP application adding a single new-matter claim to have the CIP

application be subject to AIA law (plus pre-AIA §102(g)), while most of its claims remain entitled to pre-AIA priority or benefit dates. In fact, the applicant in such a CIP application can even immediately cancel the new-matter claim, leaving all of the claims subject to AIA law (and pre-AIA §102(g)) and simultaneously entitled to pre-AIA priority or benefit dates.

Thus, most of our clients will be best served by taking action before next March 16 to ensure that as many of their patent applications as possible will not be subject to AIA law. Thereafter, in a very limited subset of cases in which AIA law is more favorable, they could convert the applicable law to AIA law by filing a CIP application.

Actions to be taken before March 16, 2013 could include filing foreign priority applications, preferably adapted to match the eventual U.S. application; filing PCT international applications designating the United States; or filing U.S. provisional or non-provisional applications (optionally un-translated). There is a significant danger of introducing new-matter claims in a post-March 15 U.S. application, thus inadvertently invoking AIA law in an application to which pre-AIA law was intended to apply. This could occur, for example, by way of inexact translations of foreign priority applications, expansion or modification of priority applications for U.S. practice, combination of subject matter from multiple priority applications, or finalizing U.S. provisional applications for nonprovisional filings. Thus, the least favored of the above proposed actions would be simply filing updated non-English language foreign priority applications before March 16, especially if they are to be translated and/or combined with other

³ Pre-AIA §§135 and 291 relating to interference practice also apply to such patent applications and patents.

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pre- or post-March 16 priority applications for U.S. filing.⁴

C. Advantages Of Pre-AIA Law

The primary advantage of pre-AIA law is that there will be a smaller scope of prior art under pre-AIA §§102/103 than under AIA §§102/103. Items that will significantly increase the scope of prior art under AIA law are (a) treating U.S. and PCT patent application publications and patents as prior art as of a foreign priority date rather than only as of a U.S. or PCT filing date (extending the available date range of prior art by 12-18 months), (b) treating U.S. national phase patents and published applications, and substantially all PCT publications, as prior art as of the date they are effectively filed (including a foreign priority date), even though they are based on non-English-language PCT applications (creating a new field of prior art, with the same extended available date range), and (c) substantially eliminating the grace period as to independent third-party patents and publications.

The following is a non-exhaustive list of examples of items that are not prior art under pre-AIA §§102/103, but may be prior art under AIA §§102/103:

(1) U.S. patents, publications of U.S. patent applications, and publications of PCT international applications that designate the United States, are filed on or after the applicant's effective filing date, and claim priority from and have continuity of disclosure with a pre-effective filing date foreign priority application;

⁴ An un-translated priority application can be filed as the U.S. nonprovisional application to avoid inadvertent introduction of new matter with a translation. However, this also creates risks arising from usage of non-U.S. terminology that could be interpreted more narrowly than desired.

(2) U.S. patents and patent application publications that are published on or after the applicant's effective filing date and that are the U.S. national phase of a pre-effective filing date PCT international application that was not published in English;

(3) publications of PCT international applications that are published on or after the applicant's effective filing date, that designate the United States, but that are not published in English;

(4) U.S. patents and patent application publications that are published on or after the applicant's effective filing date and that have a U.S. filing date after the applicant's invention date but before the applicant's effective filing date;

(5) publications that are published less than one year before the applicant's earliest U.S. or PCT filing date and before the applicant's effective filing date, but after the applicant's invention date;

(6) non-U.S. offers for sale by third parties or by the inventor more than one year before the applicant's earliest U.S. or PCT filing date;

(7) U.S. or non-U.S. offers for sale by third parties less than one year before the applicant's earliest U.S. or PCT filing date but before the applicant's effective filing date;

(8) non-U.S. public uses by third parties or by the inventor more than one year before the applicant's earliest U.S. or PCT filing date;

(9) U.S. or non-U.S. public uses by third parties less than one year before the applicant's earliest U.S. or PCT filing date but before the applicant's effective filing date; and

(10) oral disclosures to the public by the inventor more than one year before the inventor's

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earliest U.S. or PCT filing date, or by third parties more or less than one year before the applicant's earliest U.S. or PCT filing date but before the applicant's effective filing date.

Derivation proceedings and post-grant review are not available for pre-AIA law applications and patents. Interferences are available for pre-AIA law applications and patents.

D. Advantages Of AIA Law

In some instances, AIA law disqualifies as prior art disclosures that cannot be disqualified under pre-AIA law.⁵ However, these advantages of AIA law only arise in limited circumstances. The most significant items that decrease the scope of prior art under AIA law are (a) extending the grace year for self-disclosures to one year before an applicant's foreign priority date, and (b) extending the prior art exemption for commonly owned U.S. and English-language-published PCT applications and patents to documents that anticipate the applicant's claims rather than limiting the exemption to documents that would render the claims obvious.

The following is a non-exhaustive list of examples of items that are prior art under pre-AIA §§102/103 but may not be prior art under AIA §§102/103:

(1) publications, public uses and offers for sale disclosing the inventor's own invention more than one year before the applicant's earliest U.S.

or PCT filing date but less than one year before the applicant's foreign priority date;

(2) anticipatory U.S. patents and U.S. or PCT patent application publications that are prior art based on their filing or effective filing date, and that are commonly owned (including through a Joint Research Agreement) as of the effective filing date of a claim;

(3) U.S. patents and U.S. or PCT patent application publications that are prior art based on their filing or effective filing date, the subject matter of which became commonly owned (including through a Joint Research Agreement) after the invention date of a claim but before the effective filing date of the claim;

(4) non-U.S. patents on the inventor's own invention issued less than one year before the applicant's earliest U.S. filing date based on an application filed more than one year before the applicant's earliest U.S. filing date;

(5) independent publication of the invention by others less than one year before the applicant's filing date and after a corresponding publication by the inventor but before the inventor's reduction to practice or beginning of continuous diligence leading to a reduction to practice of the disclosed invention;

(6) secret sales activities may no longer constitute prior art (see discussion below); and

(7) non-public (but not abandoned, suppressed or concealed) invention by another in the United States before the applicant's invention date (pre-AIA §102(g) prior art).

In addition, interferences are not available for AIA-law applications and patents. Post-grant review and derivation proceedings are available for AIA law applications and patents.

⁵Our November 22, 2011 Special Report, in Section III.A.1.(e), raised a question as to whether elimination of 35 U.S.C. §102(f) and other law changes eliminated the potential for patentability challenges based on incorrect inventorship, other than through limited-availability derivation proceedings. The USPTO has taken the position that such challenges are still fully available under 35 U.S.C. §101.

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E. The USPTO's Proposed Required Statements For Applications Bridging March 16, 2013

In its proposed rules, the USPTO appears to be taking the position that it will require applicants to conduct the factual and legal analysis necessary to determine whether to apply pre-AIA law or AIA law in all patent applications that have potential effective and actual filing dates bridging March 16, 2013. Our firm and almost all other entities that provided comments to the USPTO on the proposed rules objected to this approach as being overly burdensome and improperly shifting burdens from the USPTO to patent applicants. However, we do not yet know whether the USPTO will maintain or change these requirements in the final rules. Thus, we recommend that our clients be prepared to comply with the proposed rules.

In any case, any disclosure or activity that might be deemed prior art under the applicable pre-AIA law or AIA law that is known to the inventors, their assignees, or any other individual involved in the drafting or the prosecution of the application should be submitted to the USPTO in an Information Disclosure Statement. Because of the potential ambiguities of which law applies for bridging applications, we recommend that information be disclosed to the USPTO if it could be material under either law.

1. Statements That Would Be Required

The proposed rules require that statements be submitted in certain nonprovisional patent applications filed on or after March 16, 2013, that claim the benefit of the filing date of a foreign, provisional, or nonprovisional application filed prior to March 16, 2013. In particular, if such a post-March 15, 2013 nonprovisional application:

- (1) contains at any time a claim to a claimed invention that has an effective filing date on or after March 16, 2013, the applicant must provide a statement to that effect within the later of:
 - four months from the actual filing date of the non-provisional application,
 - four months from the date of entry into the national stage in an international application,
 - sixteen months from the filing date of the prior-filed application, or
 - the date that a first claim to a claimed invention that has an effective filing date on or after March 16, 2013, is presented in the application; or
- (2) does not contain a claim to a claimed invention that has an effective filing date on or after March 16, 2013, but discloses subject matter not also disclosed in the prior foreign, provisional, or nonprovisional application, the applicant must provide a statement that the application includes subject matter not disclosed in the foreign, provisional, or nonprovisional application within the later of:
 - four months from the actual filing date of the nonprovisional application,
 - four months from the date of entry into the national stage in an international application, or
 - sixteen months from the filing date of the prior-filed application.

The USPTO commentary indicates that the proposed rules would not require that the applicant identify how many or which claims in

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the nonprovisional application have an effective filing date on or after March 16, 2013, or that the applicant specifically identify the subject matter in the nonprovisional application not also disclosed in the prior application. Rather, the following general statements would be sufficient:

"Upon reasonable belief, this application contains at least one claim that has an effective filing date on or after March 16, 2013."

"Upon reasonable belief, this application contains subject matter not also disclosed in the [priority application]."

The commentary does not specify whether the "reasonable belief" can be based on representations made to the person filing the statement by applicants or foreign patent attorneys. Reliance on such representations can be risky if the basis for those representations is not analyzed by the person signing the statements.

2. Effects Of Failure To File Required Statements

The USPTO commentary indicates that if an applicant fails to timely provide such a statement in a nonprovisional application and then later indicates that the application does contain (a) a claim having an effective filing date on or after March 16, 2013, or (b) subject matter not also disclosed in the prior application, the USPTO may issue a requirement for information under Rule 1.105. Such a requirement for information may require the applicant to identify where (by page and line or paragraph number) there is written description support under §112(a) in the prior application for all of the remaining claims in the nonprovisional application.

Likewise, if the applicant later seeks to retract a previous statement that the

nonprovisional application contains (a) a claim having an effective filing date on or after March 16, 2013, or (b) subject matter not also disclosed in the prior application, the USPTO may issue a requirement for information. Such a requirement for information may require the applicant to identify where (by page and line or paragraph number) there is written description support under AIA 35 U.S.C. 112(a) in the prior application for each claim in the nonprovisional application.

If the USPTO examines an application under pre-AIA law due to an applicant's failure to file a required statement, and issues a patent, when post AIA-law actually applies to the application, the applicant may be subject to an inequitable conduct challenge. Such a challenge is particularly likely if the applicant was aware of information that was material prior art under AIA law but not under pre-AIA law. Even if inequitable conduct is not ultimately proved (e.g., due to lack of deceptive intent), related litigation risks, burdens and expenses could be very substantial.

3. Compliance Burdens

In order to comply with these proposed rules, a determination relating to claim support and continuity of disclosure would have to be made independently for every patent application filed on or after March 16, 2013, that claims priority to or filing date benefit of a foreign, international, provisional, or nonprovisional application filed prior to March 16, 2013. This determination would have to be made regardless of the relevance of the outcome to the patentability determination. It would have to include legal analysis at least under 35 U.S.C. §112(a) and (b) that is complex and subject to reasonable differences of opinion.

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Complying with the proposed required statements will be a significant economic burden for all applicants, and particularly for foreign applicants whose prior filings are not in the English language. It would also set applicants up for future inequitable conduct allegations in the event an opponent or court disagreed with the ultimate conclusion as to support for claims or continuity of disclosure. Furthermore, the benefits do not justify this burden, because the same benefits can be obtained by targeting the requirements only on applications in which the pre- or post-AIA determination is relevant to patentability.

As noted above, almost all commentators opposed this proposed rule. Our firm and others suggested an alternative solution in which the USPTO conducts a unified search in applications bridging March 16, 2013, and applies prior art that may be applicable under either pre-AIA law or AIA law. Applicants may then disqualify references if appropriate by establishing that they do not constitute prior art under the pre-AIA law or AIA law that is applicable. Under this proposed alternative, neither the USPTO nor applicants would be required to determine which law applies in the majority of patent applications, in which references would be prior art or not under both versions of the statute, or in which no relevant references are uncovered.

The analysis for a given application under this approach would be the same as that required under the USPTO's proposal. However, such an analysis would only be relevant in a subset of applications. Furthermore, applicants would be able to decide on a case-by-case basis whether to expend the resources necessary to conduct such an analysis. For example, applicants may instead disqualify references by filing translations of priority documents, or cancel or amend claims to avoid the reference disclosures.

We will need to wait and see how the USPTO responds to such comments and proposals in its final rulemaking. However, early filing of applications as noted above will help limit the number of applications to which these burdensome and expensive proposed rules would apply, particularly when pre-March 16, 2013 applications are to be translated, expanded and/or combined for a U.S. nonprovisional or PCT international filing.

III. Proposed Requirements For Disqualifying A Disclosure As Prior Art

AIA §102 excludes a number of disclosures from being prior art based on the source and timing of those disclosures, and in some cases based on the existence of corresponding prior disclosures by the inventor(s). The USPTO's proposed rules provide mechanisms for establishing that such disclosures are not prior art, either preemptively in the specification of a patent application, or in an affidavit or declaration filed in response to a USPTO rejection.

As can be seen from the detailed discussion below, the mechanisms proposed by the USPTO require declarations of fact supported by documentary evidence. Thus, documentary evidence of pre-filing date events relating to public disclosure of such subject matter during the grace year or communication of the subject matter of an invention to others should be carefully preserved.

A. The Statutory Exceptions

AIA §102(b)(1) provides that certain pre-filing-date disclosures are not prior art under AIA §102(a)(1). In particular, AIA §102(b)(1)(A) provides that an inventor or joint inventor's own publication or disclosure that occurs within one year prior to the effective filing date of a claimed

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invention will not be prior art under AIA §102(a)(1) (the "grace period inventor disclosure" exception). Similarly, disclosure by others during that time based on information obtained from the inventor or a joint inventor will not be prior art (the "grace period inventor-attributable disclosure" exception). AIA §102(b)(1)(B) provides that subject matter disclosed by third parties during the one-year grace period will not be prior art if the inventor or a joint inventor previously publicly disclosed the same subject matter within the grace period (the "shielded grace period intervening third-party disclosure" exception).

Under AIA §102(a)(2), disclosures in certain U.S. patents, published U.S. patent applications, and published PCT applications that designate the United States are prior art based on the date of effective filing of the relied-upon subject matter. Under AIA §102(b)(2), such disclosures may be disqualified as prior art if the subject matter disclosed had been: (A) obtained directly or indirectly from the inventor or a joint inventor (the "patent document inventor-attributable disclosure"); (B) publicly disclosed within the grace year by the inventor or a joint inventor or another who obtained the information directly or indirectly from the inventor or a joint inventor before the reference subject matter was effectively filed (the "shielded patent document disclosure" exception); or (C) owned by the same person or subject to an obligation of assignment to the same person who owns the claimed invention not later than the effective filing date of the claimed invention (the "common ownership" exception).

AIA §102(b)(2)(C) provides the common ownership exception referenced above, which applies to all references applied under AIA §102(a)(2). This exception is analogous to that of former §103(c)(1), but differs in that (a) it is not limited to references applied in §103 obviousness

rejections, and (b) it is not limited to subject matter that was commonly owned at the time of the invention of the claimed invention. Under the AIA, common ownership will be determined as of the effective filing date of the claimed invention.

The proposed rules provide various ways for invoking these prior art exceptions under AIA §102(b), which are discussed in more detail below.

B. Grace Period Inventor Disclosure Exception (§102(b)(1)(A))

The proposed rules provide two ways to invoke the grace period inventor disclosure exception.

Applicants will be able to preemptively invoke the exception by including in the specification a specific reference to a grace period inventor disclosure, provided that the disclosure does not name additional authors or inventors, and there is no other evidence to the contrary.

Alternatively, applicants will be able to invoke the exception by submitting an affidavit or declaration ("declaration") establishing that the disclosure upon which the rejection is based was made one year or less before the effective filing date of the claimed invention, and that the inventor or joint inventor invented the subject matter of the disclosure. According to the USPTO's commentary, if the authorship of the disclosure includes at least one author that is not an inventor named in the application, the declaration should contain a reasonable explanation of the presence of each such additional author.

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C. Grace Period Inventor-Attributable Disclosure Exception (§102(b)(1)(A))

Applicants will be able to invoke the grace period inventor-attributable disclosure exception by submitting a declaration establishing that the inventor or a joint inventor (a) is the inventor of the subject matter of the disclosure, and (b) directly or indirectly communicated the subject matter of the disclosure to the disclosing party.

The USPTO commentary indicates that the applicant must also show that this communication was sufficient to enable one of ordinary skill in the art to make the subject matter of the claimed invention. We do not believe that such an enablement requirement is reasonable in the context of a disclosure that might be combined with other references to establish enablement, and we pointed out that position to the USPTO in our comments. We are optimistic that the USPTO will modify this requirement to allow disqualification of a reference disclosure if it is of the same scope as the disclosure by an inventor or joint inventor to the disclosing party.

D. Shielded Grace Period Third-Party Intervening Disclosure Exception (§102(b)(1)(B))

Under this exception, an earlier inventor or inventor-attributable public disclosure may "shield" the inventor's later-filed application from an intervening third-party disclosure during the grace period.

1. Scope Of The Exception

The USPTO's proposed examination guidelines impose a requirement of near identity for an earlier shielding disclosure to disqualify a third-party intervening disclosure. According to the 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 [of the shielding 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 USPTO's requirement of near identity for an earlier shielding disclosure to disqualify a third-party intervening disclosure has been contested by various parties. In the end, the required degree of identity will need to be resolved by the courts.

As a result, making a public disclosure of an invention before filing a patent application, with the hope of using that disclosure to shield a later-filed application from intervening disclosures, is not a sound strategy. It is of little use for protecting against intervening prior art, and would be prior art to patent applications in most foreign countries. A much better strategy is to prepare and file patent applications as quickly as possible.

On the other hand, when a competitor's potential pre-filing-date publication comes to one's attention, it may be possible to publish a disclosure, or to file and thus eventually publish a patent application on minor or obvious variations to create prior art against a post-publication patent application of the competitor.

2. Establishing Existence Of The Exception

Applicants will be able to invoke this exception by submitting a declaration establishing that the subject matter disclosed in the intervening disclosure on which the rejection is based had been previously publicly disclosed by the inventor or a joint inventor, or by a party who

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obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor. In other words, applicants will need to establish that a shielding inventor or inventor-attributable public disclosure was made prior to the intervening grace period third-party disclosure.⁶

If the shielding disclosure was by the inventor or a joint inventor, the proposed rules require that the declaration (a) identifies and provides the date of the earlier disclosure of the subject matter by the inventor or a joint inventor, and (b) provides a satisfactory showing that the inventor or joint inventors are the inventor(s) of the subject matter of the earlier shielding disclosure.

If the shielding disclosure was by a party who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor, the proposed rules require that the declaration (a) identifies and provides the date of the earlier disclosure of the subject matter by the party who obtained the subject matter disclosed directly or indirectly from the inventor or joint inventor, (b) provides a satisfactory showing that the inventor or joint inventors invented the subject matter of the earlier shielding disclosure, and (c) provides a satisfactory showing that the inventor or a joint inventor directly or indirectly communicated the subject matter of the disclosure to the party who made the shielding disclosure. The USPTO commentary states that the declaration should also be accompanied by any documentation that provides evidence of the communication of the subject matter by the inventor or joint inventor to the party who made the shielding disclosure.

In either case, the proposed rules further require that if the earlier shielding disclosure was a printed publication, the declaration must be accompanied by a copy of the printed publication. Otherwise the declaration must describe the shielding disclosure with sufficient detail and particularity to establish that it was a public disclosure of the subject matter on which the rejection is based. The USPTO commentary states that the declaration should also be accompanied by any documentation that provides evidence of the public availability of a non-printed publication shielding disclosure.

E. Patent Document Inventor-Attributable Disclosure Exception (§102(b)(2)(A))

Inventor-attributable disclosures in patent applications effectively filed before the effective filing date of the claimed invention, but published after the effective filing date of the claimed invention, that otherwise would qualify as prior art under §102(a)(2) can be disqualified by submitting a declaration making the same showing as discussed above for the grace period inventor-attributable disclosure exception.

F. Shielded Patent Document Disclosure Exception (§102(b)(2)(B))

Disclosures in U.S. patents, published U.S. patent applications, and published PCT applications that designate the United States that might be prior art based on being effectively filed before the effective filing date of the claimed invention (under §102(a)(2)) can be disqualified by submitting a declaration relating to a shielding public disclosure. The declaration must establish that a shielding inventor disclosure or a shielding inventor-attributable disclosure was made prior to the date on which the subject matter upon which the rejection is based was effectively filed. The requirements for establishing the existence of a

⁶ The shielding disclosure must also have occurred during the grace period to avoid being prior art under AIA §102(a)(1).

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qualifying shielding disclosure are the same as those discussed above for the shielded grace period third-party intervening disclosure exception. As noted above, the shielding disclosure must have occurred within the grace year to avoid being prior art under AIA §102(a)(1).

G. Common-Ownership Exception (§102(b)(2)(C))

Subject matter disclosed in U.S. patents, published U.S. patent applications, and published PCT applications that designate the United States that might otherwise be prior art based on being effectively filed before the effective filing date of the claimed invention (under §102(a)(2)) can be disqualified by submitting a declaration relating to common ownership.⁷ Similar to current §103(c), subject matter made pursuant to joint research agreements can qualify as "commonly owned" for the purposes of this exception under new §102(c). The AIA common ownership exception differs from that of former §103(c)(1) in two significant ways.

First, this exception is no longer limited to subject matter cited in obviousness rejections under 35 U.S.C. §103. It may also be used to disqualify references cited in anticipation (lack of novelty) rejections. However, commonly owned U.S. patents and published applications may still be cited for other purposes, including:

- statutory double patenting or obviousness-type double patenting;
- as evidence of the state of the art in support of an enablement rejection; and

⁷ For ease of reference, the phrases "common ownership" and "commonly owned" as used in this Special Report include "subject to an obligation of assignment to the same person."

- as prior art under §102(a)(1) if published or issued as a patent before the effective filing date of the application at issue.

Second, common ownership need not exist at the time the claimed invention was made. Common ownership as of the effective filing date of the claimed invention will now suffice to establish this exception. As a result, this exception may provide applicants with an opportunity to eliminate potential third-party prior art by creating common ownership before filing a patent application for an invention that already has been made.⁸

The requirements in the USPTO's proposed rules for disqualifying subject matter in commonly owned patents and patent application publications are substantially the same as those under current practice. The primary difference is that applicant statements of the existence of common ownership will be made in reference to the effective filing date of the claimed invention instead of in reference to the date the claimed invention was made.

IV. Proposed Certified Copy Requirements

Under current USPTO rules, foreign priority documents must be received by the USPTO before a patent is issued, or the claim for priority is waived. A penalty fee is imposed if they are filed after the issue fee is paid. The USPTO's proposed rules would require that a certified copy of a foreign priority application be filed much earlier: within the later of (a) four months from the actual filing date of the

⁸ This opportunity would appear to be limited to circumstances in which the potential prior art is an earlier filed application that has not yet been published or that can be disqualified as a publication by a shielding disclosure. This may arise, for example, with parties working together other than under a written joint research agreement.

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application or (b) sixteen months from the filing date of the foreign priority application. The proposed rules also require that if an applicant requests that the USPTO obtain a copy of the foreign application under the priority document exchange program (PDEP), the copy of the foreign application must be received by the USPTO within the applicable time period or by such later time as may be set by the USPTO. These time periods are not extendible.⁹

This change was also uniformly protested by our firm and others in comments to the USPTO. We and other commenters particularly objected to the requirement that the USPTO receive a certified copy requested under the PDEP within such a short time period, since applicants that take advantage of the PDEP have no control over when the USPTO will receive the copy of the foreign priority application after a PDEP request is filed. Applicants cannot control how long it takes the USPTO to act upon the request once it is filed, or how long it takes the foreign intellectual property office to act upon the request once it is received from the USPTO. Even if the PDEP request is filed with the application, as is often the case, there is no guarantee that the USPTO will receive the certified copy within the time period required by the proposed rule.

We are optimistic that this rule will be changed in the final rules. However, in case it is not changed, applicants should prepare to monitor whether the USPTO receives certified copies requested under the PDEP well in advance of the proposed due date, and to take additional action if the USPTO does not receive the certified copy sufficiently early. This will entail docketing

applicable call-up and due dates, checking the USPTO's PAIR system, and/or making status inquiries to determine whether the USPTO has received the certified copy. If the USPTO does not receive certified copies requested under the PDEP well in advance of the proposed due date, applicants will need to obtain the certified copies on their own and timely file them with the USPTO. Under such a scenario, the value of relying on the PDEP system becomes questionable.

V. **Ambiguities In Scope Of "On Sale" AIA Prior Art**

There is an ongoing debate in the patent community as to whether "on-sale" prior art under AIA §102(a) includes certain "secret" activities. Pre-AIA law established that many non-public commercial activities, such as confidential sales for testing purposes and practice of inventive methods in secrecy with sales of resulting products, were prior art. Ambiguities in the phrasing of AIA §102(a) have raised serious questions as to whether this will continue to be the case.

The USPTO's proposed examination guidelines expressly left these questions unanswered, and requested public input on them. Public comments are divided, but lean toward an exclusion of such "secret" activities from being prior art. This is an issue that will ultimately be resolved by the courts (or by a further change in the law). In the meantime, we recommend that our clients consider such activities as potential, but uncertain, prior art for purposes of timing the filing of patent applications, filing Information Disclosure Statements, and developing invalidity defenses against competitors' patents.

⁹ The USPTO's proposed rules do not change the requirement that priority documents in national phase applications be filed within the timeframes required under the PCT.

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VI. Recommendations

Overall, we recommend that as many planned U.S. patent applications as possible be filed before March 16, 2013, so that they will be entitled to pre-AIA law, subject to later conversion to AIA law by filing CIP applications, if desired. We further recommend that those U.S. patent applications be filed before the proposed 28% USPTO filing fee increase that will also come into effect around that time.

The following specific points address aspects of this overall recommendation, and provide additional suggestions:

1. Review existing foreign and U.S. provisional patent application filings from on and after March 16, 2012, to determine which ones are likely to be followed up with U.S. nonprovisional filings, either directly or through the PCT.
2. Focus particularly on such applications that are likely to be expanded, combined, or translated into English for the U.S. nonprovisional or PCT filing, and complete that activity well before March 16, 2013.
3. Consider completing at least the expansion and combination by filing an updated foreign priority or optionally un-translated U.S. provisional application before March 16, 2013, even if budgets or other plans do not permit completion of a U.S. nonprovisional or PCT filing before March 16, 2013.
4. Review any current backlog of invention disclosures on an expedited basis to ensure that U.S., foreign priority, or PCT applications relating to them can be prepared and filed well before March 16, 2013.
5. Promptly review new foreign and U.S. provisional filings and invention disclosures as they come up over the next several months for the possibility of expedited preparation and filing of U.S., foreign priority, or PCT applications relating to them well before March 16, 2013.
6. Review existing U.S. and PCT patent applications in which CIP filings are contemplated, to try to complete the CIP filings before March 16, 2013.
7. When planning to file a post-March 15, 2013 application that will have some pre-AIA-law claims and some AIA-law claims, consider filing two separate, parallel applications for the respective sets of claims. The separate, parallel applications can claim filing date benefit of the same or different priority or parent applications.
8. We will notify you in advance of the fee increase. However, we recommend that you plan to file as many U.S. applications as possible before March 1, 2013 in order to avoid the fee increase.
9. We expect a worldwide surge in U.S. patent application filings just before March 16. This will likely cause the USPTO Electronic Filing System to crash repeatedly or completely during the week of March 11, resulting in the need to file patent applications in paper form rather than electronically, especially toward the end of that week. Because paper filing involves a \$400 government surcharge for each paper-filed application, we recommend that you plan to have pre-March 16 patent applications filed well before, or as early as possible in, that week.
10. If USPTO filing costs for concentrated filings before March 16, 2013 will cause budgetary issues, consider filing applications without translations and/or filing fees. The total large entity cost of delaying payment of filing

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fees for two months, including attorney fees and the government surcharge (total of about \$300), is less than the projected increase in filing fees (\$350). The additional cost of a delayed translation is only \$130 more. Particularly for clients with March 31 fiscal year-ends, this can simultaneously achieve (a) cost savings, (b) separation of the concentrated costs into two fiscal years, and (3) establishment of pre-AIA law for the patent applications.

11. If necessary, filing fees can be further postponed for up to five months in addition to the two months mentioned above, subject to payment of extension-of-time fees when they are ultimately paid. While such extensions could push the deadline for paying the fees past even September 30 fiscal year-ends, the extension fees to do so (proposed to be \$3,000 for large, \$1,500 for small, and \$750 for micro entities) would likely be prohibitive.

12. If payment of filing fees and/or translations is postponed as described above, and a decision is subsequently made not to pursue certain patent applications, those patent applications can be abandoned without ever paying the filing fees, surcharges, or extension-of-time fees, or preparing the translations.

13. Consider the change in the "grace period" that extends back from the earliest effective filing date (now including foreign priority dates) under AIA law, the possibility of eliminating commonly owned references as prior art for both anticipation and obviousness under AIA law, and the other advantages of each system of law listed above when analyzing whether to (a) file patent applications, (b) select pre-AIA or AIA law for those applications, and (c) convert applications from pre-AIA law to AIA law (e.g., by way of a CIP application). However, keep in mind that AIA law may make additional prior art available.

14. Consider ownership changes in potentially conflicting patent applications that are involved in activities between related or cooperating companies that are not subject to Joint Research Agreement exceptions, before the filing date of a later AIA application, to eliminate the earlier applications as prior art for both anticipation and obviousness under AIA law.

15. When preparing to file post-March 15, 2013 applications that involve priority or benefit claims to earlier applications (including expansion, combination, translation, or even mere "Americanization" of the prior applications), pay close attention to avoiding changes that might constitute new matter, unless such changes are absolutely necessary for claim scope or desired to invoke AIA law.

16. Keep track of all changes between pre-AIA priority or benefit applications and AIA PCT and U.S. patent applications, to be able to readily state whether claims or disclosure are present that would trigger (a) AIA law applicability, (b) the need to make the statements required under the proposed rules as to the existence of post March 15, 2013 disclosure and of claims supported only by it, and (c) the ability to rely on either pre-AIA law or AIA law to disqualify cited references as prior art.

17. Maintain detailed records of all pre-filing private or public communications and disclosures of inventions, whether the resulting patent application will be filed under AIA law or pre-AIA law.

18. Consider whether pre-AIA law or AIA law applies in determining what to submit to the USPTO in Information Disclosure Statements. For applications with filing and effective filing dates bridging March 16, 2013, consider disclosing information that could be material under either pre-AIA or AIA law.

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19. Until courts decide otherwise, assume that "secret" on-sale activity may still constitute prior art for purposes of timing the filing of patent applications, filing Information Disclosure Statements, and developing invalidity defenses against competitors' patents. However, do not rely too heavily upon such an assumption for developing invalidity defenses against competitors' patents.

20. When preparing post-March 15, 2013 applications to which AIA law will apply, consider including in the specification a reference to any grace-year disclosures by the inventor(s) to avoid the burden and expense of submitting a declaration to disqualify them as prior art.

21. Do not rely on a public disclosure to be a shielding disclosure to postpone preparing and filing a patent application during the grace year.

22. Prepare procedures and budgets to permit obtaining and filing paper certified copies of priority documents early in prosecution of foreign-priority-based patent applications.

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Oliff & Berridge, PLC is a full-service Intellectual Property law firm based in historic Alexandria, Virginia. The firm specializes in patent, copyright, trademark, and antitrust law and litigation, and represents a large and diverse group of domestic and international clients, including businesses ranging from large multinational corporations to small privately owned companies, major universities, and individual entrepreneurs.

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 Oliff & Berridge, PLC. Readers should seek the advice of professional counsel before acting upon any of the information contained herein.

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