

REPORT

USPTO ISSUES FINAL RULES TO IMPLEMENT 35 U.S.C. §103(C)(2) PROVISION EXCLUDING FROM AN OBVIOUSNESS ANALYSIS CERTAIN PRIOR ART OWNED BY PARTIES TO A JOINT RESEARCH AGREEMENT

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The Patent Office has issued final rules to implement the December 10, 2004 revisions to 35 U.S.C. §103(c). As discussed in our December 10, 2004 Special Report, prior 35 U.S.C. §103(c), now 35 U.S.C. §103(c)(1), excludes subject matter that otherwise qualifies as prior art against a claimed invention only under 35 U.S.C. §102(e), (f) and (g) from being relied upon in an obviousness analysis of the claimed invention if the prior art and the claimed invention are commonly owned. Added 35 U.S.C. §103(c)(2) excludes similar subject matter that is not commonly owned so long as the claimed invention was made by or on behalf of parties to a joint research agreement (JRA). The Patent Office's final rules detail how applicants can take advantage of this safe harbor provision of 35 U.S.C. §103(c)(2).

I. Revision of 35 U.S.C. §103(c)

35 U.S.C. §103(c) was revised effective December 10, 2004 to include new paragraphs (2) and (3). As revised, 35 U.S.C. §103(c) now reads:

"(1) Subject matter developed by another person, which qualifies as prior art only under one or more of subsections (e), (f), and (g) of section 102 of this title, shall not preclude patentability under this section where the subject matter and the claimed invention were, at the time the claimed invention was made, owned by the same person or subject to an obligation of assignment to the same person.

(2) For purposes of this subsection, subject matter developed by another person and a claimed invention will be deemed to have been owned by the same person or subject to an obligation of assignment to the same person if

(A) the claimed invention was made by or on behalf of parties to a joint research agreement that was in effect on or before the date the claimed invention was made;

(B) the claimed invention was made as a result of activities undertaken within the scope of the joint research agreement; and

(C) the application for patent for the claimed invention discloses or is amended to disclose the names of the parties to the joint research agreement.

(3) For purposes of paragraph (2), the term 'joint research agreement' means a written contract, grant, or cooperative agreement entered into by two or more persons or entities for the performance of experimental, developmental, or research work in the field of the claimed invention."

II. How to Take Advantage of 35 U.S.C. §103(c)(2)

Subject matter (i.e., a patent or published application) that is available only under one or more of 35 U.S.C. §102 (e), (f) or (g) can be precluded from use against the claimed invention under 35 U.S.C. §103(a) (i.e., excluded from an obviousness analysis) where the three criteria in 35 U.S.C. §103(c)(2) are satisfied.

To take advantage of 35 U.S.C. §103(c)(2), the applicant must (1) amend the specification to disclose the names of the parties to a JRA (37 CFR 1.71(g)(1)) and (2) file a statement stating that (a) the subject matter sought to be disqualified and the claimed invention were made by

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or on behalf of parties to a JRA that was in effect on or before the date the claimed invention was made, and (b) the claimed invention was made as a result of activities undertaken within the scope of the JRA (37 CFR 1.104(c)(4)(iii)).

A broad reading of 35 U.S.C. §103(c)(2) does not appear to place any ownership requirements upon the subject matter sought to be disqualified (that is, the prior art). However, the Patent Office is interpreting the statute to be limited to excluding from the 35 U.S.C. §103(a) (i.e., obviousness) analysis only prior art owned by one or more parties to the JRA. Thus, the Patent Office is requiring the statement to include an indication that the prior art sought to be disqualified was made by or on behalf of (i.e., owned by) one or more parties to the JRA.

A. Time Limit and Fee for Submitting the Amendment to the Specification

37 CFR 1.71(g)(2) specifies that a processing fee will be required for entering the amendment to the specification if such amendment is not made within certain timeframes. The processing fee is currently set at \$130, and is required unless the amendment is filed within three months of the application filing date or date of entry into the U.S. national stage, or before the mailing of a first Office Action on the merits (including a first Office Action after filing a request for continued examination), whichever is later.

It is difficult to anticipate what prior art might be cited by an Examiner against a claimed invention prior to examination. Thus, we anticipate that in most cases, the names of the parties to a JRA will not be added to the specification until needed to invoke the safe harbor provisions of 35 U.S.C. §103(c)(2), for example in response to a rejection. Accordingly, we anticipate that it will be necessary in most cases to submit the required fee (or the fee for a request for continued examination) when filing an amendment to add the names of the parties to the JRA to the specification.

B. Form of the Required Statement

Once we confirm that (1) the subject matter sought to be disqualified under 35 U.S.C. §103(c)(2) is owned by one or more parties to a JRA, (2) the claimed invention was made by or on behalf of parties to the JRA, and (3) the JRA

was in effect on or before the date the claimed invention was made, we can prepare and file the appropriate statement. The statement is governed by 37 CFR 1.104(c)(4)(iii).

The statement must be on a separate page and must be signed. We can sign the statement if we have an appropriate power of attorney on record in the application. Otherwise, the statement must be signed by the applicant or by the assignee of the entire interest.

III. Double Patenting and Terminal Disclaimer Practice Under 35 U.S.C. §103(c)(2)

Although not codified in a specific rule, the Patent Office's discussion of the final rules includes a summary of the guidelines that an Examiner is to follow when making a double patenting rejection over the claims in the disqualified prior art. The guidelines indicate that if the applicant has not already filed the appropriate terminal disclaimer, a double patenting rejection will be made in an application if (a) a statement has been filed under 37 CFR 1.104(c)(4)(iii) to disqualify the prior art application or patent under 35 U.S.C. §103(c)(2) (which statement would confirm that the application and the disqualified prior art were each made by or on behalf of parties to the JRA), and (b) the application claims an invention that is not patentably distinct from an invention claimed in the disqualified prior art.

Thus, a double patenting rejection will not be made until after the safe harbor provisions of 35 U.S.C. §103(c)(2) have been invoked by an applicant, whereby the Patent Office will then treat the application and the disqualified prior art as commonly owned for purposes of the double patenting analysis.

If an obviousness-type double patenting rejection is made, a terminal disclaimer may be filed to overcome such rejection. Under 37 CFR 1.321(d), the terminal disclaimer must include a waiver of the right to separately enforce any patent granted on the application and the patent forming the basis for the double patenting rejection, and must include an agreement that any patent granted on the application be enforceable only for and during such period that the patent granted on the application and the patent forming the basis for the double patenting rejection are not separately enforced.

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The terminal disclaimer to overcome a JRA art based double patenting rejection thus must include a waiver of the right to separately enforce the patent issuing from the application and the patent forming the basis for the double patenting rejection (i.e., the disqualified prior art). This required waiver must be kept in mind in all licensing/ownership transfer arrangements concerning the patent in which the terminal disclaimer is filed.

IV. Recordation of the JRA

The final rules include provisions permitting recordation of the JRA in the Patent Office records. However, as recordation is not required to invoke the safe harbor provisions of 35 U.S.C. §103(c)(2), and as JRAs often include substantial amounts of proprietary information, there will often be no benefit to recording a JRA.

If it is decided to record a JRA, the cover sheet accompanying the JRA must identify the names of the owner of the application, identify the names of each party to the JRA, and indicate the date that the JRA was executed (37 CFR 3.31(g)).

V. Significant Changes from Interim Rules

Prior to issuance of the final rules, the Patent Office had issued interim rules for taking advantage of the 35 U.S.C. §103(c)(2) safe harbor provision. In the final rules, several changes have been from the interim rules.

For example, under the interim rules, the specification had to be amended to include not only the names of the parties to the JRA, but also the date the JRA was executed and a concise statement of the field of the claimed invention. The final rules have eliminated the latter two requirements. If an amendment was filed under the interim rule practice, we recommend filing a further amendment to eliminate the date of execution of the JRA and the concise statement from the specification. Such information is no longer needed to take advantage of the safe harbor provision of 35 U.S.C. §103(c)(2), and may now only serve to provide a basis for an opponent to attack the validity or enforceability (for example on the grounds that the information was erroneous or intentionally inaccurate/incomplete, etc.) and/or scope (for example on the grounds that the concise statement on the field of the invention

limits the scope of the claims) of a patent issuing with this unnecessary information.

Further, the required terminal disclaimer to overcome a JRA art based double patenting rejection was also substantially revised. The interim rules had required the terminal disclaimer to also include a waiver of the right to separately license the patent granted on the application and the patent forming the basis of the double patenting rejection, had required the terminal disclaimer to be binding on the owner of the disqualified patent, and had required the terminal disclaimer to be signed by the owner of the disqualified patent. All of these provisions have been dropped from the final rules. Here again, if a terminal disclaimer was filed in accordance with the interim rule practice, we strongly recommend filing a new terminal disclaimer in accordance with the final rules so as to eliminate the now unnecessary interim rule restrictions, for example the restriction upon licensing.

VI. Effective Date of Provisions, Including Potentially Controversial Change to Effective Date of Prior 35 U.S.C. §103(c)

The provisions apply to any patent granted on or after December 10, 2004, and thus apply to any currently pending application.

In the commentary to the final rules, the Patent Office indicates that the provisions of prior 35 U.S.C. §103(c), now 35 U.S.C. §103(c)(1), that were previously applicable only to applications filed on or after November 29, 1999, are now applicable to all applications pending as of December 10, 2004 regardless of when filed. Thus, the Patent Office stated that if it is desired to overcome a rejection under 35 U.S.C. §103(a) that relies upon commonly owned art available as prior art only under one or more of 35 U.S.C. §102(e), (f) and (g) in an application filed prior to November 29, 1999 (i.e., if it is desired to take advantage of 35 U.S.C. §103(c)(1)), it is now only necessary to file a statement that at the time the claimed invention was made, the prior art and the claimed invention were commonly owned or subject to an obligation of assignment to the same owner.

Thus, for applications filed prior to November 29, 1999, a continuation application to gain the benefits of §103(c)(1) is no longer required, according to the Patent

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Office's interpretation of the new law. Similarly, according to the Patent Office's interpretation, a reissue application for those patents filed prior to November 29, 1999 and issued after December 10, 2004 is no longer required to gain the benefits of §103(c)(1). A reissue application is still required for patents with filing dates prior to November 29, 1999 and issued prior to December 10, 2004, because the law applies only to patents issued on or after December 10, 2004.

The Patent Office's interpretation that the legislation revising 35 U.S.C. §103(c) included this revision to the effective date of 35 U.S.C. §103(c)(1) is based upon the legislation allegedly rewriting 35 U.S.C. §103(c) in its entirety, including therein the original provision of 35 U.S.C. §103(c), and indicating that the amendments are applicable to any patent granted on or after December 10, 2004.

However, it is not clear in the legislation that "the amendments" refer to all of §103(c) as opposed to just the changed language from prior §103(c) (i.e., the addition of §103(c)(2)). Thus, it is not entirely clear that the legislation eliminated the requirement for a filing date on or after November 29, 1999 in order to gain the benefit of 35 U.S.C. §103(c)(1).

Reliance upon the Patent Office's interpretation of the legislation is thus not without risk. For example, if one were to rely on the Patent Office's interpretation and take advantage of 35 U.S.C. §103(c)(1) in an application filed prior to November 29, 1999 without filing a continuation or reissue application, there is a possibility that the patent could be found invalid where a court finds the Patent Office's interpretation improper (and thus that the granted patent did not qualify for the provisions of 35 U.S.C. §103(c)(1) so that the prior art was not in fact disqualified from consideration under 35 U.S.C. §103(a)).

As a result, until this issue is tested in court, it may be advisable, at least in patent applications/patents known to have a high importance value, to continue to file a continuation application (not an RCE) in pending applications filed prior to November 29, 1999, and to file reissue applications for patents with filing dates prior to November 29, 1999 regardless of when issued, where it is desired to rely upon the provisions of what is now 35 U.S.C. §103(c)(1). The Patent Office endorsed this option in its comments, stating that "in any event, applicants currently still have the option of refile any pending application that was filed before November 29, 1999, to avoid any possible challenge to the application of [35 U.S.C. §103(c)(1)] to their application."

We look forward to responding to any questions you may have on these final rules.

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