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PATENTS

The author explores how implementation of the new first-inventor-to-file regime changes the playing field for patent applicants and their counsel.

So You Made It to First-to-File. Now What?



By DAVID P. HALSTEAD

The final week to file new applications under the new first-to-invent system was marked by a flurry of patent filings, a mad dash to beat the March 16 deadline that menaced for a year and a half. Everyone knew the agenda: File applications to beat the deadline, supplement filings with new data, file on as many inventions as possible.

That work is done. Now the Leahy-Smith America Invents Act is in full force. That week's clear sense of purpose has given way to . . . "What now?"

Today's challenges are twofold: (1) learning to operate in the first-to-file regime and (2) keeping last week's (and even last year's) hard work from going to waste. The first is a big change, perhaps the largest in the life of any patent attorney now practicing. The second may

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be the greatest challenge patent attorneys have ever faced.

Operating in the first-to-file regime

§ 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 . . . or in an application for patent published or deemed published under section 122(b), in which the patent or application . . . names another inventor and was effectively filed before the effective filing date of the claimed invention.

The AIA totally overhauls the once-familiar Section 102 of the Patent Act, 35 U.S.C. § 102. Digging deep into the new statutory language should be at the top of every patent practitioner's to-do list, but a quick comparison spotlights some of the major differences between the two systems and the practical consequences that follow.

The AIA replaces yesteryear's multifaceted §§ 102(a)-(g) with a streamlined system that divides all prior art into two classes: public information and patent filings. Public information includes the familiar printed publications, public use, on-sale bars, as well as a new catch-all category of information "otherwise available to the public." What new prior art this phrase might sweep in is still uncertain, as is the question of whether this

added phrase will change the previous interpretation of public use and on-sale bars to exclude confidential sales and secret manufacturing processes—sales and uses that are not “available to the public” in an ordinary sense. It will likely be many years until the courts iron out all the implications of this new phrase.

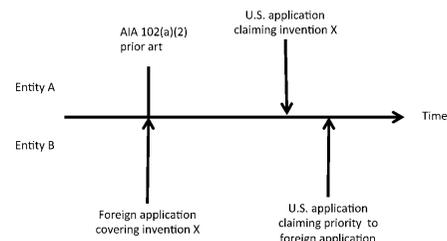
It is plain, though, that geographic limitations and language barriers have been demolished. Prior art has been thoroughly globalized. Where once only English-language PCT (international) applications and public uses and sales in the United States could serve as prior art, now a Chinese-language PCT application, a public use in Egypt, or a sale in Argentina can pose problems for later patent filings. Patent drafters now must identify and understand prior art in unfamiliar languages while preparing applications and stand ready to address such documents during the prosecution process. Similarly, litigators may find themselves searching the globe for prior sales and uses that could knock out a troublesome patent.

§ 102(d) For purposes of determining whether a patent or application for patent is prior art . . . , such patent or application shall be considered to have been effectively filed, . . . if the patent or application for patent is entitled to claim a right of priority under section 119, 365(a), or 365(b), or to claim the benefit of an earlier filing date under section 120, 121, or 365(c), . . . as of the filing date of the earliest such application that describes the subject matter.

Similarly, foreign priority applications are now on equal footing with U.S. provisional applications, serving as prior art against other applications as of their filing date. This is good news for foreign applicants, who were effectively unable to rely on U.S. first-to-invent grace periods without filing priority applications in both the U.S. and their home jurisdiction. Under the AIA, these applicants can forego the extra trouble and expense of filing a priority application in the U.S.; their foreign application will serve equally well. The change is bad news, however, for U.S. applicants accustomed to having a one-year advantage over foreign applicants entering their applications into the U.S. one year after filing applications abroad. Not only do these U.S. applicants face more prior art than before, but disqualifying this prior art based on an earlier date of invention is no longer possible under the AIA.

Plainly inventors now face a much higher risk of being “scooped” by others. What’s more, the AIA replaces the familiar and forgiving grace periods of the first-to-invent system with a substantially stricter disqualification system. The old one-year grace period now applies only to disclosures originating from the inventor, and third-party disclosures of information previously publicly disclosed by the inventor. A similar grace period applies to prior third-party patent filings. Although the latter grace period is not limited to one year, publication of third-party applications at 18 months transforms the § 102(a)(2) prior art into § 102(a)(1) prior art subject to the one-year grace period.

The new ability to disqualify art based on the inventor’s prior disclosure also promises to be far narrower



THE NEW PRIOR ART REGIME (ABOVE). In the first-to-invent system, Entity B’s foreign application would not qualify as § 102(e) prior art against Entity A’s later-filed application. In the first-to-file system, Entity B’s foreign priority filing will serve as § 102(a)(2) prior art against Entity A’s U.S. application—with no opportunity to swear behind based on an earlier date of invention.

§ 102(b)(1) A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art . . . 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.

(2) A disclosure shall not be prior art to a claimed invention under subsection (a)(2) if—

(A) the subject matter disclosed was obtained directly or indirectly from the inventor or a joint inventor;

(B) the subject matter disclosed had, before such subject matter was effectively filed under subsection (a)(2), 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; or

(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.

than the familiar ability to disqualify art based on prior invention. Before the AIA, showing reduction to practice of a species within the claimed invention could disqualify a reference, even if the species differed from that disclosed in the art. Now, however, the PTO has interpreted the AIA’s § 102(b)(1)(B) to require substantial identity of disclosure. Under this interpretation, the grace period would not apply if even “mere unsubstantial changes, or only trivial or obvious variations” are made to the inventor-applicant’s original disclosure. One particularly thorny example would be where the inventor’s disclosure is broad and the intervening disclo-

sure is of a narrower species. Should the patent application for the first quantum computer be defeated by an intervening disclosure of a quantum computer plugged into a power strip? Congress could hardly have intended this result. Interpretation of this statute will certainly be the subject of future litigation. For now, inventors who disclose first should file an application as soon as possible to minimize the opportunity for any intervening disclosures at all. Filing before disclosure is better yet, and more effectively preserves patent rights in other countries around the world.

Of course, an inventor's public disclosures are not the only source of potential problems. Because the grace period applies to disclosures of information obtained from the inventor, inventors should now carefully track even confidential disclosures, documenting the date, contents, and recipients of the disclosure in case the information later appears in a publication or patent filing. And because of the one-year limit to the grace period after publication, those concerned about breaches of confidentiality should carefully monitor publications, so that upon discovering an unauthorized publication, the inventor can file within the grace period and disqualify the offending prior art.

A second class of disqualification under the AIA descends from old Section 103(c) and the CREATE Act. Previously, this disqualification prevented commonly owned patent applications from being used for obviousness, and the CREATE Act expanded the definition of common ownership to include parties collaborating under a joint research agreement. Under the AIA, this disqualification is complete: it applies to both novelty and obviousness. For applicants whose earlier filings are the most troublesome sources of prior art, this expansion should significantly facilitate patenting.

§ 102(c) Subject matter disclosed and a claimed invention shall be deemed to have been owned by the same person . . . if—

(1) the subject matter disclosed was developed and the claimed invention was made by, or on behalf of, 1 or more parties to a joint research agreement that was in effect on or before the effective filing date of the claimed invention;

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

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

The AIA expands this disqualification in the dimension of time as well. While previously the CREATE Act required the joint research agreement to be in place prior to making the invention, the joint research agreement now only needs to be in place prior to *filing* the application. This change protects inventors who engage in spontaneous collaborations, especially common in academic circles but hardly unknown in commercial settings. The best way to take advantage of this protection: carefully determine inventorship and execute any necessary joint research agreements prior to filing any patent application.

Clinging to the first-to-invent regime

Patent applicants are used to making frequent claim amendments to get around prior art, to adjust to the changing activities of competitors, and to align the claimed subject matter with the disclosure of priority documents to get the benefit of an earlier filing date. If one amendment doesn't work, perhaps another one will. This approach is perilous for transitional applications, those applications filed after March 16 that claim priority to a first-to-invent application.

Effective Date: [U]pon the expiration of the 18-month period beginning on the date of the enactment of this Act, [the first-to-file provisions] shall apply to any application for patent, and to any patent issuing thereon, that contains or contained at any time—

(A) a claim to a claimed invention that has an effective filing date . . . on or after the effective date described in this paragraph; or

(B) a specific reference under section 120, 121, or 365(c) of title 35, United States Code, to any patent or application that contains or contained at any time such a claim.

The new first-to-file system applies to any application “that contains or contained at any time a claim to claimed invention that has an effective filing date” after March 16, and to any application that claims priority to a first-to-file application. Applications filed now without claiming priority to a pre-March 16 application are de facto first-to-file applications. Applications filed prior to March 16 are unshakably first-to-invent applications. The rest will be judged by the content of their claims. Every claim. Even the canceled ones. No second chances.

The relevant determination is the effective filing date of the transitional application's claims. The effective filing date turns on the right to claim priority, and the right to claim priority turns on the presence or absence of disclosure sufficient to satisfy 35 U.S.C. § 112(a) (better known by its old moniker, Section 112, first paragraph). Priority rights have been the subject of many judicial disputes, and so what constitutes an effective priority claim is generally well understood.

Entitlement to a priority date is determined on a claim-by-claim basis, so claim 1 can get the benefit of its priority date, even if claim 2 does not. During prosecution, if the examiner denies the right of a claim to an earlier priority date, the applicant can amend the claim to address the problem. But first-to-file status under the AIA, unlike priority date, is an all-or-nothing proposition. A single claim not entitled to the priority date—even if that claim is later canceled or amended to ensure its right to priority—destroys the first-to-invent status of *all* claims in the transitional application and of every continuing application that claims priority to it. The stakes for each and every claim amendment have never been higher.

Some commentators have raised concerns that an added claim that contains new matter—disclosure not supported in the application as filed, to say nothing of the priority documents—could send an application into

the first-to-file system. Thankfully, the PTO has issued guidance supporting a contrary interpretation of the statute: that such a claim cannot formally be entered into the application, and therefore does not affect the first-to-invent status of the application. While not absolutely definitive, this interpretation is likely to be upheld by the courts, which typically defer to the agency's interpretations when they are not inconsistent with the underlying statute.

Other more subtle risks remain. Pharmaceutical and biotech practitioners are familiar with rejections of generic claims on the theory that the application does not disclose sufficient species to satisfy the written description or enablement requirements, even where the literal words of the claim appear in the text of the specification. This is not a new matter problem; this is a Section 112, first paragraph, problem, a problem that, at least on a strict reading of the statute, can send a transitional application into the first-to-file system. Worst of all, this problem can arise even if the application is identical—word for word!—to its priority document. Unless courts adopt a more lenient reading of the transitional provisions, every application filed after March 16 faces this risk.

Sometimes, though, a transitional application will fare better in the first-to-file system. In situations where an applicant's chief barrier to patentability is the applicant's own earlier patent filings, the first-to-file system may be preferable. For some applications, the prior art landscape may permit patenting certain embodiments in a first-to-invent version of the application, and other embodiments—previously unpatentable—in a first-to-file version. But shifting a transitional application into the first-to-file system is irreversible, and should be done with care, preferably with a backup plan.

A backup plan is particularly important when applicants want to pursue more aggressive claim strategies that might cross the line into the first-to-file system. In these situations—and especially where known prior art would pose difficulties under the first-to-file system—applicants will want to test these aggressive claim strat-

egies in a continuation or divisional of a pending first-to-invent application. That way, if the aggressive application converts to the first-to-file system, the applicant retains a first-to-invent application from which other first-to-invent applications can be filed. Without a backup first-to-invent application, the applicant would be foreclosed from ever again pursuing that subject matter under the first-to-invent system.

Choosing how to prosecute a transitional application is straightforward compared to choosing how to file a transitional application from a pre-March 16 provisional application. Do you file an exact copy of the provisional application to minimize the risk of claiming added subject matter? Do you add data or examples without disturbing the claim language? Do you file two applications, one following a conservative strategy with hopes of staying in the first-to-invent system, the other adding additional material that could subject it to the first-to-file system? At this point, no strategy insulates the applicant from all risk of the first-to-file system. Adding international applications to the mix only further complicates drafting and strategy.

Thinking ahead

The first-to-file system represents a sea change to US patent law. Practitioners will need to rapidly adjust to the demands and idiosyncracies of the new system, while carefully monitoring interpretations of the many untested provisions of the AIA. Both grace periods and the boundary between the first-to-file and first-to-invent systems are likely to be the subject of particular scrutiny, but meaningful resolution of outstanding questions is likely years away. With careful attention and knowledge of the ground rules, transitional applications can be creatively and cleverly prosecuted to protect more subject matter than would be possible under either system alone. Uncareful practitioners are likely to commit some unfortunate claiming mistake that sends the hard-won first-to-invent application down the one-way street to the first-to-file system.