

## Patent Earthquake, the America Invents Act

### **I. Introduction**

On August 28 2011, a rare 5.8-magnitude earthquake hit near Washington, DC and shook-up most of the east coast of the U.S. This was not a killer earthquake, but it was a startling geological event, perhaps announcing another startling event that took place the following month in the patent world.

From a U.S. patent attorney perspective, the America Invents Act (AIA) signed by President Obama on September 16, 2011 is groundbreaking. It is the culmination of nearly ten years of reflection, debate, lobbying and negotiation. The centerpiece of the Act is the shift from a first-to-invent system to a unique first-inventor-to-file system, breaking away from over 200 years of tradition and jurisprudence.

In terms of the changes being introduced, the last major legislation effort on patent law, the Patent Act of 1952, pales in comparison to the AIA. The 1952 Act was drafted by the legendary patent experts Giles Rich and Pasquale Federico. It was an enormous task, as it codified a large volume of jurisprudence into a few articles of Title 35 of the U.S. Code. In spite of this solid legal foundation, the 1952 Act raised countless issues, addressed over time by the jurisprudence, but many of which are still only partially resolved today.

The first-inventor-to-file provisions of the AIA were created without the adoption of 200 years of existing jurisprudence. They were drafted by anonymous congressional aids, who were lobbied by various special interest groups. The end result is a compromise, containing ambiguous text that will be challenged for years in U.S. courts. The AIA launches a new era of U.S. patent law, during which many new questions will be raised in how to properly interpret the law. Some guidance may come from other countries' jurisprudence, relying on interpretations of their versions of a first-to-file system. The U.S. first-inventor-to-file system, however, includes unique provisions, related to the grace period and the prior art effect of US patent publications and patents. Further, American judges are powerful and independent, and they will place their mark on the new patent law, sometimes in unpredictable ways. For U.S. patent practitioners, this new era will be fascinating to follow, but will also present opportunities, traps and challenges.

### **II. First Inventor to File**

The AIA completely rewrites 35 U.S.C. section 102. Of note, the paragraph that embodied the basis for interferences to determine who invented first, Section 102(g), is deleted. Other provisions, which had become anachronisms, are repealed. For example, Section 102(c), which prevented the patenting of an invention that had been abandoned, is deleted. Section 102(d), which forfeited the patentability of an invention prematurely patented in a foreign country, is also deleted.

## **A. Prior Art**

The new article 102 now includes a single definition of prior art provided in section 102(a), which is a welcomed simplification compared to the seven paragraphs (a) through (g) that previously defined it. New Section 102(a) includes a first general part, and a second part that focuses on U.S. patent publications and patents and on PCT publications designating the U.S.

More specifically, new section 102(a)(1) states that “a person shall be entitled to a patent unless 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.” Importantly, there are no longer any geographical restrictions in the definition of prior art, in contrast to the current definition.<sup>1</sup> Thus, a public use or a sale *anywhere in the world* could prevent the patenting of an invention.

While relatively simple, this definition still raises questions that may need to be settled by case law. For example, can a *non-public* sale constitute prior art? What about a public *use* that does not disclose the invention to the public? Under current law, the answer is yes for both questions. Another interesting point is that a mere *oral* public disclosure of the invention, for example at a conference anywhere in the world, could be prior art.

Under new Section 102(a)(2), the publications of U.S. patent applications, U.S. patents, and PCT publications designating the U.S., naming another inventor, are prior art *as of their earliest effective filing date* if that date is before the effective filing date of the claimed invention (even if published after). Of importance, publications of U.S. applications that claim priority to a non-U.S. application will be considered prior art *as of their priority filing date*. This change, which benefits non-U.S. applicants, is made explicit in new Section 102(d) and repeals the so called *Hilmer* doctrine. Also of note, these publications of U.S. patent applications, U.S. patents, and PCT publications, contrary to foreign patent laws, are prior art for both novelty *and non-obviousness* determinations. Another positive change for non-U.S. PCT applicants is that the prior art effect is no longer dependent on the language of publication of the PCT application.

## **B. Exceptions**

New Section 102(b) provides exceptions to the general definition of prior art stated in Section 102(a).

### **1. Grace Period**

Section 102(b)(1) provides for a one-year grace period. This section is divided in two parts, A and B. Paragraph A, known as a personal grace period, excludes from the prior art of Section 102(a)(1) any disclosure made 1 year or less before the effective filing date of a claimed invention if “the disclosure was *made by the inventor* or joint inventor or by

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<sup>1</sup> Since most provisions of the AIA relevant to the first-to-file system will be effective in 18 months, the previous law is still in effect and is thus referred to as “current” in this article

another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.” Thus, under this provision, *an inventor’s own work* will not be prior art as long as it is disclosed within one year of the inventor’s earliest filing date.

Paragraph B, known as a first to publish regime, excludes from the prior art of Section 102(a)(1) any disclosure made 1 year or less before the effective filing date of a claimed invention if “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.” Thus, under this provision, *a third party’s work* will not be prior art if it is disclosed after the inventor’s disclosure.

This new system is sometimes called a first-to-*publish* system, since by disclosing the invention, the inventor opens up a one year grace period for filing an application without the fear of any intervening prior art, while at the same time creating prior art against another applicant of the same subject matter. Obviously, an applicant wishing to secure non-U.S. patent rights would not follow such a strategy because the early disclosure could be fatal for these rights in absolute novelty countries.

Importantly, the grace period of Section 102(b)(1) is international in that the one year is prior to the priority date rather than the earliest filing date in the U.S.. This is another change that benefits non-U.S. applicants compared to the current law, for which the one year grace period is calculated only as prior to the U.S. filing date.

## ***2. Publications of U.S. patent applications, U.S. patents and PCT publications***

The general rule given in Section 102(a)(2) (the publications of U.S. patent applications, U.S. patents, and PCT publications designating the U.S. are prior art *as of their earliest effective filing date* if that date is before the application of the claimed invention) does not apply if (A) the subject matter disclosed was obtained directly or indirectly from the inventor or a joint inventor; or (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. If one of these conditions is met, the publication/patent is not prior art under Section 102(a)(2) *as of its earliest filing date*, but may still be prior art under new Section 102(a)(1) *as of its publication date*.

## ***3. Common Ownership***

Under *current* Section 103(c), U.S. patent publications and patents that are (a) prior art under current Section 102(e) (but that are not prior art under current Sections 102(a) or (b)) and (b) commonly owned or subject to a joint research agreement are excluded as prior art for *obviousness* consideration. These documents are, however, considered for *novelty* consideration.

The AIA expands this exception. Under new Sections 102(b)(2) (C) and 102(c), a reference owned by same company or subject to joint research agreement is *not* available as prior art *under new 35 U.S.C 102(a)(2) as of its earliest filing date* for purposes of obviousness *and anticipation*. However, a reference owned by the same company or subject to joint research agreement is available as prior art *under new 35 U.S.C. 102(a)(1) as of its publication date*.

### **III. Conclusion**

The above discussion only addressed the unique US first-inventor to-file provisions of the AIA. These provisions are provided in Section 3 of the AIA, which contains a total of 37 sections! While several of these sections are minor and/or narrow in nature, a number provide ground breaking changes to current law. In particular, the provisions related to new post grant review procedures administered by the Patent Trial and Appeal Board will likely shake-up current practice and may form the basis of another article in this blog.