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Understanding the America Invents Act¹Tom Jose Irving, Finnegan²

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I. Introduction

When President Obama signed the America Invents Act (“AIA”) on September 16, 2011, it marked the first fundamental patent reform in the U.S. since the 1952 Patent Act (hereafter, pre-AIA). Many significant changes to pre-AIA U.S. patent law were made in the America Invents Act. The full text of the AIA can be found at 125 STAT. 284 (PUBLIC LAW 112–29—SEPT. 16, 2011) and needs to be kept at hand since numerous provisions of the AIA will not be codified in 35 U.S.C.

This article aims to contribute to understanding the provisions of the AIA and their impact on U.S. patent law. Importantly, there is a very long overlap between AIA and pre-AIA. The two separate laws will coexist until at least March 15, 2034.

II. First-inventor-to-file

Pre-AIA, the U.S. was the only country in the world where the patent was granted to the “first-to-invent.”³ All other countries grant patents to the “first-to-file.” Under the AIA, U.S. patents with claims having an effective filing date on or after March 16, 2013 (18 months after enactment) will be generally granted to the “first-inventor-to-file.” Such patents, even if filed in the name of the assignee under AIA 35 U.S.C. §118,⁴ still require the naming of the person(s) who “invents or discovers.” And the AIA still provides a one-year grace period exception under certain circumstances, as will be explained.

A. “Road Map”

Before discussing who is the “first-inventor-to-file” and what is prior art under AIA, it is useful to get a big picture or “road map” of the AIA in an attempt to demarcate the pre-AIA and AIA worlds. For an inventor, the relevant filing date of a claimed invention for patentability/validity purposes, (the date on which the subject matter being claimed will be assessed for novelty and

³ A version of first-to-invent rule was followed in Canada and the Philippines until 1989 and 1998 respectively. See, Gerald J. Mossinghoff & Vivian S. Kuo, *World Patent System Circa 20XX, A.D.*, 38 IDEA 529, 548 (1998).

⁴ AIA SEC. 4, 125 STAT. 296.

non-obviousness) under AIA is the “effective filing date” of the claimed invention as defined in new 35 U.S.C. §100(i):

(1) The term ‘effective filing date’ for a claimed invention in a patent or application for patent means—

(A) if subparagraph (B) does not apply, the actual filing date of the patent or the application for the patent containing a claim to the invention; or

(B) the filing date of the earliest application for which the patent or application is entitled, as to such invention, to a right of priority under section 119, 365(a), or 365(b) or to the benefit of an earlier filing date under section 120, 121, or 365(c).

(2) The effective filing date for a claimed invention in an application for reissue or reissued patent shall be determined by deeming the claim to the invention to have been contained in the patent for which reissue was sought.

AIA SEC. 3, 125 STAT. 285.

According to new 35 U.S.C. § 100(j), “[t]he term ‘claimed invention’ means the subject matter defined by a claim in a patent or an application for a patent.” So, if you have always wondered what a claimed invention is, AIA provides a statutory definition!

A claimed invention has an effective filing date when the patent application for which a priority/benefit date is sought provides at least both an enabling disclosure and the required written description for the claimed invention. The best mode is a muddled mess in the AIA.

As will be explained in detail, best mode remains a statutory requirement in AIA-land, but it seems that there is substantially no consequence to the patent owner for failing to satisfy that statutory requirement. Some might interpret this as a license to willfully and wantonly violate the best mode requirement in AIA-land. None of the joint authors in any way condones such an attitude. We are of the view unanimously that statutory requirements **must be observed**.

Setting aside for now the best mode quandary under AIA⁵, the clear need to satisfy enablement and written description to be entitled to priority/benefit represents no change in pre-AIA law, at least in terms of the disclosure necessary to establish an earlier effective filing date.

New 35 U.S.C. § 102(a) defines the universe of prior art, and new 35 U.S.C. § 102(b) sets out the exceptions.⁶ The new definitions remove geographic and language restrictions on prior art, and, are viewed by many as having an overarching premise of “public accessibility.” What is prior art under the new law, absent a *Nomiya*-type admission⁷, must either form a § 102(a)(1) public disclosure – something made “available to the public” in the new words found in AIA §102(a)(1) – or an “effectively filed” AIA § 102(a)(2) patent filing disclosure. Effectively filed AIA § 102(a)(2) art requires that ultimately at least one of the following three documents publish: (1) a U.S. patent; (2) a published U.S. application, or (3) a U.S.-designating PCT application. Further discussion follows *infra*.

New 35 U.S.C. §102(d) further defines prior art under 35 U.S.C. §102(a)(2) as any one of those three types of patent filing documents being effectively filed before the effective filing date of a claimed invention but published after that effective filing date. That is somewhat like old 35 U.S.C. §102(e), in that following publication of one of the three types of AIA § 102(a)(2) documents, such document has retroactive availability as prior art for novelty and obviousness purposes. But that retroactive availability is as of the date the document was effectively filed. And unlike old §102(e), new §102(d)/102(a)(2) prior art cannot be antedated by proving an earlier invention.

New 102(d) reads:

⁵ See, AIA SEC. 15(b) amending §§ 119(e)(1) and 120 but not §119 (a) to (d)); see also section VI, *infra*.

⁶ 125 STAT. 285-286.

⁷ There is no indication that the AIA legislatively overrules the *Nomiya* line of cases, wherein admissions can make prior art out of non-prior art. See *In re Nomiya*, 509 F.2d 566, 571 (CCPA 1975). Thus, admissions should remain as non-statutory prior art, and such admissions should be avoided.

(d) PATENTS AND PUBLISHED APPLICATIONS EFFECTIVE AS PRIOR ART.—For purposes of determining whether a patent or application for patent is prior art to a claimed invention under subsection (a)(2), such patent or application shall be considered to have been effectively filed, with respect to any subject matter **described** in the patent or application—

(1) if paragraph (2) does not apply, as of the actual filing date of the patent or the application for patent; or

(2) 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), based upon 1 or more prior filed applications for patent, as of the filing date of the earliest such application that describes the subject matter.

125 STAT. 286-287 (emphasis added).

When the inventor of the claimed invention under examination in the US PTO or under validity attack in the courts is evaluating earlier-filed U.S. or U.S.-designating PCT applications or US patent filings that might be prior art under § 102(a)(2) with respect to subject matter described in the relevant patent or application, the question is not “What is the effective filing date of the prior-art patent filing?” Instead, the question is “When was the subject matter described in the relevant patent or application effectively filed?” As mentioned above, following publication, disclosure in an appropriate “effectively filed” patent filing has retroactive availability as §102(a)(2) prior art as of the date effectively filed for novelty and obviousness purposes.

New §102(d) answers this question by indicating that, when there is no claim for the benefit or priority of an earlier-filed patent application, then – for these prior art purposes – the prior-art “effectively filed” date is the actual filing date, for all that the “effectively filed” patent filing describes. However, where any patent filing contains a claim for the benefit (or priority) of an earlier patent filing, the subject matter described in the relevant patent or application is prior art under §102(a)(2) as of the filing date of any earlier-filed application for which it is entitled to make such a claim for benefit or priority, provided the earlier-filed “effectively filed” application

contains the description of the same subject matter as in the relevant three types of publications noted above.

There are some who argue that for the purposes of ascertaining if an otherwise appropriate patent filing is effectively filed, subject matter described in one of the three AIA § 102(a)(2) types of publication does not have to be enabled in the earlier-filed application to be “effectively filed.” That argument urges that this definition under §102(d) is designed to produce exactly the prior art that would have been present had the §102(a)(2) patent filing been published on the day it was filed.

Under that argument, any publication under one of the three types discussed earlier represents prior art for whatever subject matter described therein is present in the earlier “effectively filed” application for which date benefit/priority is sought. That is, whatever is described is §102(a)(2) prior art, irrespective of enablement as of the date “effectively filed.” In fact, under this argument, the earlier-filed application need not enable the subject matter of the claimed invention to be effectively filed but that the “effectively filed” application is not effective prior art against a claimed invention unless the non-enablement is cured sometime before the effective filing date of that claimed invention.⁸

The published PCT-designating-the-US is deemed published under §122(b), and hence triggers the application of §102(a)(2) as of the date the PCT was “effectively filed,” as defined in §102(d). That date can be a foreign priority or domestic benefit date as long as the PCT is entitled to claim the right of priority/benefit of that earlier application, with some concluding that is so whether or not the PCT is actually entitled to benefit.

⁸ At least two of the joint authors seriously questions this argument, not seeing how later establishment of enablement somehow retroactively applies to make the earlier, non-enabled application “effectively filed.” It is highly likely that this point will be litigated.

There is a slight but perhaps very significant difference between the language “entitled...to a right” of priority/benefit in new §100(i) and the language “entitled to claim a right” of priority/benefit” in new §102(d). There are those who argue that being entitled to actual benefit is not the same as being entitled to claim the right to benefit. The legislative history, in its famous “why people hate lawyers” moment, discussed this difference:

In section 100(i), which defines the effective filing date of the patent under review, the patent must be entitled to the priority or benefit itself under the relevant sections. Here again in section 102(d), however, the application need only be entitled to claim the benefit or priority under those sections. **This difference in language, which offers an excellent example of why people hate lawyers**, distinguishes between the core requirement of section 120 et al.—that the application include an enabling disclosure—and the ministerial requirements of that section—that the application be co pendent and specifically referenced. In effect, an application that meets the ministerial requirements of co pendency and specific reference is entitled to claim the benefit or priority, but only an application that also offers an enabling disclosure is actually entitled to the benefit or priority itself.

Cong. Rec., March 8, 2011, S1370, **emphasis added**.

The legislative history also discussed the definition of new §102(d) and its intended role in assessing the prior art impact of patent filings:

§102(d)(2)] is intended to overrule what remains of *In re Wertheim*, 646 F.2d 527 (CCPA 1981), which appeared to hold that only an application that could have become a patent on the day that it was filed can constitute prior art against another application or patent. [“For if a patent could not theoretically have issued the day the application was filed, it is not entitled to be used against another as ‘secret prior art,’ the rationale of *Milburn* being inapplicable.”]. *Wertheim*, however, was already almost completely overruled by the American Inventors Protection Act of 1999, ...which, by making any published application prior art [as of its filing date], effectively displaced *Wertheim*’s requirement that the application have been capable of becoming a patent on the day that it was filed.

Cong. Rec., March 8, 2011, S1369. Some argue that the US PTO already ignores *Wertheim*, and extends prior art effect to all prior applications that describe an invention as of the date of their filing. See MPEP 21360.03, part IV:

For prior art purposes, a U.S. patent or patent application publication that claims the benefit of an earlier filing date under 35 U.S.C. 120 of a prior nonprovisional application would be accorded the earlier filing date as its prior art date under 35 U.S.C. 102(e), provided the earlier-filed application properly supports the subject matter relied upon in any rejection in compliance with 35 U.S.C. § 112, first paragraph.

But that quote references 112, first paragraph, generally, rather than focusing on solely the written description requirement. Importantly, courts in the U.S. are not bound by legislative history or the US PTO examination guidelines. *Hoechst v. Quigg*, 917 F.2d 522 (Fed. Cir. 1990), provides an example wherein the Federal Circuit disregarded volumes of legislative history clearly intending that no one would get more than 5 years for patent term extension, and granted Hoechst 6.8 years of patent term extension for the drug Trental®.

AIA §102(d) also facilitates the transition from first-to-invent to first-inventor-to file by legislatively overruling, or as some would put it, rendering moot, *Hilmer I* and *II*. Under the *Hilmer* cases, one needed a U.S. filing date to have a prior art effect; the foreign right of priority of a U.S. patent did not provide a prior art effect under §102(e) as of that foreign priority date, nor did that foreign priority date provide a prior art effect under §102(g).

In other words, the *Hilmer* doctrine allowed one to use a foreign priority date as a shield against prior art intervening between the foreign priority date and the U.S. filing date in situations where the applicant was entitled to the benefit of that priority date. But *Hilmer* did not allow that foreign priority date to be used as a prior art sword under §102(e) or §102(g) against the patent claims of others.

Under new §102(d), foreign applicants can create a §102(a)(2) “effectively filed” prior art sword date from, e.g., a national application outside the U.S. and in a language other than English.

Pre-AIA, U.S. provisional applications were sometimes filed shortly after the foreign priority date so that the provisional application would provide a U.S. prior art sword date. AIA §102(d) eliminates the need to file such U.S. provisional applications based on non-U.S. applications.

Rather, a non-U.S. application under AIA can now be “effectively filed” on the date the application was filed anywhere outside the U.S. and in any language under §119 or §365. This means more patent filing documents will be prior art when effectively filed as opposed to when actually published, as long, of course, as they end up publishing as one of the three accepted documents explained above and in new §102(d).

B. New Definitions Of Prior Art In §102 (and Statutory Exceptions, Including Expansion Of The CREATE Act And Common Ownership As Exceptions To Prior Art Under §102(A)(2) and §103)

AIA 35 U.S.C. § 102 (and the AIA amendments to §103) defines statutory prior art. It removes the geographic and language boundaries set forth in the pre-AIA §102. The prior art under the AIA constitutes, as mentioned above, both public disclosures and certain patent-filing disclosures of subject matter “effectively filed” prior to the “effective filing date”:

AIA § 102. Conditions for patentability; novelty

(a) NOVELTY; PRIOR ART.—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 issued under section 151, or in an application for patent published or deemed published under section 122(b), in which the patent or application, as the case may be, names another inventor and was effectively filed before the effective filing date of the claimed invention.

125 STAT. 285-286.

Under § 102(a)(1), the AIA is clearly intended to create statutory prior art based on public disclosures anywhere in the world in any language before the effective filing date of the claimed invention.

The change from date of invention to “effective filing date” of the claimed invention means that the window is wider for additional prior art in one respect since the effective filing date of any claimed invention is almost always later than the pre-AIA date of invention, but is obviously narrower in another respect since prior inventions of others under pre-AIA 35 U.S.C. §§102 (f) and (g) are generally no longer prior art under AIA. Also, under the AIA, note that “written description”, “enablement”, and §103’s nonobviousness requirement will all be judged as of the same date: the effective filing date of the claimed invention.

In AIA’s §102(a)(2), the term “deemed published” references publication under 35 U.S.C. §122(b). That use in §102(a)(2) serves to tightly tie new paragraph (2) to §374, referencing PCT filings designating the United States. It should be noted that this provision making all U.S.-designating PCT applications possible prior art under §102(a)(2) for subject matter described gives the U.S.-designating PCT applications the (a)(2) prior art date as of the date that the PCT was effectively filed, as has been previously discussed, with no requirement under AIA that the PCT be published in English.

If the PCT publishes, whether or not it designates the U.S., before the effective filing date of a claimed invention, the PCT is then prior art under AIA’s §102(a)(1). The same of course is true if an issued patent or a patent publication publishes before the effective filing date of a claimed invention.

The legislative history indicates that Congress intended to eliminate “secret prior art” of any kind, ANYWHERE: “Once an invention has entered the public domain, by any means, it can no longer be withdrawn by anyone.” Cong. Rec., Sept. 8, 2011, S5431. And further::

I [Senator Kyl] emphasize these points about the bill's imposition of a general public availability standard and its elimination of secret prior art because they are no small matter. A contrary construction of section 102(a)(1), which allowed private and non-disclosing uses and sales to constitute invalidating prior art, would be fairly disastrous for the U.S. patent system. ...[A] general public-availability standard is a necessary accompaniment to this bill's elimination of geographic restrictions on the definition of prior art. As unwieldy as the current rules may be, at least those rules allow only those secret sales and private third party uses that occur in the United States to constitute prior art. Under the new regime, however, sales and uses occurring overseas will also constitute prior art.

Cong. Rec., March 8, 2011, S1371.

In particular, some argue that "Congress was indicating that the so-called *Metallizing Engineering*⁹ doctrine under which secret uses, secret offers for sale, and other secret activities, which could constitute a forfeiture bar to patenting under pre-AIA §102(b), are simply gone." In other words, the argument indicates that AIA legislatively overrules the forfeiture doctrine of *Metallizing Engineering*. That of course, will no doubt be litigated. If *Metallizing Engineering* has in fact been overruled by AIA, that is, under special circumstances, a clear advantage of AIA for anyone seeking to patent a secret process, notwithstanding the product of that secret process has been commercialized for many years.

However, even if evidence of a public use or offer to sell anywhere in the world may meet the test of accessibility to the public, it may be VERY difficult for the applicant to find out about that evidence prior to discovery in litigation. Pre-AIA case law established that something is "publicly accessible" when "one skilled in the art exercising reasonable diligence" could find it. It is unclear whether this will continue to be the standard for publicly accessible. So, although secret prior art may not exist under AIA, submarine prior art, that may not be known to the

⁹ *Metallizing Engineering Co. v. Kenyon Bearing & Auto Parts Co.*, 153 F.2d 516 (CA2 1946): the claimed invention was a commercial process, practiced in secret, that was not available to the public. The court refused to let the inventor patent the process on the ground that the product of that process had been commercialized more than one year before patent filing and thus the inventor forfeited its right to later claim the secret process.

patentee until US patent litigation commences, seems to be alive and well. Watch for this issue to be litigated.

AIA's §102(b) sets out the exceptions to the prior art definition in §102(a), and maintains the old U.S. 1-year grace period for some prior art (§102(b)(1)):

(b) EXCEPTIONS.—

(1) DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION.—A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention 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) DISCLOSURES APPEARING IN APPLICATIONS AND PATENTS.—

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.

125 STAT. 286.

There are those who argue that the §102(b)(1) exception to §102(a)(1),¹⁰ applies ONLY for the same (in a novelty sense) subject matter earlier disclosed; “related” subject matter (in an obviousness sense) could still be used against the patentee under § 103 and MIGHT even preclude the claimed invention from being patentable at all because of § 103 even if the §102(b)(1) exception applies!!! The same argument regarding disclosed vs. related subject matter is also made regarding §102(b)(2), which is the exception to §102(a)(2). Notably, §102(b)(2) does not include a grace period and includes three classes of exception, whereas §102(b)(1) includes only two classes of exceptions.

It is important for practitioners to remember that AIA is a first inventor to file system, not a first inventor to disclose system.¹¹ References to “disclosure” in the AIA do not mean that disclosure replaces patent application filing; publishing is not a substitute for filing to obtain strong patent position on the invention. An inventor who has publicly disclosed should file a patent application promptly or better yet, before disclosure. Why? Because, as noted above, “subject matter disclosed” arguably only covers anticipatory subject matter (same in a novelty sense), not obvious variants. Substituting a patent filing with an effective filing date with a public disclosure cannot produce a better outcome and in certain situations will produce a worse outcome.

AIA §102(b)(1) and §102(b)(2) deserve some significant comment. In many situations, these exceptions will constitute a critically important tool for salvaging patentability for an invention that otherwise would have been lost to prior art on account of an intervening publication or patent filing by a rival inventor or developer of the same subject matter. In highly competitive areas of technology, however, the value of this new protection is likely to be quite narrowly

¹⁰ The AIA creates great confusion by providing sections called 102(a), (b), (c), and (d), that drastically differ from pre-AIA sections 102(a), (b), (c), and (d). For that reason, the patent practitioner will have to exercise great care, for at least the next 20 years, to determine whether any particular claimed invention under consideration is subject to AIA or pre-AIA.

¹¹ Exceptions to this general rule can be conjured up and will be presented on March 29, 2012, in slides that will accompany this manuscript.

confined, particularly if disclosed is narrowly construed, as mentioned above, to mean subject matter disclosed in a novelty only sense.

In fact, the need for the exceptions should be avoided as much as possible. As a fundamental matter, an inventor is not going to be able to secure better patent protection by publishing in preference to making a patent filing. This is an important principle. Although the subparagraph (B) provisions of paragraphs (b)(1) and (b)(2) require that prior art be disregarded when the requirements of the exception are met, those exceptions do not provide an effective filing date as of the public disclosure date. Any disclosure of subject matter that is not in the inventor's earlier public disclosure remains prior art under the argument set forth above. When the inventor's patent filing is subsequently made, some elements of the intervening disclosure, i.e., related subject matter or even obvious variants of the disclosed subject matter, may remain as residual prior art. If they do, the residual prior art may render obvious the claimed invention even though the non-residual part of that prior art was overcome by one of the exceptions.

In contrast, had an earlier effective filing date been secured, there would be no residual prior art because the intervening disclosure would not be prior art under either §102(a)(1) or §102(a)(2). If an earlier patent filing that is quite narrow is then followed by an independent public disclosure that is quite broad – patentability, according to the construction of §§102(b)(1)(B) and 102(b)(2)(B) presented earlier, is necessarily lost for any subject matter beyond that narrow disclosure and, as mentioned above, may even be lost for the subject matter of the narrow disclosure in view of the residual related disclosure that is prior art.

Furthermore, one will want to think long and hard before availing herself of any of the exceptions. Proving that claimed subject matter is in fact patentably distinct over the putative §102(a)(1) or §102(a)(2) eliminates any issues that might arise if the facts, when fully known, did not warrant application of the exceptions.

Subsection (c) of §102 now codifies the Cooperative Research and Technology Enhancement (CREATE) Act of 2004. The CREATE Act built on the American Inventors Protection Act (AIPA) of 1999. The AIPA provided that the disclosures contained in certain commonly assigned applications could not be used as prior art relevant to the obviousness of the claimed invention in a later patent filing. The CREATE Act provided that subject matter developed under joint research agreements that led to patent filings could be treated as though they were “commonly assigned” for the purpose of the “obviousness” prior art exception in the AIPA.

The CREATE Act provisions, along with the AIPA’s common-assignment provisions, have now been moved from old §103 to new §102 and, thus, apply not just to “obviousness” prior art, but to certain additional prior art issues under AIA §102(a)(2) through exception §102(b)(2)(C). The AIPA provisions, as will become clear shortly, have moved from old §103(c)(1) to §102(b)(2)(C) and the CREATE Act provisions likewise migrated from old §103(c)(2) into new §102(c) which applies to exception §102(b)(2)(C). For anyone concerned that the CREATE Act’s definition of a “joint research agreement” (JRA) was lost in the statutory shuffle, have no fear – it is moved, unchanged in content, to §100(h).

However, many have overlooked that, as suggested above, §102(c) applies only through exception §102(b)(2)(C) to §102(a)(2) and non-JRA common ownership exception only applies through exception §102(b)(2)(C) to §102(a)(2). Hence, common ownership, with or without a JRA in place, is irrelevant in addressing prior art under § 102(a)(1).

But as an exception to §102(a)(2), AIA’s §102(c) has a salutary broadening effect for the patentee. The same is true for non-JRA, common ownership situations under exception §102(b)(2)(C).

Specifically, §102(b)(2)(C) is an exception to § 102(a)(2) if the subject matter disclosed and a later 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. That

is an improvement over pre-AIA in that the AIA exception can be applied to overcome both novelty and obviousness problems, whereas pre-AIA common ownership could address only an obviousness problem.

And importantly, AIA now recognizes common ownership as long as that ownership is in place by the effective filing date of the claimed invention. Pre-AIA, common ownership had to be in place by the date of invention of the claimed invention. As explained above, date of invention is almost always earlier than the effective filing date of the claimed invention.

In the view of at least one of the joint authors, the §102(b)(2)(C) exception to §102(a)(2) may, in context of first-inventor-to file, be one of the most significant benefits of AIA. So useful may it be, that under certain circumstances, eagerness to take advantage of the §102(b)(2)(C) exception, may lead one to avail herself of the newly introduced “Jedi Master Mixer,” to be explained below.

Similar comments apply to AIA’s §102(c). Therein, subject matter disclosed and a later-claimed invention shall be deemed to have been owned by the same entity if the subject matter disclosed was developed and the claimed invention was made by, or on behalf of, one or more parties to a joint research agreement that was in effect on or before the effective filing date of the claimed invention. Under pre-AIA, the relevant date was “at the time the invention was made.”

Under certain circumstances, the change to “on or before the effective filing date” may allow applicants to proactively take care of a potential §§ 102/103 problem before filing, with one possibility even being purchasing that potential prior art. For example, assume University X invents compounds A and B and approaches Company Y to license compounds A and B, which are disclosed and claimed in X’s US patent application. Prior to being approached by X, Company Y has invented compounds C to E and plans to file a US application disclosing those new species and claiming a genus, which also encompasses compounds A and B in addition to C

to E. But as long as Company Y purchases the compounds A and B prior to filing its application to the genus and compounds C to E encompassed therein, Company Y has effectively purchased the prior art and should be able to eliminate that prior art under the §102(b)(2)(C) exception, assuming that the University X application matures into §102(a)(2) prior art through one of the three types of designated publication under §102(a)(2).

And what if Company Y has filed its patent application prior to finding out about University X's application? Perhaps all is not lost. Depending on the circumstance, Company Y may be able to abandon its application and refile it after the common ownership or joint research agreement has been signed.¹²

Speaking more broadly, nothing in the CREATE Act prohibits making use of its provisions for research activities that have already produced potentially patentable inventions at the time the JRA or common ownership agreement was executed, as explained above. In the example above, University X and Company Y, if a JRA rather than transfer of ownership is desired, will want to conclude a JRA that has within its scope the discovery, synthesis, and testing of all compounds A to E within the broad genus. Carefully crafted, the JRA (or common ownership agreement) should allow the anticipatory patent filing of University X to be removed, under the §102(b)(2)(C) exception, as prior art under §102(a)(2).

Under the pre-AIA CREATE Act, this type of protection for University X and Company Y would have been unavailable. The broad patent filing would not have been protected under the pre-AIA CREATE Act because the pre-AIA version did not protect against the loss of novelty, only obviousness, and would also not have applied since the generic invention had already been made as of the date of the JRA. These improvements are certainly collaboration friendly and as

¹² Such strategy is clearly not for the faint-hearted. The circumstances will have to be carefully considered in view of the Paris Convention. Also the question may arise whether a U.S. provisional application can effectively be abandoned. Should that be a concern, an approach may to be convert the provisional application into a non-provisional application and then abandon the non-provisional application. Think, think, think!

noted above, can be a critically important advantage of AIA under certain factual circumstances.

Interestingly, Congress included a section explicitly noting that new §102(c) should continue to be interpreted with same intent as under the CREATE Act (promote joint research):

SEC. 3(b)(2) CONTINUITY OF INTENT UNDER THE CREATE ACT.—The enactment of section 102(c) of title 35, United States Code, under paragraph (1) of this subsection is done with the same intent to promote joint research activities that was expressed, including in the legislative history, through the enactment of the Cooperative Research and Technology Enhancement Act of 2004 (Public Law 108–453; the “CREATE Act”), the amendments of which are stricken by subsection (c) of this section. The United States Patent and Trademark Office shall administer section 102(c) of title 35, United States Code, in a manner consistent with the legislative history of the CREATE Act that was relevant to its administration by the United States Patent and Trademark Office.

125 STAT. 287.

C. Transition Provisions AIA SEC. 3(n)(1) and 3(n)(2), Spawning The Jedi Master Mixer

So far so good, but the reader may ask, when do these AIA prior art provisions and exceptions apply? The answer to that question will be critical in making a proper assessment of the law for at least the next 20 years!

To assist the patent practitioner in answering that question, AIA provides two very important transition provisions that immediately need to become engraved in the heart and mind of the practitioner. We will reference those provisions as 3(n)(1) and 3(n)(2).¹³

And remember well this warning: these transition provisions will not be codified in 35 U.S.C. but will be found ONLY in the public law. Hence, a word to the wise: don't throw away this manuscript or the accompanying slides and consider them to be just as important as the

¹³ AIA SEC. 3, 125 STAT. 293.

birthdate of your spouse, significant other, etc.!! So, now let's take a look at those transition provisions.

AIA SEC. 3(n)(1) defines the effective date of amendments to 35 U.S.C. §§102 and 103. Blockbuster AIA SEC. 3(n)(2), which is too narrowly named, as we shall see, covers how the old law will continue to operate at least in part for all the claims of some patents **AT THE SAME TIME** that **the entire AIA applies to all the claims of that same patent** under simultaneously applicable SEC. 3(n)(1).

That thunderbolt is way too strange to make up, so please have a look at the language of those transition provisions:

(n) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this section, the amendments made by this section shall take effect upon the expiration of the 18-month period beginning on the date of the enactment of this Act, and 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 as defined in section 100(i) of title 35, United States Code, that is 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.

(2) INTERFERING PATENTS¹⁴—The provisions of sections 102(g), 135, and 291 of title 35, United States Code, as in effect on the day before the effective date set forth in paragraph (1) of this subsection, shall apply to each claim of an application for patent, and any patent issued thereon, for which the amendments made by this section also apply [Joint authors' note: in other

¹⁴ Joint authors' note: that title is too narrow and probably should have been: "102(G) PRIOR ART, INTERFERENCES, AND INTERFERING PATENTS.

words, AIA SEC. 3(n)(1) also applies] , if such application or patent contains or contained at any time—

(A) a claim to an invention having an effective filing date as defined in section 100(i) of title 35, United States Code, that occurs before the effective date set forth in paragraph (1) of this subsection; 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.

125 STAT. 293 (emphasis added).

Under special circumstances, there will be patent practitioners who create a Jedi Master Mixer and deliberately invoke 3(n)(2), owing to the AIA's probable elimination of forfeiture and vast liberalization of the CREATE ACT and common ownership, explained above, instead of the less liberal treatment of those subjects under pre-AIA §103(c).

Before revealing the Jedi Master Mixer, let us pause for a moment to consider a frequently asked question (FAQ): in the AIA world, do inventors need to keep laboratory notebooks? As noted, (3)(n)(2) expressly brings into play in the AIA world §§ 102(g), 135, and 291. And since we have suggested that certain circumstances will motivate a practitioner to invoke 3(n)(2), this means lab notebooks maybe even more important than before!

And don't forget that this is a first-inventor-to-file AIA. As explained in further detail *infra*, determination of inventorship will be required, further necessitating laboratory notebooks to evaluate inventorship.

Turning back now to the transition provisions, amendments to pre-AIA claims should not flip a patent application into AIA as long as the effective filing date of each claim in the application is pre-March 16, 2013. In that case, neither 3(n)(1) nor 3(n)(2) applies, even if those claims are

presented/amended for the first time long after March 16, 2013, and even if presented in an extensive amendment.

Before further exploring the extreme, the simple message is that if the effective filing date of all claims in a patent application is on or after March 16, 2013, the prior art provisions, exceptions, and definitions of AIA apply through transition provision AIA SEC. 3(n)(1). And if all claims in an application have an effective filing date before March 16, 2013, only pre-AIA applies and neither (3)(n)(1) nor (3)(n)(2) applies.

And if AIA applies to the application as a whole, i.e., all claims have an effective filing date on or after March 16, 2013, the patent applicant could only rely upon her effective filing date for each claim, not her date of invention. By the same token, if AIA does not apply at all, i.e., all claims in an application have an effective filing date before March 16, 2013, only pre-AIA applies and the patent applicant as needed can rely on her date of invention.

Assume now that, on or after March 16, 2013, the patent applicant files any one of a CIP, a non-provisional based on provisional(s), and entry into the U.S. national stage through PCT, and presents 10 claims. Assume further that only one of those ten claims has an effective date for that claimed invention of March 16, 2013 or later, meaning that the other nine claims have an effective filing date before March 16, 2013.

At that point, the patent application and all of its claims, even those presented later in time during prosecution, are irrevocably subject to AIA under SEC. 3(n)(1), even if that one claim were later canceled, since that claim was present “at any time.” As noted above, given the probable demise of forfeiture and the for-sure liberalization of common ownership and JRA, all claims, including the nine claims with the pre-AIA effective filing date for the claimed inventions defined in each of those claims, could be patentable whereas in pre-AIA they might not have been!

But we are not yet done with this analysis! There were nine claims in the application having an effective filing date before March 16, 2013. Accordingly, all ten claims are also subject to 35 U.S.C. §§ 102(g), 135, or 291 under AIA SEC. 3(n)(2). For the 9 claims with an effective date prior to March 16, 2013, all AIA prior art, exceptions, and definitions, **and** all pre-AIA prior art under §102(g) can be used against not only those nine claims but also against the tenth claim that has an effective date March 16, 2013 or later. Are we having fun yet?

But, pre-AIA §102(g) prior art, such as in *In re Bass*¹⁵ and *In re Clemens*,¹⁶ can be antedated. So, for all ten claims in this mixed application, a prior date of invention can be proved to overcome any §102(g) prior art that comes up, or in any interference or interfering patent litigation that arises under §§ 135 and 291.

And some thought that AIA was the demise of proving an earlier date of invention under any of §§ 102(g), 135, and 291! At least one author of this manuscript sees that, when SEC. 3(n)(2) applies, paraphrasing Mark Twain, the rumors of the death under AIA of §§ 102(g), 135, and 291 have been greatly exaggerated.

We can refer to this application containing at least one claim with an effective date prior to March 16, 2013 and at least one claim having an effective date on or after March 16, 2013 as a “mixed” application. And both 3(n)(1) and 3(n)(2) apply to that mixed application. And subject to having to deal with §§ 102(g), 135, and 291 from pre-AIA, the mixed patent applicant gets the benefits of AIA for all claims:

- apparently no forfeiture; and
- liberalized common ownership/ CREATE ACT (§§102 and 103) advantages explained above.

¹⁵ *In re Bass*, 474 F.2d 1276 (CCPA 1973).

¹⁶ *In re Clemens*, 622 F.2d 1029 (CCPA 1980).

Therefore, there could be, under the right circumstances, enormous benefit to bringing pre-AIA claims into AIA.¹⁷ And under those circumstances, proving a date of invention in the mixed application can be alive and well to avoid others under §§ 102(g), 135, and/or 291.

Hence, the explosion onto the US patent laws of the Jedi Master Mixer, defined herein as a mixed application purposefully invoking under special circumstances both AIA SEC. 3(n)(1) and AIA SEC. 3(n)(2) with the possible benefits discussed above.

One can envision the following Jedi Master Mixer strategy:

- Have a pre-AIA patent filing (and prioritized examination?)
- Jedi Master Mixer: File a second, independent AIA patent application that is a duplicate or near-duplicate of the pre-AIA patent filing, but avoids identical claims and has at least one claim with effective filing date after March 15, 2013 and of course, at least one claim having an effective filing date before March 16, 2013 (and prioritized examination?)
- Have a third AIA application with AIA claims only, i.e., all claims have an effective filing date after March 15, 2013 (and prioritized examination?)

In the Jedi Master Mixer, an objective is to secure whatever benefits might exist in both the first-to-invent and the first-inventor-to-file in the (n)(1) and (n)(2) first-inventor-to-file and first-inventor worlds, subject to having to fend off vestiges of pre-AIA in the form of §§102(g), 135, and 291.

The Jedi Master Mixer strategy may result in having to disclaim the extra term provided by the pre-AIA patent and thus the patentee may not be able to enforce the patents separately.

¹⁷ Same invention double patenting is the same pre-AIA or AIA, so every application must have claims that are different to avoid same invention double patenting.

And it is important to remember that patents with identical claims will still be barred, so the three patent filings will need to stand alone.

From the presence of six ducks above, the careful reader will note that the strategy outlined above suggests perhaps six separate, independent patent applications. Each of the three described above can be morphed into a second application having non-identical claims. In each pair, one application will have a prioritized Track I examination and the other a regular examination.

As will be apparent, for the class of inventions for which 35 U.S.C. §156 patent term extensions are important, the patentee will then be able to have the possibility of making a choice between the longer of patent term extension under §156 or Patent Term Adjustment. So, in special circumstances, the patent practitioner can start thinking now about lining up her ducks in a row for a big move right around the Ides of March of 2013!!¹⁸

III. Supplemental Examination

Importantly, there is more to AIA than just first-inventor-to-file. In an attempt to offer patent owners a possible means of purging a potential inequitable conduct problem discovered after issuance (but before litigation), the AIA presents a procedure whereby a patent owner may request supplemental examination of a patent in the US PTO to consider, reconsider, or correct information believed to be relevant to the patent. AIA SEC. 12 adds new 35 U.S.C. §257:

§257 Supplemental examinations to consider, reconsider, or correct information

(a) REQUEST FOR SUPPLEMENTAL EXAMINATION.—A patent owner may request supplemental examination of a patent in the Office to consider, reconsider, or correct information believed to be relevant to the patent, in accordance with such requirements as the Director may establish. Within 3 months after the date a request for supplemental examination meeting the requirements of this section is received, the Director shall conduct the supplemental examination and

¹⁸ At least two of the joint authors predict litigation for the unwary.

shall conclude such examination by issuing a certificate indicating whether the information presented in the request raises a substantial new question of patentability.

125 STAT. 325.

The incentive to the patentee to use supplemental examination is that the patentee is insulated in subsequent litigation from inequitable conduct allegations for claims that are patentable after the US PTO considers and/or reconsiders the submitted information and/or corrected information.

As noted in the legislative history:

This provision authorizes a supplemental examination process by which patent holders can correct errors or omissions in past proceedings with the PTO. During the process, additional information can be presented to the office and, if it does not undermine the original patent determination, the earlier omission of that information cannot be later used in a lawsuit alleging inequitable conduct.

Cong. Rec. March 8, 2011, S1366.

If a patentee makes a supplemental examination request, whether or not that request is granted with an order for reexamination, conduct relating to the information disclosed cannot be the basis for an inequitable conduct allegation in later litigation:

§257(c) EFFECT.—

(1) IN GENERAL.—A patent shall not be held unenforceable on the basis of conduct relating to information that had not been considered, was inadequately considered, or was incorrect in a prior examination of the patent if the information was considered, reconsidered, or corrected during a supplemental examination of the patent. The making of a request under subsection (a), or the absence thereof, shall not be relevant to enforceability of the patent under section 282.

125 STAT. 326.

Supplemental examination apparently provides a means for the patentee to clear up possible problems prior to litigation, in furtherance of an apparent goal of the AIA to reduce the volume of inequitable conduct allegations in patent litigation. According to the statute, the information that can be placed before the US PTO in a supplemental examination is not constrained by any materiality standard; it does not even require an averment that the information is relevant to patentability. All that is required is that the information coming before the US PTO is believed to be relevant, which presumably is a subjective standard based on the patent owner's belief.

In fact, §257(c) decrees that making or not making such a request shall not be relevant to enforceability of the patent. And since the standard for submission is relevance, submission should in no way be characterized as an admission of materiality to patentability.

This new supplemental examination procedure will be available for any patent issued before, on, or after Sept. 16, 2012. Once a request for supplemental examination is made, the US PTO has 3 months to determine whether or not the request raises a substantial new question of patentability. If granted, the Director will order an ex parte reexamination. Unlike regular ex parte reexaminations, reexamination ordered in response to a supplemental examination request must address each substantial new question of patentability identified during the supplemental examination. 35 U.S.C. §257(b).¹⁹

Supplemental examination hopefully means that the public gets the benefit of a twice-examined patent, that everything in the supplemental examination record is fully considered, and any invalid claims of the patent can be canceled.²⁰

¹⁹ Interestingly, there is no requirement in § 257 to limit the information submitted to patents or printed publications. Hence, new §257 apparently broadens the scope of reexamination beyond what is allowed under traditional reexamination practice, including ex parte reexamination under AIA. The proposed rules take this into account in 37 C.F.R. § 1.625(d)(2).

²⁰ According to proposed 37 C.F.R. § 1.620(f): No amendment to any aspect of the patent may be filed in a supplemental examination proceeding. If a Reexamination is instituted, at least narrowing amendments may be submitted. See 37 C.F.R. § 1.625(d) referring to 37 C.F.R. §§ 1.530 to 1.570.

However, there are limitations and apparent dangers to the supplemental examination procedure. For example, the protection afforded to information disclosed in a supplemental examination request does not apply against allegations already raised in district court or in an ANDA para. IV notice prior to the filing of the request for supplemental examination. 35 U.S.C. §257(c)(2)(A)). There will also be no protection against any defenses raised in ITC litigation/district court litigation unless the supplemental examination request and any ex parte reexamination ordered there from is finished before the date on which the action is brought. 35 U.S.C. §257(c)(2)(B)). Some argue that those limitations keep competitors from using information disclosed in the supplemental examination to develop an unenforceability pleading or notice AND keep patent owners from enforcing patents before the supplemental examination and any reexamination ordered have run to completion. On the other hand, one might read the exceptions as burdensome to the requester rather than the competitors.

And that second limitation requires a patent owner to think carefully about the timing of any effort at supplemental examination if there is a desire to enforce the patent in the foreseeable future. If there is no reexamination ordered, then there is a statutory deadline of 3 months for the termination of the proceeding. However, a reexamination may necessitate taking an appeal to the Federal Circuit to get the patent out of reexamination with claims that can be enforced. Thus, it may mean delaying any effort to enforce the patent for one or more years, which could be problematical for certain patentees.

At first blush, supplemental examination appears to be too good to true. Kind of like the first draft of a 1040 tax form indicating that the U.S. government owes money back to the taxpayer. But we all know that the second draft of the 1040 may well indicate that the taxpayer owes her entire net worth to the government.

As a backdrop to what you are about to read, let us tell you an apparently fictional story. In south Texas, a bank is robbed and the suspect jumps a horse and heads for the Rio Grande and

beyond into Mexico, which is not our 51st state. But, in hot pursuit is a Texas Ranger, who follows the suspected robber across the river into Mexico and finally traps him in a small pueblo. But the Ranger cannot interrogate the suspect because of mutually exclusive language skills in English and Spanish. What to do?

Finally a man on a white horse sallies forth from a huge mansion on a hill, approaches the Ranger, and assures that he can provide bilingual interpretation, having done it before. So, the interrogation begins. It is revealed that the suspect is named Jose, and Jose admits to the robbery. But Jose stalls out when asked to reveal where he hid the money. The Ranger cocks his pistol, puts it to Jose's head, and instructs the wealthy assistant to inform Jose that he will be immediately shot if he does not reveal the location of the money. Alarmed, Jose blurts out in Spanish that the money is in the middle of the town in the bottom of a well. The wealthy assistant then coolly informs the Ranger: "Jose says he is not afraid to die!!"

Herein, we shall refer to any attorney, male or female, who files a supplemental examination as "Jose." And what perils does our patent attorney Jose face?

Even if the reexamination is successful, §257(f) cheerfully provides:

§ 257(f): Nothing in this section shall be construed—

to preclude the imposition of sanctions based upon criminal or antitrust laws (including section 1001(a) of title 18, the first section of the Clayton Act, and section 5 of the Federal Trade Commission Act to the extent that section relates to unfair methods of competition);

to limit the authority of the Director to investigate issues of possible misconduct and impose sanctions for misconduct in connection with matters or proceedings before the Office; or

to limit the authority of the Director to promulgate regulations under chapter 3 relating to sanctions for misconduct by representatives practicing before the Office.

125 STAT. 327.

It looks to at least one of the joint authors that these provisions of § 257(f) have Jose written all over them.

And lest all you Joses out there are still really excited about being among the first few to file a supplemental examination request, the statute isn't yet done. Congress also included new §257(e):

(e) FRAUD.—If the Director becomes aware, during the course of a supplemental examination or reexamination proceeding ordered under this section, that a material fraud on the Office may have been committed in connection with the patent that is the subject of the supplemental examination, then in addition to any other actions the Director is authorized to take, including the cancellation of any claims found to be invalid under section 307 as a result of a reexamination ordered under this section, the Director shall also refer the matter to the Attorney General for such further action as the Attorney General may deem appropriate.

125 STAT. 326-327.²¹

It is not clear what is “fraud” and what investigation is needed, and it is also not clear whether §257(e) is sufficiently scary to effectively gut any utility whatsoever from supplemental examination. The legislative history provided a suggestion that “fraud” should use the *Therasense* “but for” materiality standard:

...in evaluating whether a fraud is “material” for purpose of referral, the Director should look to the Federal Circuit’s decision in *Therasense, Inc. v. Becton, Dickinson and Co.*, __F.3d__, 2011 WL 2028255 (May 25, 2011). That case holds, in relevant part, that: “[T]he materiality required to establish inequitable conduct is but-for materiality. When an applicant fails to disclose prior art to the PTO, that prior art is but-for material if the PTO would not have allowed a claim had it been aware of the undisclosed prior art. Hence, in assessing the materiality of a withheld reference, the court must determine whether the PTO would have allowed the claim if it had been aware of the undisclosed reference.”

²¹ See proposed rule 37 C.F.R. §1.620(g).

Cong. Rec. Sept. 8, 2011, S5429.

The US PTO issued proposed rules on January 25, 2012 (77 Fed. Reg. 3,666, “Changes To Implement the supplemental examination Provisions of the Leahy-Smith America Invents Act and To Revise Reexamination Fees”).²²

The proposed rules outline the various fees (it is about \$5500 to file and then \$16,210 if the request establishes a Substantial New Question of Patentability, “SNQP” and a reexamination is instituted. Primitive calculations indicate that is over \$16,500 in government fees alone to request supplemental examination and pursue the subsequent reexamination proceeding.

Procedurally, the patentee is to submit no more than 10 items believed to be relevant to the patent,²³ and there will be no examiner interview in the supplemental examination stage.²⁴

There is, however, under the proposed rules, no limit on the number of requests for supplemental examination that a patentee can file. So if a patentee has 80 documents it considers relevant and wants reviewed, it could file 8 requests for supplemental examination, because the proposed rules expressly provide that more than one request for a supplemental examination may be filed at any time.²⁵ That would cost \$100 K in filing fees alone, but the litigation upside might incent a patentee to spend such money.

According to proposed 37 C.F.R. §1.610(b)(7) and (8), the patentee must identify each issue raised by each item of information, and provide a separate, detailed explanation for each identified issue, “discussing how each item of information is relevant to each aspect of the patent identified for examination, and how each item of information raises each issue identified

²² Related rules proposing adopting the *Therasense* standard of “but for” materiality issued last summer (76 Fed. Reg. 43,631 (July 21, 2011)). It is expected that most practitioners will NOT change Rule 56 disclosure practices very much for now.

²³ Proposed 37 C.F.R. § 1.605.

²⁴ Proposed 37 C.F.R. § 1.620(e).

²⁵ Proposed C.F.R. § 1.605(a), 77 Fed. Reg. 3,666, 3,679 (Jan. 25, 2012)(“ More than one request for supplemental examination of the same patent may be filed at any time.”).

for examination” Comments are due March 26, 2012, three days before the Joint Authors will present their panel discussion for ABA.

Obviously, the rules, once finalized will have a great bearing on whether – in the actual practice before the Office – supplemental examination will ever be used. And of course antitrust, criminal convictions, US PTO sanctions, and being referred to the Attorney General are statutorily looming and could be very daunting.

Many suggest that the potential penalties should not deter anyone from using supplemental examination. At least one of the joint authors had heard that advice from those not named Jose; in other words, those who would never put their name on any paper associated with a supplemental examination.

But, of course, if an experienced patent practitioner feels that nothing bad happened other than good faith omissions and errors in the original prosecution, that practitioner may be totally comfortable signing the request for supplemental examination and prosecuting any reexamination that results.

In lieu of supplemental examination, there are a couple of work-arounds potentially available. It immediately comes to mind that with a *Therasense* objective but-for materiality standard, one should lean over backwards to make sure all potentially material information is submitted during prosecution and that no errors needing correction are needed. Theoretically, that should obviate any need for supplemental examination.

Another possibility is reissue, since many practitioners inherit issued patents that they did not prosecute and which patents may not have clearly satisfied the practices proposed in the preceding paragraph. Of course, a condition precedent for reissue is the existence of a statutory error under 35 U.S.C. §251. Recent liberalizing Federal Circuit authority makes it

easier to show a statutory error,²⁶ and, as will be discussed in Section IV, *infra*, the AIA removed “without deceptive intent” from 35 U.S.C. §251, although it is not yet clear exactly what is the effect from that removal. In addition, the existing reissue procedure has a much lower fee, no restriction on submitting information, and no restriction on filing RCE and continuations, if needed.

Furthermore, after a successful reissue, up to the point of time of obtaining a Notice Of Allowance, would the PTO feel, in considering a request for supplemental examination, that any 10 documents that were considered in the reissue but found not to preclude patentability, particularly of original claims, raise a substantial new question of patentability? In other words, is it possible that a successful reissue, at least of original claims up to a point of a Notice of Allowance, could be used to reduce the possibility of a request for supplemental examination being granted.

There are a number of additional considerations in such a combination of reissue strategy/request for supplemental examination that are beyond the scope of this article. No doubt, we all eagerly await final rules and the arrival of September 16, 2012, when the AIA supplemental examination provisions become effective. We shall then see how Jose is going to fare and can only hope that Jose does better in supplemental examination than did the legendary Jose chronicled above, particularly if you wind up being Jose.

IV. Elimination Of Deceptive Intent In All Statutory Provisions

“Deceptive intent” was required in many sections of the pre-AIA patent law, such as sections relating to reissue, correction of inventorship, and foreign filing licenses. All references to “deceptive intent” were removed by the AIA. For example, § 251, the reissue statute referenced in the preceding section, now reads:

²⁶ See *In re Tanaka*, 640 F.3d 1246 (Fed. Cir. 2011).

Whenever any patent is, through error, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Director shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent[.]

125 STAT. 333-334.²⁷

There are those who argue that the removal of the requirement of “deceptive intention” means no pre-filing due diligence is needed to assess whether any “deceptive intent” was involved in the “error” on which the reissue under §251 is based. But others reject that notion, particularly since reissue may be used, as described in the preceding section, as a precursor to or even replacement for supplemental examination to try to insulate reissued claims from an allegation of inequitable conduct.

“Deceptive intention” was also removed from 35 U.S.C. §288:

Whenever, ~~without deceptive intention,~~ a claim of a patent is invalid, an action may be maintained for the infringement of a claim of the patent which may be valid.

The law therefore expressly provides for a cause of action on a patent’s valid claims, even if invalid claims are to be found in the patent. There is some interesting legislative history offered in a discussion of supplemental examination that reads:

²⁷ Other revised sections include:

§116(c) CORRECTION OF ERRORS IN APPLICATION.—Whenever through error a person is named in an application for patent as the inventor, or through an error an inventor is not named in an application, ~~and such error arose without any deceptive intention on his part,~~ the Director may permit the application to be amended accordingly, under such terms as he prescribes.

§184 and §185 FOREIGN FILING LICENSES: without deceptive intent

§256(a) CORRECTION.—Whenever through error a person is named in an issued patent as the inventor, or through error an inventor is not named in an issued patent ~~and such error arose without any deceptive intention on his part,~~ the Director may, ...issue a certificate correcting such error.

§288 Whenever, ~~without deceptive intention,~~ a claim of a patent is invalid, an action may be maintained for the infringement of a claim of the patent which may be valid.

New section 257(c)(1) follows the usual practice of referring to inequitable-conduct attacks in terms of unenforceability, rather than invalidity, though courts have in the past used the terms interchangeably when describing the effect of fraud or inequitable conduct on a patent. *J.P. Stevens & Co., Inc. v. Lex Tex Ltd., Inc.*, 747 F.2d 1553, 1560, Fed. Cir. 1984, notes that “[w]hether the holding should be one of invalidity or unenforceability has had no practical significance in cases thus far presented to this court.” **The term should be considered to be used interchangeably with “invalidity” in this bill as well.** Obviously, Congress would not create a procedure for reexamining patents that allowed them to be protected against subsequent inequitable conduct challenges of unenforceability, only to allow the same patents to be challenged on the same basis and declared invalid on the basis of inequitable conduct.

Cong. Rec. March 8, 2011, S1378.

How interesting is it that Senator Kyl placed in the record a statement apparently equating inequitable conduct with invalidity? That legislative history is a bit oblique, but one could argue that Congress is saying in the AIA that under new §288, claims of a patent that are not directly tainted with inequitable conduct could be enforced even if other claims are directly tainted with inequitable conduct and thus unenforceable. Were that interpretation to prevail, and it will no doubt be litigated, such an interpretation would overrule the doctrine of infectious inequitable conduct enunciated in *J.P. Stevens & Co., Inc. v. Lex Tex Ltd., Inc.*, 747 F.2d 1553 (Fed. Cir. 1984), cited by Senator Kyl in the quote just above.

Perhaps then, in situations of “but for” conduct – where the deceptive intention was tied to the grant of a patent on an invalid claim, the infringement action on any remaining valid claims not tied to the inequitable conduct “may be maintained.” No doubt that this change will prompt some litigation over the question of to what extent *Precision Instruments Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806 (1945)²⁸ remains good law, at least if the deceptive intention took place in the US PTO, where the invalid claims were secured. Overall,

²⁸ Patent claims, though not invalid, may be unenforceable based upon the inequitable conduct of an “unclean litigant.”

however, the impact on the inequitable conduct doctrine is not entirely clear – it will have to be litigated.

The removal of the deceptive intention provisions is effective September 16, 2012, and the repeal will apply to all proceedings commenced on or after September 16, 2012. This change conforms the U.S. patent law more closely to international norms, and perhaps narrows the areas where unenforceability may be raised. But that again remains to be litigated.

On this subject, the US PTO issued proposed rules on January 6, 2012 (77 Fed. Reg. 982, “Changes To Implement the Inventor’s Oath or Declaration Provisions of the Leahy-Smith America Invents Act”). The proposed rules note that the removal of the “without any deceptive intention” provision:

should not be taken as an endorsement for applicants and inventors to act with “deceptive intention” in proceedings before the Office. As discussed previously, 35 U.S.C. 115(i) requires that any declaration or statement filed pursuant to 35 U.S.C. 115 must contain an acknowledgement that any willful false statement made in the declaration or statement is punishable under 18 U.S.C. 1001 by fine or imprisonment of not more than 5 years, or both.

Sounds a bit like the inventor(s) and the patent attorney may again be Jose. But we joint authors join with the US PTO in that none of us encourages deceptive intent in any form before the US PTO. Still, it will be interesting to see what inequitable conduct issues arise with respect to reissue claims obtained under the AIA.

Related changes to the inventor’s oath provisions in 35 U.S.C. §115 include a one-time requirement to make two required statements when the inventor’s initial non-provisional patent filing takes place. So long as the inventor or the joint inventor authorizes the filing and confirms that she is the inventor or a joint inventor, then §115 is complied with, not only with respect to that patent filing, but also for any continuation, continuation-in-part, and divisional patent filings that spring from the application in which the required statements appear.

Not only is the filing of an oath no longer connected with the filing of a complete application for patent, but it is now explicit that the filing of this required documentation simply needs to appear in the Office at the time the Notice of Allowance appears. If there is any change in the naming of the inventor in the application, the patent applicant need only submit an additional or corrected statement. If inventorship is incorrect, §115 expressly authorizes that patent applications may be amended to name the correct inventor and to correct any prior documentation. With these provisions, including the “savings clause,” this should obviate both invalidity and unenforceability in any situation where inventor naming was incorrect and have been corrected. For practitioners, the best and safest place to include the required statements under §115 will be in the inventor’s assignment. It should add only a limited insertion to the boilerplate language contained in most assignment documents.

Compared to the technicalities, timing, and remedies available under the pre-AIA patent law, reform perhaps does not get better than the AIA’s treatment of inventorship. In the AIA, remedial measures exist to assure that the proper inventor can be named in an application or patent, the corrected patent can remain valid and enforceable, and – most importantly – that the inventor will have ownership of the valid and enforceable patent.

All that said, it is still a good idea to identify inventors at the time of filing for Rule 56 reasons.²⁹ Another reason, as will be discussed in Section VI, *infra*, is because the statutory requirement for disclosing best mode still exists.

V. Prioritized Examination

Congress included a “fast-track” examination, called “prioritized examination” in the AIA, referred to by the US PTO as Track I. In a response to frustration in the patent bar and many interest groups about the huge backlog of patent applications at the US PTO, AIA SEC. 11(h) not

²⁹ In addition, inventorship still determines ownership in the US. And each joint inventor still owns the patent in its entirety, even if the joint inventor’s inventorship contribution only relates to one claim. See *Falana v. Kent State University*, --F.3d__ (Fed. Cir. Jan. 23, 2012).

only sets out the fee for prioritized examination (just under \$5K³⁰), but authorized the new procedure to go into effect within 10 days of enactment! As of Sept. 26, 2011, therefore, prioritized examination was available!

According to the US PTO, the goal of prioritized examination is “final disposition” within 12 months:

The goal for handling applications under prioritized examination is to on average provide a final disposition **within twelve months** of prioritized status being granted. The final disposition for the twelve-month goal means that within twelve months from the date prioritized status has been granted that one of the following occur: (1) Mailing of a notice of allowance; (2) mailing of a final Office action; (3) filing of a notice of appeal; (4) completion of examination as defined in 37 CFR 41.102; (5) filing of a request for continued examination; or (6) abandonment of the application.

76 Fed. Reg. 59,050 , 59,051 (Sept. 23, 2011).

By statute, applications for which prioritized examination is requested may have no more than 4 independent claims or 30 total claims, and the Director may not accept more than 10,000 requests for prioritization per year.³¹ By regulation, the procedure for prioritized examination does not apply to:

international applications that have not entered the national stage under 35 U.S.C. 371, design applications, reissue applications, provisional applications, or reexamination proceedings.

76 Fed. Reg. 78,566, 78,569 (Dec. 19, 2011).

³⁰ In addition to the prioritized examination request fee, applicant must pay filing, search, and examination fees (including any applicable excess claims and application size fees), processing fee, and publication fee for that application. AIA SEC. 11(h)(1)(A)(ii).

³¹ See AIA SEC. 11(h)(ii) and (iii); 125 STAT. 324.

Importantly, patent applicants will lose “fast-track” status for their applications if they file for an extension of time or file an appeal.³² They will also lose fast-track status if they file an amendment that pushes the patent application over the claim limit.³³

The AIA prioritized examination does not impact existing accelerated examination procedure (see 71 Fed. Reg. 36,323 (June 26, 2006) and MPEP 708.02), which also has a goal of a final determination within 12 months.

According to US PTO reports, the new prioritized examination procedure is working.³⁴ 1,694 petitions were filed since the fast track option was first made available, and 1,218 petitions were approved (72%). Of those approved, 648 have already received first office actions, with 23 of those having patents granted and three receiving final rejections (88% grant rate). The average time to process a petition was 41 days, and the average time from petition approval to first office action was 31 days.

VI. Best Mode

Although US patent applicants are still required to disclose the best mode in their patent applications under 35 U.S.C. §112(a), failure to disclose best mode is no longer a ground for invalidity or unenforceability.³⁵ AIA SEC. 15 is one of the provisions that is already in effect. It impacts what patent practitioners are doing today. The new law on “best mode” applies to any “proceeding” that commenced on or after September 16, 2011.

35 U.S.C. §282 under AIA now reads:

(3) Invalidity of the patent or any claim in suit for failure to comply with—

³² 76 Fed. Reg. 59,051 (Sept. 23, 2011).

³³ 76 Fed. Reg. 78,566 (Dec. 19, 2011).

³⁴ “PTO Reports Quick Turnaround of Fast Track Patent Examination Requests in First Months,” Tony Dutra, reported in BNA's Patent Trademark & Copyright Journal®, Volume 83 Number 2046, Jan. 6, 2012, referring to report in a blog post by Commissioner for Patents Margaret A. Focarino on Jan. 3, 2012: “The Agency's Self-Report on Implementation Performance Through Year-End 2011.”

³⁵ AIA SEC. 15(c), 125 STAT. 328.

A) any requirement of section 112, except that the failure to disclose the best mode shall not be a basis on which any claim of a patent may be canceled or held invalid or otherwise unenforceable; or

B) any requirement of section 251.

AIA SEC. 15(c), 125 STAT. 328.

It was evidently considered important by Congress to get rid of the “best mode” requirement because it was a subjective element that complicated patent litigation, and because it was an anomaly globally. But rather than amend 35 U.S.C. §112, Congress left the best mode requirement in place and supposedly rendered it to some extent meaningless by changing §282.

AIA SEC. 15(b) addresses corresponding changes in 35 U.S.C. §§119 and 120:

Sections 119(e)(1) and 120 of title 35, United States Code, are each amended by striking “the first paragraph of section 112 of this title” and inserting “section 112(a) (other than the requirement to disclose the best mode)”.

125 STAT. 328.

But §119(a) to (d) are not amended! Does this mean that foreign patent applicants can have their priority claims attacked, while U.S. provisional and non-provisional parent filings are wholly insulated through the statutory changes? Section 119(a) provides that the foreign priority application “shall have the same effect as the same application would have if filed in this country.”

Because of the AIA’s amendments to §120, a parent application that fails to disclose the best mode nevertheless can entitle the applicant to the benefit of filing date of that parent application. And since §119(a) expressly requires that an identical foreign-filed application “shall have the same effect” as that U.S.-filed parent application, if the domestic parent

application would entitle the applicant to its filing date, shouldn't the foreign-filed application as well? That is an argument that someone someday will get to make to a judge.

AIA SEC. 15(c) is the effective date provision, setting up September 16, 2011 as the effective date for proceedings commenced on or after that date:

The amendments made by this section shall take effect upon the date of the enactment of this Act and shall apply to proceedings commenced on or after that date.

125 STAT. 328.

Unfortunately, there is no clear definition of what Congress meant by "proceeding." Does it include proceedings before the ITC, the federal courts, and the US PTO that involve patents and patent applications? "Proceedings" is used in 35 U.S.C. §120 without restriction to either litigation proceedings only or administrative proceedings only:

An application for patent for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in an application previously filed in the United States, or as provided by section 363 of this title, which is filed by an inventor or inventors named in the previously filed application shall have the same effect, as to such invention, as though filed on the date of the prior application, *if filed before the patenting or abandonment of or termination of proceedings on the first application or on an application similarly entitled to the benefit of the filing date of the first application and if it contains or is amended to contain a specific reference to the earlier filed application.*

35 U.S.C. 120.

Furthermore, MPEP 2165.03 seems to use "proceedings" broadly where it is noted that a failure to disclose best mode will "rarely" arise in prosecution, but is "generally uncovered during discovery procedures in interference, litigation, or other inter partes proceedings."

The legislative history seems to indicate that "proceedings" may refer to both litigation and administrative proceedings:

In section 15 of the bill, a conforming subsection (b) has been added to ensure that the best-mode requirement cannot be used to challenge a patent's entitlement to a right of priority or to the benefit of an earlier filing date. In the new effective-date subsection, the section is made applicable to all "proceedings" commenced after enactment of the Act, in order to make clear that the section's changes to the law will be immediately applicable not just in litigation but also in post-grant reviews of patents under chapter 32."

Cong. Rec., March 8, 2011, S1378.

Referring to other sections of the AIA also seems to indicate that "proceedings" should be understood to mean both litigation and administrative proceedings. For example, AIA SEC. 20 "Technical Amendments" is expressly applicable to all "proceedings" commenced one year or more after enactment, and includes:

- amendment to §116, so doesn't the AIA clearly contemplate that the initial examination of a patent is a "proceeding" within the meaning of the Act?
- amendments to §§ 184 and 185, so doesn't AIA contemplate that either a foreign patent application or U.S. examination is a "proceeding" within the meaning of the Act?
- If examination is a "proceeding" for purposes of the applicability of SEC. 20, shouldn't it also be a "proceeding" for purposes of the applicability of SEC. 15?

Another example is found in AIA SEC. 7 (PTAB provisions) where the changes are applicable to "proceedings commenced on or after" September 16, 2012. The AIA thus also contemplates that appeals under § 134 are "proceedings." Does that mean SEC. 15's best mode changes also apply to appeals of examinations under § 134?

AIA SEC. 15's statement that a claim cannot be "cancelled" on account of failure to disclose the best mode is a reference to PGR -- only PGR and IPR and reexam refer to the "cancelling" of claims. The reference to "cancelling" would not make sense unless "proceedings" were understood to include cancellation processes within the PTO.

However, the US PTO position, as set forth in its Sept. 20, 2011 Memo to the Examining Corps³⁶ and “Frequently Asked Questions”³⁷ issued Sept. 26, 2011, is that the change to best mode “is applicable only in patent validity or infringement proceedings, [and] does not change current patent examination practices set forth in MPEP §2165” “for evaluation of an application for compliance with the best mode requirement of 35 U.S.C. §112.” The Sept. 20 memo goes on to state:

The change to 35 U.S.C. §§119(e) and 120] should not noticeably impact patent examining procedure. MPEP 201.08 provides that there is no need to determine whether the earlier-filed application contains a disclosure of the invention claimed in the later-filed application in compliance with 35 U.S.C. §112, first paragraph, unless the filing date of the earlier-filed application is actually necessary (e.g., to overcome a reference). Examiners should consult with their supervisors if it appears that an earlier-filed applications does not disclose the best mode for carrying out a claimed invention and the filing date of the earlier-filed application is actually necessary.

Perhaps the PTO is overlooking the word “canceled” in amended §282? The most likely answer is that Congress never contemplated a need to apply those changes to examination, because of an understanding that the US PTO does not examine for best mode.

Since the change to best mode went into effect on Sept. 16, 2011, practitioners are already getting real examples of how the US PTO is handling the change and what the US PTO considers a “proceeding.” In an ex parte reexamination request arguing that the patent was not entitled to date benefit of a parent application, the examiner found no indication in the AIA that the change to best mode as not needed to qualify for priority/benefit purposes does NOT apply to an ex parte request for reexamination or that it ONLY applies to PGR. Noting that reexaminations are typically considered “proceedings” (35 U.S.C. § 41(a)(7); 37 C.F.R. § 1.502), the examiner concluded that in the context of analyzing whether the patent was entitled to

³⁶ www.USPTO.gov/aia_implementation/best-mode-memo.pdf

³⁷ www.USPTO.gov/aia_implementation/faq.jsp

priority date benefit, there was no need to consider whether the best mode requirement was satisfied in the parent application.³⁸

In the end, Congress didn't repeal best mode, so the language left in place in §112 remains a statutory requirement for US patent applications. Not only is compliance required by statute, but best mode disclosure may be necessary to fully enable the claimed invention, and may prove to be the only novel/nonobvious mode.

For the sake of discussion, let's assume that Congress did its job and the failure to disclose the "best mode" is a deficiency without consequence. If the "best mode" requirement is dead, should it continue to be observed? It is the view of the joint authors that it should; after all, it is still a statutory requirement.

And whether we call it a "best mode" disclosure or not, it is quite clear that withholding critical information about the best way in which an invention operates in practice or the best mode of operation is virtually always a mistake, particularly when it remains a statutory requirement. There are many situations where the only claim of a patent that the patent owner would ever wish to assert in a litigation would be a narrow claim to a best mode that was the patent owner's commercial mode and was copied exactly by the accused infringer.

What is not described cannot be claimed specifically. The written description requirement makes it very clear that an undisclosed mode is a mode that can never be specifically claimed. The best mode disclosure can be equally valuable in supporting a broad claim for which a commensurately broad enablement is needed. And, sadly, some inventions will have only one non-obvious mode – based on its advantages or commercial success- and that may well be the best mode.

³⁸ See 95/001,848, January 24, 2012 Order granting ex parte reexamination request.

So it is our view that practitioners should assume that nothing in current practice changes in terms of the disclosure required in a patent filing to best serve the inventor's and patent owner's interests. Then, once the patent filing has been accomplished, there should be no patentability, validity, enforceability or enforcement context in which compliance will ever be questioned.

VII. Prior Commercial Use

Prior commercial use, or "prior user rights" is of great interest to American companies. Pre-AIA, prior use of the patented technology was not an independent defense to patent infringement except for patents directed to methods of conducting business. See AIPA 1999.

Effective Sept. 16, 2011, the prior use defense applies to any technology patented after this date, as long as the commercial use has been occurring before at least one year before the earlier of either the effective filing date of the claimed invention or the date of public disclosure that qualified for the exception from prior art under section 102(b).

AIA SEC. 5 amends 35 U.S.C. § 273 as follows:

§ 273. Defense to infringement based on prior commercial use

(a) IN GENERAL.—A person shall be entitled to a defense under section 282(b) with respect to subject matter consisting of a process, or consisting of a machine, manufacture, or composition of matter used in a manufacturing or other commercial process, that would otherwise infringe a claimed invention being asserted against the person if—

- (1) such person, acting in good faith, commercially used the subject matter in the United States, either in connection with an internal commercial use or an actual arm's length sale or other arm's length commercial transfer of a useful end result of such commercial use; and
- (2) such commercial use occurred at least 1 year before the earlier of either—

(A) the effective filing date of the claimed invention;
or

(B) the date on which the claimed invention was disclosed to the public in a manner that qualified for the exception from prior art under section 102(b).

125 STAT. 297.

The new law specifically does not provide a general license to all claims of the patent, and restricts the defense to only the person who performed the commercial use and only for the sites where the allegedly infringing subject matter was in use.³⁹

In addition, the defense is not available if the claimed invention was owned by a university at the time of invention unless the reduction to practice could not have been undertaken using federal government money.⁴⁰

For those inventions subject to premarketing regulatory review, the regulatory review period shall be deemed commercial use for purposes of subsection (a)(1).⁴¹

And for nonprofit entities, the use of the subject matter shall be deemed commercial use for the purposes of subsection (a)(1) as long as the defense is asserted for continued and noncommercial use only.⁴²

The new prior commercial use defense expands the defense beyond just processes to also cover products that are used in a manufacturing process. To access the defense, companies need to keep good records of their good faith prior commercial use in the U.S..

Per AIA SEC. 3(m), the US PTO prepared a report on the prior user rights defense, issued January 17, 2012. The report included:

³⁹ 35 U.S.C. § 273(e); 125 STAT. 298.

⁴⁰ 35 U.S.C. § 273(e)(5); 125 STAT. 298-99.

⁴¹ 35 U.S.C. § 273(c)(1); 125 STAT. 297.

⁴² 35 U.S.C. § 273(c)(1); 125 STAT. 297.

(A) A comparison between patent laws of the United States and the laws of other industrialized countries, including members of the European Union and Japan, Canada, and Australia.

(B) An analysis of the effect of prior user rights on innovation rates in the selected countries.

(C) An analysis of the correlation, if any, between prior user rights and start-up enterprises and the ability to attract venture capital to start new companies.

(D) An analysis of the effect of prior user rights, if any, on small businesses, universities, and individual inventors.

(E) An analysis of legal and constitutional issues, if any, that arise from placing trade secret law in patent law.

(F) An analysis of whether the change to a first-to-file patent system creates a particular need for prior user rights.

The US PTO found that the AIA prior user rights provisions are constitutional, strike an appropriate balance between trade secret protection and patent law, and are generally consistent with the major trading partners of the US.

The report recommended:

- The prior user rights defense provisions set forth in the AIA need not be altered at this time.
- There is no substantial evidence that it will have a negative impact on innovation, venture funding, small businesses, universities, or independent inventors.
- The US PTO's 2015 report to Congress should reevaluate the economic impacts of prior user rights.
- United States patent law should provide for a prior user rights defense to patent infringement in order to address a systemic inequity inherent in a first-inventor-to-file system and to ensure United States businesses are (i) able to protect their investments in the event of a later issued patent, and (ii) placed on similar footing as competitors in other jurisdictions.

VIII. Conclusion

This article highlights only a few of the important changes brought about by the passage of the AIA. For patent practitioners, it is key to remember that patent practice will involve both the old and new laws until at least March 15, 2034! In addition, practitioners will have to keep track of all the various effective dates so as to offer the best counsel possible to clients as they manage their U.S. patent portfolios. And for those who utilize the Jedi Master Mixer, the practitioner will need to keep track of which law applies and help the US PTO, the ITC, and /or a district court to do the same.