



November 5, 2012

The Hon. David Kappos
Under Secretary for Intellectual Property
U.S. Department of Commerce
Director
U.S. Patent and Trademark Office
Via Electronic Mail

Re: Changes to Implement the First Inventor to File Provisions of the Leahy-Smith America Invents Act, Proposed Rules and Proposed Examination Guidelines¹

Dear Under Secretary Kappos:

Congress established the Office of Advocacy (Advocacy) under Pub. L. 94-305 to represent the views of small business before Federal agencies and Congress. Advocacy is an independent office within the Small Business Administration (SBA), and the views expressed by Advocacy come from do not necessarily reflect the views of the SBA or the Administration. Part of our role under the Regulatory Flexibility Act (RFA) is to assist agencies in understanding how regulations may impact small entities, including non-profit organizations, and to ensure that the voice of small entities is not lost within the regulatory process.² Congress crafted the RFA to ensure that regulations do not unduly inhibit the ability of small entities to compete, innovate, or to comply with federal laws.³

Advocacy respectfully submits these comments to the U.S. Patent and Trademark Office (USPTO) regarding its proposed rules and examination guidelines implementing the First-Inventor-to-File (FITF) provisions of the Leahy-Smith America Invents Act (AIA). Advocacy has conducted significant outreach with the patent community regarding the proposals and appreciates this opportunity to forward the information it has gathered through these efforts. Chiefly, Advocacy has learned that there is significant concern within the university-based and non-profit research community, as well as the startup

¹ 77 *Fed. Reg.* 43742 (July 26, 2012).

² Pub. No. 96-354, 94 Stat. 1164 (1980).

³ Pub. L. 96-354, Findings and Purposes, Sec. 2 (a)(4)-(5), 126 Cong. Rec. S299 (1980).

inventor community, regarding USPTO's interpretation of the scope of the AIA's grace period provisions.

Background

The AIA provides that an inventor must file a patent application before any public disclosures of the same subject matter are made by others. This is what is referred to as the novelty requirement under the law. The AIA provides two limited exceptions to this requirement, both of which exclude certain pre-filing disclosures from the universe of patent-defeating disclosures (i.e. disqualifying prior art). These exceptions encompass what are referred to as the grace period provisions of the AIA. First, the AIA makes an exception for all inventor and inventor-derived disclosures made within the one year prior to filing a patent application. Second, the AIA makes an exception for disclosures of the "same subject matter" by third parties within the one year prior to the filing date of a patent application. The scope of this second exception under § 102(b)(1)(B) of the AIA has been of significant debate since the law's passage, especially following USPTO's publication of its proposed rule and examination guidelines implementing the change.

The AIA shifted the U.S. patent system from a first-to-invent to a first-inventor-to-file system. This is a significant change from the previous patent law, and one that was supported by a significant portion of the patent community; however, many of those who supported this shift to first-inventor-to-file supported it on the condition that the AIA would provide a strong grace period. This can be seen in the legislative history of the AIA, as well as in the public record of numerous hearings held before Congress. Indeed, in testimony to the U.S. Senate Judiciary Committee, USPTO indicated that the new law as passed would "simplify the process of acquiring rights while maintaining a one-year grace period that protects innovators". These reassurances to the patent community from policy makers were an essential component to achieving the widespread consensus which enabled the passage of the law.

The Proposed Examination Guidelines Narrow the Scope of the AIA Grace Period

Through its outreach and engagement with the patent community, Advocacy has heard persistent concerns that the USPTO's proposed interpretation of the AIA § 102(b)(1)(B) grace period exception may not offer the protections for innovators envisioned by supporters of the law. At a roundtable hosted by USPTO on September 6, 2012, numerous participants expressed concerns that language in the proposed examination guidelines impermissibly narrowed the scope of the grace period protections of the AIA. USPTO responded to such concerns by inviting commenters to offer alternative interpretations of the AIA. An intense discussion regarding possible interpretations has taken place and Advocacy appreciates the extra time USPTO has given the patent community to submit comments.

The text of the relevant portion of the AIA is as follows:

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.⁴

USPTO's interpretation of the above statutory language, as put forth in the proposed examination guidelines, is as follows:

*The exception in 35 U.S.C. 102(b)(1)(B) applies if the “‘subject matter’ disclosed [in the prior art disclosure] had, before such [prior art] disclosure, been publicly disclosed by the inventor or a joint inventor * * * .” Thus, the exception in 35 U.S.C. 102(b)(1)(B) requires that the subject matter in the prior disclosure being relied upon under 35 U.S.C. 102(a) be the same “subject matter” as the subject matter publicly disclosed by the inventor before such prior art disclosure for the exception in 35 U.S.C. 102(b)(1)(B) to apply. **Even if the only differences between the subject matter in the prior art disclosure that is relied upon under 35 U.S.C. 102(a) and the subject matter publicly disclosed by the inventor before such prior art disclosure are mere insubstantial changes, or only trivial or obvious variations, the exception under 35 U.S.C. 102(b)(1)(B) does not apply.***

The proposed guidelines suggest that all third party disclosures made within the one year grace period following an inventor's disclosure will constitute a bar to patentability— unless the third party disclosure is identical to the inventor's earlier disclosure, or it can be proven to have been derived from the inventor's own disclosure. Advocacy has heard from stakeholders that this interpretation appears to provide a significant disincentive for individuals to publish or even discuss their inventions prior to filing, because it leaves the door open for competitors to simply publish an obvious variant of a disclosed (but not yet patented) invention and strategically block the first inventor's ability to obtain broad patent rights within the grace period provided.

Stakeholders have expressed strong concerns that PTO's interpretation will not only discourage publication in the academic setting, but have a chilling effect on research and

⁴ 35 U.S.C. 102(b)(1).

development conducted at university and other non-profit research institutions— institutions that play an extremely important role in developing game-changing innovation, and also rely heavily on their researchers’ ability to publish their research prior to applying for and obtaining patents. USPTO’s proposed interpretation appears to add an element of risk to the decision to publish an invention prior to filing for a patent that may ultimately discourage the practice, and thus slow the pace of innovation in these settings.

Additionally, members of the independent inventor and startup community have expressed concerns to Advocacy that early-stage disclosures made by inventors to potential investors prior to filing a patent application will open the door for disqualifying third-party disclosures that may not be able to be proven to be derived from the inventor’s disclosure through costly derivation proceedings. The primary concern is that disclosures made in these discussions will leak (even unintentionally), triggering the grace period and opening the door for subsequent disclosures by third parties that will bar the inventor’s ability to secure valuable patent rights. This possibility, in turn, could provide a significant disincentive for investors to back inventors in their research and development efforts prior to the filing of a successful patent application.

Many patent stakeholders, including the Association of American Universities, the University of California, and several major intellectual property associations that supported that passage of the AIA have argued that there is an alternative legal interpretation of AIA § 102(b)(1)(B) than the one USPTO has proposed. Some stakeholders believe that the scope of the term “subject matter” in the language of AIA § 102(b)(1)(B) includes subsequent third-party disclosures that are obvious variants of the subject matter disclosed by an inventor. Another interpretation of the language offered by a PTO roundtable participant is that an intervening third-party disclosure is excluded from the universe of patent-defeating prior art if it contains as much of the claimed invention as the earlier disclosure shows.⁵

Conclusion

Advocacy encourages USPTO to examine the merits of the alternative interpretations provided by various stakeholders given the intense disagreement over the correct statutory interpretation, as well as the significant concerns raised by stakeholders with respect to the effect USPTO’s interpretation will have on the innovation economy.

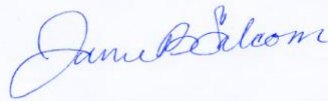
⁵ “First to File Practice: An Alternative Interpretation of the Grace Period Shielding Disclosure Exception”, Courtenay Brinckerhoff, Foley & Lardner LLP (September 7, 2012); *available at* www.pharmapatentsblog.com/2012/09/07/first-to-file-practice-an-alternative-interpretation-of-the-grace-period-shielding-disclosure-exception/ (last viewed September 27, 2012).

For additional information or assistance please contact me or Jamie Belcore Saloom at (202) 205-6890 or Jamie.Belcore@sba.gov.

Sincerely,



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Cc: Boris Bershteyn, Acting Administrator, Office of Information and Regulatory Affairs