

Removal of §102(f) Under the Leahy-Smith America Invents Act: Comment on Residual Ambiguities Within 35 U.S.C. §102(a) & (b)

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Introduction

The America Invents Act (AIA) eliminates §102(f), which addresses originality and inventorship. The text of 35 U.S.C. §102(f) reads, “A person shall be entitled to a patent unless ... he did not himself invent the subject matter sought to be patented.” As it stands, the text of the AIA does not expressly state that a person cannot obtain a patent on subject matter that he did not invent himself, but that is one of the key features of our current patent system. The AIA introduces a new procedure, the derivation proceeding, to address “stolen” inventions, or patent applications filed by those who did not invent the subject matter contained within those applications. Additionally, the AIA provides that, under certain circumstances, “subject matter disclosed directly or indirectly from the inventor or a joint inventor” does not constitute prior art.

Unfortunately, the meaning of scope of “subject matter disclosed” in this exception is somewhat vague. This comment addresses potential interpretations of the phrase, and recommends that it be interpreted as having an enablement standard, as set forth by previous case law for §102(f). This essentially means that the communication from the inventor must have enabled a person having ordinary skill in the art to make the third party’s invention disclosure, contained within the earlier filed patent application. Otherwise, the earlier filed patent application, filed by someone other than the true inventor, would not be excluded from being prior art.

I. Unanswered Question: Hypothetical Situation & Analysis Under the AIA

A. Identical “Subject Matter”

A simple hypothetical illustrates the potential problems with the “subject matter obtained” phrase. Suppose that Inventor A conceives and reduces to practice an invention X. A discloses X privately to Inventor B. B then files a patent application for X. Later, A files a patent application for X.

Thus, B has filed a patent application for A’s invention before A files a patent application for his own invention. Is B entitled to a patent in our new First Inventor to File (FITF) system, simply because he filed the patent application first?

The text of the new 35 U.S.C. §102(a) states:

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.

In our hypothetical, A's invention was described in B's patent application, which (assume for our purposes here) would eventually become published, even if it is not published immediately. Another inventor (here, B) is named, and B's patent application was effectively filed before the effective filing date of A's patent application. It seems at first blush that A will not be entitled to a patent for his own invention, because B's patent application would be prior art under 102(a)(2). However, the text of the new 35 U.S.C. §102(b) continues:

(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...¹

Here, the disclosure (B's patent application) shall not be prior art to A's claimed invention because the **subject matter disclosed** (namely, invention X within B's patent application) was **obtained** directly from the inventor (here, A).

B. Different "Subject Matter"

Within the context of our simple hypothetical presented in the previous section, the text of the AIA seems fairly straightforward. B clearly obtained the subject matter disclosed in his patent application (A's invention, X) from A when A disclosed his invention (X) to B. The situation becomes more complicated when the nuances of real-life are encountered. Going back to the text of the statute, what does "obtain the subject matter from" another party mean when the subject matter disclosed from the inventor to the third-party is *different* in some way from the subject matter disclosed by the third party to the public?

Naively, one might think that the "subject matter" is precisely what is disclosed by the third party (here, B). However, perhaps "subject matter" was intended more broadly. One possibility is the subject matter of A's patent application. Another possibility is what A actually disclosed to B. Because the subject matter of B's patent application also happens to be X in our previous hypothetical situation, it doesn't matter how "the subject matter" is interpreted. However, there is at least one potential scenario—and variations upon it—where the subject is not identical, that raises interpretative problems under the AIA.

Specifically, A again discloses his invention (X) to B. B then proceeds to improve upon X to invent X', which includes the entire invention X plus the improvement upon X. A did not disclose the improvement for X, and B independently invented the improvement for X to create X'. Is B entitled to a patent for X'? If B is granted a patent for X', and B has filed earlier than A, will X' be considered prior art for X?

¹ A similar exception appears in 102(b)(1), which exempts certain categories of prior art from 102(a)(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...

1. Does the plain language of the AIA answer the question?

What is the standard definition or interpretation of “obtain[ing] the subject matter”? The text of the law does not define “obtain the subject matter,” nor does it address a situation where part of the subject matter of an application has been derived from another – hence, the ambiguity in the law.

On one interpretation of the plain language, A cannot get a patent because B disclosed X publicly (as a portion of X') first, within B's patent application. A's invention X is now anticipated (or perhaps rendered obvious) by B's patent application, but B's disclosure is not *exactly* the “subject matter” that was obtained by B from A. Of course, on another interpretation, B did obtain the “subject matter” disclosed (here, the X portion of X') from A. B will argue that one cannot somehow “cut out” X from the disclosure of X', and so forth. Thus, particularly depending upon the facts of the case, a plain language interpretation does not answer the question of how far “obtained the subject matter” stretches.

2. Does previous case law answer the question?

Even though Section 102(f) is no longer in the Act, case law surrounding the notion of “derivation” remains one potential source to resolve the ambiguities in the AIA. The Federal Circuit has held that there are two necessary factors to establish derivation of invention: (1) “prior conception of the claimed subject matter”, and (2) “communication of the conception to the adverse claimant.”² Additionally, the Federal Circuit has defined prior conception as having a “full concept” of the invention³, and a “definite and permanent idea of an operative invention, including every feature of the subject matter sought to be patented”⁴.

In our hypothetical situation, A had a prior conception of X, and communicated that conception to B. A's prior conception of X did include a full concept of his invention. However, A did not have a full, prior conception of B's invention (X'), and A did not communicate a full conception of X' to B, including every feature of X' that B sought to patent. Under a strict standard of derivation, the threshold has not been met here. Further support for such a view stems from the AIA's standard for a derivation proceeding. Specifically, such proceedings may be initiated by a patent applicant only if the prior applicant's invention is “*the same or substantially the same*” as his invention.⁵

Thus, on this view, only when B's “subject matter” is identical, or perhaps nearly identical, to that disclosed by A should B's subject matter be removed under 102(b). Perhaps one might extend such a principle such that any portion of X' (in this hypothetical) that is identical to X would not count as prior art, but those remaining portions would count as prior art. Of course, this leaves the thorny issue of how to excise X from X', the same issue that arises in the plain language interpretation.

One way to resolve these issues is to use the standard of enablement. In other words, if X enables X', then all of X' would be excluded as prior art under Section 102(b). Indeed, under the old system, case law used the enablement standard to determine whether or not two inventions, or the content of two separate and distinct patent applications, were “*the same or substantially the same*” for purposes of derivation. In 1868, the U.S. Supreme Court held that:

Suggestions from another, made during the progress of such experiments, in order that they may be sufficient to defeat a patent subsequently issued, must have embraced the

² *Price v. Symsek*, 988 F.2d 1187, 1190 (Fed. Cir. 1993).

³ *DeGross v. Roth*, 412 F.2d 1401, 1405 (C.C.P.A. 1969).

⁴ *Sewall v. Walters*, 21 F.3d 411, 415 (Fed. Cir. 1994) (emphasis added).

⁵ 35 U.S.C. § 135(a) (2011).

plan of improvement, and must have furnished such information to the person to whom the communication was made that it would have enabled an ordinary mechanic, without the exercise of any ingenuity and special skill on his part, to construct and put the improvement in successful operation.⁶

Thus, the Supreme Court relied on an enablement standard to establish derivation of invention. Over 100 years later, the Federal Circuit, however, stated that “obviousness” was the key to such a determination:

To invalidate a patent for derivation of invention, a party must demonstrate that the named inventor in the patent acquired knowledge of the claimed invention from another, or at least so much of the claimed invention as *would have made it obvious* to one of ordinary skill in the art.⁷

On this approach, obviousness—rather than enablement—would be the touchstone of whether X’ would be excluded under 102(b).

Yet, more recently, the Federal Circuit reaffirmed the enablement standard, as set forth in *Agawam*, as the correct standard for determining derivation of invention, calling the *New England Braiding* obviousness standard incorrect, because the court’s dictum “did not in fact incorporate a determination of obviousness into a Section 102(f) analysis.”⁸ The Federal Circuit has made it clear that the correct standard is that of enablement.

Thus, if the Patent Office were to import 102(f) case law to answer the question in our hypothetical, enablement would be the appropriate standard. Because Section 102(f) was eliminated in the AIA, however, one might argue that using prior case law to decide the issue is improper. In order to examine the issue further, the legislative history of the AIA may be examined.

3. Does the Legislative History of the AIA Answer the Question?

Although no portion of the legislative history discusses “obtained the subject matter” phrase specifically, there are a couple of areas in the legislative history of the AIA that refer to derivation proceedings. Because the derivation proceeding standard is closely related to the “obtained the subject matter standard,” these discussions provide additional insight into resolution of the issue.

One possibly relevant passage is from Representative Jackie Speier, when she introduced an amendment to the derivation language:

The substantial evidence threshold at the petition stage of the proceedings may not be reasonable in some circumstances. For example, consider a situation where an inventor discloses an invention to a venture capitalist who declines to invest in it. The venture capitalist has conversations with several other VCs about the invention, and eventually a company funded by one of those VCs files a patent application for *something very much like the original invention*. If a company funded by the original VC has filed the application, the inventor would be able to show substantial evidence of derivation through the disclosure to the VC and the link between the VC and the company filing the

⁶ *Agawam Woolen Co. v. Jordan*, 74 U.S. 583, 602 (1868) (emphasis added).

⁷ *New England Braiding Co., Inc. v. A.W. Chesterton*, 970 F.2d 878, 883 (Fed. Cir. 1992) (emphasis added).

⁸ *Gambro Lundia AB v. Baxter Healthcare Corp.*, 110 F.3d 1573, 1578 (Fed. Cir. 1997).

application. However, in the instance when an inventor did not personally make a disclosure to other VCs or the company that filed an application, it would be difficult for the inventor to show substantial evidence, particularly relevant to disclosures about which the inventor is unaware.⁹

Representative Speier's comment includes an example where the true inventor of X might disclose it to a VC who then declines to invest in X. In this situation, it is clear that the VC "obtain[ed] the subject matter" of an invention, just as B "obtain[ed] the subject matter" of X. But here it is not clear whether the company filing the application sought to patent the exact material that was obtained from the VC, or if it was an improved-upon version, such as in our hypothetical situation. Rather, she states, "eventually a company funded by one of those VCs files a patent application for something very much like the original invention." The phrase that is used here, "very much like" may or may not mean an improvement made upon the original invention (X) to create X'. This portion of the legislative history does not clarify the meaning of "obtain the subject matter" with respect to our problematic hypothetical.

The House report to the AIA (the "official" legislative history) is similarly unhelpful:

A new administrative proceeding--called a "derivation" proceeding--is created to ensure that the first person to file the application is actually a true inventor. This new proceeding will ensure that a person will not be able to obtain a patent for the invention that he did not actually invent. If a dispute arises as to which of two applicants is a true inventor (as opposed to who invented it first), it will be resolved through an administrative proceeding by the Patent Board.¹⁰

It is clear from this portion of the official legislative history that the intent of Congress was not to allow an inventor to get a patent on something he did not invent. Yet, the legislative history does not answer the hypothetical of concern. Eliminating the language of 35 U.S.C. §102(f) effectively caused this problem. Although the legislative history does not directly define derivation, or "obtain[ing] the subject matter," it is helpful to consider that those who drafted the legislation did so intending that the policy rationale §102(f) would continue to be in force, but apparently thought it was unnecessary to keep the specific language in the statute.

II. Proposed Solution

The fact that A might not be able to obtain a patent for X simply because B filed a patent application first, on a different invention derived in substantial part from A, disincentivizes invention on A's part. A invented X independently, and it was novel and useful. It is not in the public's interest to allow others to take an inventor's original idea, improve upon it, and prevent the true inventor from obtaining a patent. This would discourage innovation (not in the public's interest) and discourage any kind of disclosure, including patent applications themselves. Policy standards would indicate that A should get the patent for X.

However, public policy is also in favor of the new FITF system. The objective in such a system is to file for a patent application first, and not to privately disclose and then file. One might argue that A

⁹ America Invents Act, 157 Cong. Rec. H4480-01 (June 23, 2011) (emphasis added).

¹⁰ H.R. Rep. No. 112-98, 112th Cong., 1st Sess. (June 1, 2011) (emphasis added).

clearly went against this policy standard by privately disclosing his invention to B prior to filing a patent application, thereby allowing B the opportunity to take A's ideas, improve upon them, and file a patent application first.

Yet, as discussed earlier, the AIA appears to incorporate the general principles of Section 102(f), which are designed to prevent derivation by another. Thus, one possibility for interpreting the statute would be to incorporate previous §102(f) case law, along the lines discussed earlier, into the new statute. This would allow for a clearer interpretation of the new statute from the beginning, including the continued applicability of the enablement standard set forth in *Agawam*.

However, suppose B's invention of X' is not enabled by X, and that it is a non-obvious variant of X. Also suppose that while X does not render X' obvious, X' does render X obvious. In this situation, A would not be entitled to a patent, even though B was able to invent X' in significant part, because of A.¹¹ One might adopt a much looser standard so that even in this situation, A is still able to obtain a patent. However, the interest in promoting follow-on innovation—particularly of the non-obvious type—would be stifled under such an approach.

Thus, incorporating the 102(f) case law to interpret “obtained the subject matter” appears to be the best approach to balance competing concerns between rewarding initial inventors, promoting follow-on invention, and moving to a first-to-file system. As such, this Comment recommends that the PTO adopt the 102(f) enablement standard—as well as associated case law—to determine the scope of “obtained the subject matter” as well as derivation under Section 135.

¹¹ A might be able to claim co-inventorship in such a situation, but that remedy is hardly equivalent to A having his own issued patent on X.