

# A Guide to the Legislative History of the America Invents Act: Part I of II

Joe Matal\*

## Introduction

This Article is neither a philosophical meditation on patent law, nor an inquiry into how it ought to be changed. It is, instead, simply a description of the recently-enacted Leahy-Smith America Invents Act (“AIA”)<sup>1</sup> and, in particular, a guide to legislative materials that may be useful to practitioners who are required to understand and construe the new law.

The AIA was signed into law on September 16, 2011.<sup>2</sup> It adopted the first-to-file system of determining a patent’s priority date, redefined what constitutes prior art against a patent, created several new post-issuance proceedings for patents and revised existing proceedings, and made many other important changes to the patent code.<sup>3</sup> The AIA is the first comprehensive patent bill to be enacted since the Patent Act of 1952 (“1952 Act”),<sup>4</sup> and it arguably makes the most substantial changes to the law since those imposed by the Patent Act of 1836 (“1836 Act”), which created the system of patent examination.<sup>5</sup>

This Article grew out of efforts to monitor the Senate and House of Representatives (“House”) debates on the AIA while it was before Congress, several presentations given to trade associations after it was enacted, and requests from practitioners for information about legislative history relevant to particular

---

\* Joe Matal has served as a Judiciary Committee Counsel to Senator Jon Kyl since 2002, except for when he served as the Minority General Counsel of the Judiciary Committee from May 2009 to January 2011 while Senator Jeff Sessions was the ranking member of the committee.

<sup>1</sup> Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011).

<sup>2</sup> *See id.*

<sup>3</sup> *See id.* secs. 3(a)(2), 6(d), 6(g), §§ 100(i)(1)(B), 301, 321, 125 Stat. at 285, 306, 312; *see also* 157 CONG. REC. S951–52 (daily ed. Feb. 28, 2011) (statement of Sen. Hatch).

<sup>4</sup> *See* Press Release, The White House, President Obama Signs America Invents Act, Overhauling the Patent System to Stimulate Economic Growth, and Announces New Steps to Help Entrepreneurs Create Jobs (Sept. 16, 2011), *available at* <http://www.whitehouse.gov/the-press-office/2011/09/16/president-obama-signs-america-invents-act-overhauling-patent-system-stim> [hereinafter AIA White House Press Release].

<sup>5</sup> Stephen M. Hankins & D. Christopher Ohly, *The America Invents Act: An Overview*, THE RECORDER (Oct. 4, 2011), <http://www.law.com/jsp/lawtechnologynews/PubArticleLTN.jsp?id=1202517720138&slreturn=1>.

sections of the bill. In many cases, it would be difficult for a practitioner to find the legislative history that addressed a particular provision of the AIA. While all the material is publicly available,<sup>6</sup> it is voluminous and is scattered across the Congressional Record and the committee reports of several Congresses—and, of course, it is not organized by topic.

This is the first of what will be two Articles. This Article addresses the parts of the AIA that are relevant to an application before a patent has issued; the next will examine those parts of the AIA that are relevant only after a patent has been granted. This Article's scope, thus, includes the AIA's revisions to §§ 102 and 103 and its creation of derivation proceedings, the changes to the inventor's oath, the authorization for a third party to submit prior art and explain its relevance to an application, the bans on tax-strategy and human-cloning patents, and several minor provisions and studies.

This Article begins with an account of the six years of legislative activity leading up to enactment of the AIA. The remainder is organized by the sections of the U.S. Code that were amended by the AIA, then by sections of the AIA that are uncodified. For each section, the Article identifies the location and provides a description of any relevant legislative materials. Because courts generally place committee reports at the apex of their hierarchy of legislative history,<sup>7</sup> any discussion of a bill section that appears in the final

---

<sup>6</sup> All of the legislative materials cited in this Article are available on the Library of Congress's THOMAS website. THOMAS, LIBR. OF CONG., <http://thomas.loc.gov/home/thomas.php> (last visited Jan. 27, 2012). Additionally, the United States Patent and Trademark Office ("USPTO") has created a page on its website that includes links to most of the legislative materials that are relevant to the AIA. *Leahy-Smith America Invents Act Implementation*, USPTO, [http://www.uspto.gov/aia\\_implementation/index.jsp](http://www.uspto.gov/aia_implementation/index.jsp) (last modified Jan. 26, 2012). Finally, the material on the USPTO website, past committee reports, and all of the hearings on patent reform that were held during the ten-year period leading up to enactment of the AIA are available on the website PatentReform.info. *Leahy-Smith America Invents Act: A Website for Supplying Information on the Act*, PATENTREFORM.INFO, <http://patentreform.info/> (last visited Jan. 27, 2012) [hereinafter *Act Information Website*].

<sup>7</sup> See, e.g., *Zuber v. Allen*, 396 U.S. 168, 186 (1969) ("A committee report represents the considered and collective understanding of those Congressman involved in drafting and studying the proposed legislation."); *Bingham & Taylor Div., Va. Indus., Inc. v. United States*, 815 F.2d 1482, 1485 (Fed. Cir. 1987) ("Although not decisive, the intent of the legislature as revealed by a committee report is highly persuasive.")

Floor statements are not given the same weight as some other types of legislative history, such as committee reports, because they generally represent only the view of the speaker and not necessarily that of the entire body. However, floor statements by the sponsors of the legislation are given considerably more weight than floor statements by other members . . . .

*Kenna v. U.S. Dist. Court for the C.D. Cal.*, 435 F.3d 1011, 1015 (9th Cir. 2006).

Committee Report<sup>8</sup> is quoted or described, unless that passage simply repeats the statutory text.

## I. The Role of Legislative History

In *Piper v. Chris-Craft Industries, Inc.*,<sup>9</sup> the Supreme Court noted that “[r]eliance on legislative history in divining the intent of Congress is . . . a step to be taken cautiously.”<sup>10</sup> Congress’s “authoritative statement is the statutory text, not the legislative history.”<sup>11</sup> And the Supreme Court has warned against relying on interpretations advanced in legislative statements that are not “anchored in the text of the statute.”<sup>12</sup>

Courts have suggested that remarks made “by persons responsible for the preparation and drafting of a bill” should be weighed most heavily,<sup>13</sup> but there often is no reliable or readily available way to determine who drafted which part of a bill—a particularly acute problem for a bill with as long a history and as many provisions as the AIA. And more fundamentally, “[t]he Constitution gives the force of law only to what is actually passed by both houses of Congress and signed by the President.”<sup>14</sup> Even a committee report is controlled only by the chairman—there is no consent or vote required in order for a chairman to issue a report.

On the other hand, legislative history, when cabined to its properly subordinate role, can serve a useful purpose. It can identify particular language that was borrowed from other laws or from administrative or judicial decisions—a connection that would sometimes be difficult to make were it not identified in the record. Many provisions of the AIA give the United States Patent and Trademark Office (“USPTO” or “Office”) new authority and were drafted in close consultation with the Office, and legislative statements disclose how

---

<sup>8</sup> Only one committee report, H.R. REP. NO. 112-98 (2011), was issued by a committee during the Congress in which the AIA was enacted. Three other reports were issued during earlier Congresses—one in 2009, and two in 2007. S. REP. NO. 111-18 (2009); H.R. REP. NO. 110-314 (2007); S. REP. NO. 110-259 (2007). House Report 112-98 is identified in this Article as the “2011” or “final” Committee Report. The other Reports are always identified by the year in which they were issued.

<sup>9</sup> 430 U.S. 1 (1977).

<sup>10</sup> *Id.* at 26.

<sup>11</sup> *Exxon Mobil Corp. v. Allapattah Servs., Inc.*, 545 U.S. 546, 568 (2005).

<sup>12</sup> *Shannon v. United States*, 512 U.S. 573, 583 (1994). “[C]ourts have no authority to enforce [a] principl[e] gleaned solely from legislative history that has no statutory reference point.” *Id.* at 584 (second and third alterations in original) (quoting *Int’l Bd. of Elec. Workers, Local Union No. 474, AFL-CIO v. NLRB*, 814 F.2d 697, 712 (1987)).

<sup>13</sup> *See Ernst & Ernst v. Hochfelder*, 425 U.S. 185, 204 n.24 (1976).

<sup>14</sup> *Owner-Operator Indep. Drivers Ass’n v. Mayflower Transit, LLC*, 615 F.3d 790, 792 (7th Cir. 2010).

the Office anticipated that it would use that authority once it was enacted into law.<sup>15</sup> Reports and speeches often explain various provisions and how they are designed to work—they do not add to or change the law, but simply elucidate what is already there.<sup>16</sup> And in any event, courts frequently rely on the legislative record to interpret a statute.<sup>17</sup> Litigants at least need to know what is in that record.

Finally, the Leahy-Smith America Invents Act is a landmark bill, which makes fundamental changes to American patent law. Its creation and development, through a long and often difficult legislative process, was an important event and a great adventure—it is a story that is worth telling for its own sake.

Thus, as the Supreme Court stated in *Piper v. Chris-Craft*, “[w]ith th[ese] caveat[s], we turn to the legislative history of the” America Invents Act.<sup>18</sup>

## II. The Path to Enactment of the AIA

### A. The 109th Congress (2005–2006)

The first version of what became the AIA was introduced on June 8, 2005 by Representative Lamar Smith, then-Chairman of the House Judiciary Committee’s Intellectual Property Subcommittee.<sup>19</sup> Many elements of the AIA trace their origins directly to Representative Smith’s original bill, including the following ideas and proposals that were ultimately enacted in the AIA: (1) moving the United States to the first-to-file system of determining a patent’s priority date, redefining what constitutes prior art, and authorizing derivation proceedings; (2) enacting a Chapter 32 that authorizes post-grant review of a patent by a panel of Administrative Patent Judges on any validity ground; (3) reforming the inventor’s oath requirement and expanding the rights of assignees to seek patents; (4) allowing third parties to submit prior art and explain its relevance with respect to an application; and (5) reforming the inequitable conduct doctrine and repealing the deceptive intent restrictions in the patent code.<sup>20</sup>

---

<sup>15</sup> See, e.g., 157 CONG. REC. E1198, E1206 (daily ed. June 24, 2011) (statements of Reps. Blumenauer and Van Hollen); 157 CONG. REC. S957 (daily ed. Feb. 28, 2011) (statement of Sen. Bennet).

<sup>16</sup> See, e.g., 157 CONG. REC. S951–52 (daily ed. Feb. 28, 2011) (statement of Sen. Hatch).

<sup>17</sup> *Deluxe Corp. v. United States*, 885 F.2d 848, 850 (Fed. Cir. 1989) (“[W]here the text itself does not clearly exclude alternate interpretations, we look first to the legislative history for illumination of the intent of Congress.”).

<sup>18</sup> 430 U.S. 1, 26 (1977).

<sup>19</sup> Patent Reform Act of 2005, H.R. 2795, 109th Cong. Representative Lamar Smith is, of course, the “Smith” whose name appears in the full title of the AIA, the “Leahy-Smith America Invents Act.” See *id.*

<sup>20</sup> See *id.* secs. 3(a)–(b), 4(b)–(c), 5(a), 5(c), 9(f), 10.

Senators Orrin Hatch and Patrick Leahy introduced a similar bill in 2006.<sup>21</sup> Neither piece of legislation was marked up or reported during that Congress, but each committee held a series of hearings on the bills and the issues that they addressed.<sup>22</sup>

### **B. The 110th Congress (2007–2008)**

The effort to enact comprehensive patent-reform legislation began in earnest early in the 110th Congress. On April 18, 2007, parallel bills were introduced in the Senate and House.<sup>23</sup> However, because Republicans had lost control of both houses in November 2006, the lead sponsors of the bills became Senator Leahy, the new Chairman of the Senate Judiciary Committee, and Representative Howard Berman, the new Chairman of the House Judiciary Committee's Intellectual Property Subcommittee.<sup>24</sup>

The Leahy and Berman bills were substantially identical.<sup>25</sup> Their significant features were: (1) adoption of the first-to-file system and a new definition of "prior art"; (2) reform of the inventor's oath requirement; (3) a requirement that reasonable-royalty damages be based on a patent's "specific contribution over the prior art" and new substantive and procedural barriers to awards of enhanced damages; (4) enactment of a broad prior-user right; (5) creation of a post-grant review in which a patent's validity could be challenged on any ground during either the year after its issuance, or later during its life if the patent was asserted against the petitioner or caused him "significant economic harm"; (6) authorization for third parties to submit patents and printed publications of potential relevance to an application and a concise description of the materials' relevance; (7) restrictions on the venue where a civil action for infringement of a patent may be brought; (8) authorization for immediate interlocutory appeal of a district court's construction of the

---

<sup>21</sup> Patent Reform Act of 2006, S. 3818, 109th Cong.; *see also* 152 CONG. REC. S8829–32 (daily ed. Aug. 3, 2006) (Sens. Hatch and Leahy's remarks introducing this bill).

<sup>22</sup> From 2001 through the end of the 109th Congress, the House Judiciary Committee's Intellectual Property Subcommittee held numerous hearings on patent reform and related issues. *See* H.R. REP. NO. 110-314, at 46–49 (2007). From 2005 through 2007, the Senate Judiciary Committee held six hearings on patent reform. *See* S. REP. NO. 110-259, at 36–38 (2008). Subsequent hearings are noted at House Report 112-98, at 57 (2011), and Senate Report 111-18, at 27–30 (2009). All these hearings are available on the website PatentReform.info. *See Act Information Website, supra* note 6.

<sup>23</sup> *Compare* S. 1145, 110th Cong. (2007), *with* H.R. 1908, 110th Cong. (2007).

<sup>24</sup> *See* S. 1145; H.R. 1908.

<sup>25</sup> Senator Leahy noted this fact in his speech introducing Senate Bill 1145. *See* 153 CONG. REC. S4658 (daily ed. Apr. 18, 2007).

claims in a patent; and (9) authorization for the Director of the USPTO (“Director”) to promulgate regulations to carry out the patent laws.<sup>26</sup>

The House Judiciary Committee voted to report its bill on July 18, 2007, and the Senate Judiciary Committee voted to report its bill the next day.<sup>27</sup> Both pieces of legislation, however, proved very controversial—primarily because of provisions that would have redefined the standard for awarding damages, and others that related to post-issuance review of patents, venue for infringement litigation, and interlocutory appeals of claim construction.<sup>28</sup> Senate Majority Leader Harry Reid suggested in early 2008 that he may bring a bill to the floor,<sup>29</sup> but in April of that year he made clear that he would not.<sup>30</sup>

On September 7, 2007, the House considered its bill and several amendments on the floor, with just one hour of debate allowed.<sup>31</sup> The House floor speeches consisted of acknowledgments by the bill’s supporters that key issues had not yet been “fully dealt with,”<sup>32</sup> admissions that it “ha[d] not enjoyed universal support,”<sup>33</sup> and a series of promises to fix the problems in a House-Senate conference;<sup>34</sup> denunciations by the bill’s opponents of the damages

<sup>26</sup> See S. 1145, secs. 2–5, 7–8, 13; H.R. 1908, secs. 3–6, 9–11. Two notable provisions of the 2006 Hatch-Leahy bill, Senate Bill 3818, were omitted from the 2007 Leahy-Hatch bill, Senate Bill 1145: (1) a requirement that the prevailing party in a patent-infringement suit be awarded its attorney’s fees and costs, unless “the position of the nonprevailing party . . . was substantially justified”; and (2) restrictions on the inequitable-conduct doctrine. See S. 3818, 109th Cong. secs. 5(b)–(c) (2006). Senators Leahy and Hatch commented on these omissions when they introduced Senate Bill 1145 in the 110th Congress. See 153 CONG. REC. S4685, S4691–92 (daily ed. Apr. 18, 2007).

<sup>27</sup> See 153 CONG. REC. D1003 (daily ed. July 18, 2007); 153 CONG. REC. D1012 (daily ed. July 19, 2007).

<sup>28</sup> See generally S. REP. NO. 110-259, at 64–77 (2008) (Minority Report).

<sup>29</sup> See 154 CONG. REC. S17 (daily ed. Jan. 22, 2008); 154 CONG. REC. S2707 (daily ed. Apr. 7, 2008).

<sup>30</sup> 154 CONG. REC. S2934 (daily ed. Apr. 10, 2008) (“[W]e are not going to do a patent bill now. The chairman and ranking member could not work out what they wanted to bring to the floor.”).

<sup>31</sup> See generally 153 CONG. REC. H10,270–307 (daily ed. Sept. 7, 2007). “There is only 1 hour of debate. Those of us who are opposing this legislation haven’t even been given the right, which is traditional in this body, to control our own time.” See *id.* at H10,274 (statement of Rep. Rohrabacher).

<sup>32</sup> *Id.* at H10,272 (statement of Rep. Berman).

<sup>33</sup> *Id.* (statement of Rep. Coble).

<sup>34</sup> *Id.* at H10,282 (statement of Rep. Issa); *id.* at H10,283 (statement of Rep. Bono); *id.* at H10,284 (statement of Rep. Woolsey); *id.* at H10,294 (statement of Rep. Conyers); *id.* at H10,297 (statement of Rep. Berman); *id.* at H10,303 (statement of Rep. Pence).

language and the process by which the legislation was considered;<sup>35</sup> and increasingly tense exchanges between the bill managers and opponents<sup>36</sup>—all indicia of a bill facing grave legislative difficulty. The bill passed the House by a vote of 220 to 175.<sup>37</sup>

After this bruising battle, the House became inactive on patent-reform legislation for the next several years. It did not consider a bill again on the floor, or even in committee, until 2011.

In the closing days of the 110th Congress, Senator Jon Kyl introduced an “alternative” patent-reform bill that omitted almost all the controversial provisions of the Leahy and Berman versions and proposed substantially revised post-grant review proceedings.<sup>38</sup>

The House and Senate made several changes to the Leahy and Berman bills during the 110th Congress that proved to be of enduring importance. Both houses eliminated the provisions expanding the prior-user rights defense to all utility patents.<sup>39</sup> The House bill eliminated the authorization of post-grant review of patents during their life, limiting challenges brought more than a year after issuance to those raising only anticipation and obviousness on the basis of patents and printed publications.<sup>40</sup> Finally, the House bill was amended to provide that a patent could not be held invalid for failure to disclose the best mode of carrying out the invention.<sup>41</sup>

---

<sup>35</sup> *Id.* at H10,273–74 (statement of Rep. Rohrabacher) (“The opposition doesn’t even get the chance to argue our case adequately before this body or before the American people.”); *id.* at H10,276 (statement of Rep. Chabot); *id.* at H10,277 (statement of Rep. Manzullo) (“This is a disgrace.”); *id.* at H10,278 (statement of Rep. Gohmert); *id.* at H10,282 (statement of Rep. Hirono); *id.* at H10,283 (Rep. Johnson) (“I remain concerned about provisions that may dramatically restrict damages payable by infringers.”); *id.* at H10,294–95 (statement of Rep. Kaptur) (“We shouldn’t be drafting this in a manager’s amendment on the floor.”).

<sup>36</sup> *See id.* at H10,277 (statements of Reps. Manzullo and Conyers); *id.* at H10,280 (statements of Reps. Kaptur, Michaud, and Conyers); *id.* at H10,295–97; *id.* at H10,299 (statement of Rep. Conyers) (denouncing the bill’s opponents as “opposed to everything, anything”).

<sup>37</sup> *Id.* at H10,307.

<sup>38</sup> *See* Patent Reform Act of 2008, S. 3600, 110th Cong.; 154 CONG. REC. S9982–93 (daily ed. Sept. 27, 2008).

<sup>39</sup> *See* S. REP. NO. 110-259, at 16–17, 39 (2008) (noting elimination of prior-user rights expansion in 35 U.S.C. § 273 from Senate Bill 515 during committee markup); 153 CONG. REC. at H10,294 (statement of Rep. Conyers) (noting elimination of prior-user rights expansion in 35 U.S.C. § 273 from House Bill 1908 on the House floor).

<sup>40</sup> *See* Patent Reform Act of 2007, H.R. 1908, 110th Cong., sec. 6, § 322. House Bill 1908 was amended in committee to restrict post-grant review to the one-year period after a patent is issued. *See id.* (proposing to add § 322 to title 35 of the U.S. Code).

<sup>41</sup> *See id.* sec. 13.

### C. The 111th Congress (2009–2010)

Parallel bills were again introduced in the Senate and House early in 2009.<sup>42</sup> During the 111th Congress, however, the House did not report its bill from the committee. The Senate Judiciary Committee voted to report its bill on April 2, 2009, but it was not taken up on the floor.<sup>43</sup>

Both bills as introduced replaced previously broad USPTO regulatory authority with a more limited authorization for the Office to adjust its fees by regulation.<sup>44</sup> Additionally, during markup of the Senate bill, the committee adopted a Leahy-Specter-Feinstein amendment that eliminated the most controversial provisions.<sup>45</sup> The amendment replaced the bill's changes to substantive damages standards with an approximate codification of summary judgment and judgment as a matter of law rules.<sup>46</sup> It also limited the issues that could be raised in post-issuance proceedings more than a year after the grant of a patent to only patents and printed publications, eliminated limits on venue for civil actions, and restricted the availability of interlocutory appeals of claim construction.<sup>47</sup>

Later that month, Senator Arlen Specter, the ranking Republican on the Senate Judiciary Committee, switched parties and became a Democrat.<sup>48</sup> As a result, Senator Jeff Sessions became the ranking Republican on the Judiciary Committee.<sup>49</sup> That June, David Kappos was nominated to be the Director of the USPTO. He was confirmed by the Senate in August.<sup>50</sup>

During the 2009 committee markup, Senator Leahy had pledged to hold meetings to address concerns that USPTO staff had raised about the Office's ability to administer the post-issuance proceedings envisioned by the

---

<sup>42</sup> See Patent Reform Act of 2009, S. 515, 111th Cong.; Patent Reform Act of 2009, H.R. 1260, 111th Cong.

<sup>43</sup> See 155 CONG. REC. S4309 (daily ed. Apr. 2, 2009).

<sup>44</sup> See S. 515 sec. 9; H.R. 1260 sec. 11.

<sup>45</sup> See S. REP. NO. 111-18, at 31 (2009).

<sup>46</sup> See *id.*

<sup>47</sup> See S. REP. NO. 111-18, at 16, 31, 35 (describing provisions of the Leahy-Specter-Feinstein amendment).

<sup>48</sup> See *Specter's Statement on His Decision to Switch Parties*, N.Y. TIMES (Apr. 28, 2009), <http://www.nytimes.com/2009/04/28/us/politics/28caucus.specter.html> (noting Specter's alignment with the Democratic party and his intention to run for re-election as a Democrat); Paul Kane, *Specter Defection Leaves Committee in Flux at Crucial Time*, WASH. POST (May 1, 2009), [http://voices.washingtonpost.com/capitol-briefing/2009/05/specter\\_defection\\_leaves\\_commi.html](http://voices.washingtonpost.com/capitol-briefing/2009/05/specter_defection_leaves_commi.html).

<sup>49</sup> *Sessions Says He's Looking for Judicial Restraint*, NAT'L J., <http://www.nationaljournal.com/njonline/sessions-says-he-s-looking-for-judicial-restraint-20090507> (last updated Jan. 2, 2011).

<sup>50</sup> 155 CONG. REC. S9096–97 (daily ed. Aug. 7, 2009).

bill.<sup>51</sup> The meetings were held at the USPTO later that year, and, as a result, those provisions were substantially revised.<sup>52</sup> The principal changes included allowing the USPTO to operate inter partes reexaminations as adjudicative proceedings, elevating the threshold for instituting inter partes and post-grant proceedings, and adding various procedural protections for patent owners to both proceedings.<sup>53</sup>

Other revisions were made throughout the Senate bill, eventually resulting in a Leahy-Sessions managers' amendment presented in March 2010.<sup>54</sup> The amendment made several important changes, including: (1) rewriting the provision governing the award of enhanced damages for willful infringement to more closely follow the Federal Circuit's *In re Seagate Technology, LLC*<sup>55</sup> decision; (2) eliminating the remaining authorization for interlocutory appeals of claim construction; (3) adding a proposed § 257 of title 35, authorizing supplemental examination of patents; (4) adding a provision repealing the qui tam action for violations of the false-marking statute, 35 U.S.C. § 292; and (5) reintroducing language striking various deceptive-intent restrictions in title 35, which proposal had previously appeared in § 5(c) of House Bill 2795.<sup>56</sup>

Senators Leahy and Sessions were unable to secure floor time from the Senate leadership for consideration of the revised bill in 2010, and competing and irreconcilable objections from other Senators precluded reaching unanimous consent to consider it under a time agreement,<sup>57</sup> effectively delaying action until the next Congress.

---

<sup>51</sup> 157 CONG. REC. S1040 (daily ed. Mar. 1, 2011) (statement of Sen. Kyl).

<sup>52</sup> *Id.*

<sup>53</sup> *See id.* at S1041 (describing changes made to the legislation based on issues raised by the USPTO).

<sup>54</sup> S. 515, 111th Cong. (2009) (amendment in the nature of a substitute). There is no official public version of the 2010 managers' amendment. The amendment was widely distributed, however, and was effectively made public on various patent weblogs. *See* Press Release, Senator Patrick Leahy, Leahy, Sessions, Hatch, Schumer, Kyl, Kaufman Unveil Details of Patent Reform Agreement (Mar. 4, 2010) *available at* [http://leahy.senate.gov/press/press\\_releases/release/?id=8b0f5bb3-121b-484a-b0b7-092d7bdee1ac](http://leahy.senate.gov/press/press_releases/release/?id=8b0f5bb3-121b-484a-b0b7-092d7bdee1ac).

<sup>55</sup> 497 F.3d 1360 (Fed. Cir. 2007).

<sup>56</sup> *See* Patent Reform Act of 2010, S. 515, 111th Cong., secs. 2(k), 10, 17(a)(3)(B), (2009) (amendment in the nature of a substitute) (outlining changes to supplemental examination, false-marking statute, and deceptive intent restrictions); *see also* Press Release, Sen. Patrick Leahy, *supra* note 54 (providing background information on managers' amendment, including effect of willfulness on damages, elimination of interlocutory appeals authorization, and possibility of supplemental examinations).

<sup>57</sup> *Compare* S. Doc. No. 112-1, at 12, 20–21 (2011) (describing Senate Rule XIV's requirement of unanimous consent to immediately consider legislation and Senate Rule XXII which outlines the procedure for regular order consideration of legislation and requires a

### D. The 112th Congress (2011–2012)

On January 25, 2011, Senator Leahy introduced Senate Bill 23, which was substantially identical to the 2010 managers' amendment, except that it added a section banning patents on strategies for complying with the tax code.<sup>58</sup> Senator Leahy immediately listed the bill for the committee's markup agenda, and it was reported on February 3, 2011.<sup>59</sup> The committee made significant changes, including adding provisions affecting state court and Federal Circuit intellectual-property jurisdiction<sup>60</sup> and eliminating the remaining provision concerning enhanced damages for willful infringement.<sup>61</sup>

Near the end of the 111th Congress in 2010, sponsors had calculated that the Senate leadership would be more likely to bring the patent bill to the floor in the new Congress if it was reported by the Judiciary Committee quickly, before other committees had the chance to report measures that would compete with it for floor time.<sup>62</sup> This bet appeared to pay off and, on February 28, 2011, the bill was brought to the floor.

---

three-fifths affirmative vote to invoke cloture and end debate on legislation, thereby moving to a final vote), *with* H.R. DOC. NO. 110-162, at 426, 461 (2009) (stating the Rules Committee shall set rules related to the order of business in the House). Because of the procedural hurdles to Senate consideration of legislation, even if a bill is generally popular, the objection of a single Senator can usually stop the bill. *See* CHRISTOPHER M. DAVIS ET AL., PROPOSALS TO CHANGE THE OPERATION OF CLOTURE IN THE SENATE 3 (Congressional Research Service, 2010), available at <http://www.fas.org/sgp/crs/misc/R41342.pdf>.

<sup>58</sup> Patent Reform Act of 2011, S. 23, 112th Cong. sec. 14 (2011). Additionally, two minor sections of the managers' amendment—which also appeared as sections 13 and 15 of the 111th Congress's Senate Bill 515, as introduced and reported—were enacted into law in 2010 and 2011, and thus were not included in Senate Bill 23. *See* Patent Cases Pilot Program, Pub. L. No. 111-349, § 1, 124 Stat. 3674, 3674 (2011); Telework Enhancement Act of 2010, Pub. L. No. 111-292, sec. 3, § 5711, 124 Stat. 3165, 3172 (2010) (to be codified at 5 U.S.C. § 5711).

<sup>59</sup> *See* Press Release, Senator Patrick Leahy, Senate Judiciary Committee Unanimously Votes To Send Bipartisan Patent Reform Legislation To Full Senate (Feb. 3, 2011) available at [http://leahy.senate.gov/press/press\\_releases/release/?id=aeae535-493d-4d0b-ac81-69543234f2f0](http://leahy.senate.gov/press/press_releases/release/?id=aeae535-493d-4d0b-ac81-69543234f2f0).

<sup>60</sup> *See* Leahy-Smith America Invents Act, Pub. L. No. 112-29, sec. 19, 125 Stat. 284, 331–32 (2011) (to be codified at 28 U.S.C. §§ 1295(a)(1), 1338(a), 1454).

<sup>61</sup> Joseph R. Carnicella, *Patent Reform Act of 2011 Presented to 112th Congress*, PIT IP TECH BLOG (Feb. 3, 2011), <http://pitiptechblog.com/2011/02/>.

<sup>62</sup> *See* Manus Cooney & Marla Grossman, *Patent Reform: The Senate Makes Its Move*, IP WATCHDOG, <http://www.ipwatchdog.com/2011/03/07/patent-reform-the-senate-makes-its-move/id=15688/> (last updated Mar. 9, 2011); Press Release, Senator Patrick Leahy, Bipartisan Group Of Senators Urge Action On Patent Reform Legislation (Sept. 15, 2010), available at [http://leahy.senate.gov/press/press\\_releases/release/?id=9c403942-6239-4e45-9cdb-1265e65ff6bc](http://leahy.senate.gov/press/press_releases/release/?id=9c403942-6239-4e45-9cdb-1265e65ff6bc).

On March 1, 2011, the Senate adopted a floor managers' amendment to the bill that made the following significant changes: (1) eliminating the remaining provisions that codified summary-judgment standards in damages cases and that codified a Federal Circuit decision concerning transfer of venue;<sup>63</sup> and (2) adding section 18, authorizing post-issuance review of business-method patents, and a revolving fund giving the USPTO direct access to its user fees.<sup>64</sup>

The floor managers' amendment also renamed the bill, previously always identified as the "Patent Reform Act," as the "America Invents Act."<sup>65</sup> Once the managers' amendment was adopted, the bill no longer contained any provisions affecting the award of damages, venue in civil actions for infringement, or interlocutory appeals of claim construction—three of the most controversial features of the 2007 versions. On March 8, 2011, after defeating an amendment to strike the bill's first-to-file provisions,<sup>66</sup> the Senate adopted Senate Bill 23 by a vote of ninety-five to five.<sup>67</sup>

In November 2010, control of the House of Representatives had reverted to Republicans, and Representative Lamar Smith, who had introduced the first version of the AIA in 2005, became the Chairman of the House Judiciary Committee.<sup>68</sup> On March 30, 2011, following passage of the Senate bill, Representative Smith introduced his own version of the AIA.<sup>69</sup> Two weeks later, the House Judiciary Committee voted to report the Smith bill, and the full House passed it on June 23 by a vote of 304 to 117.<sup>70</sup> The House bill's significant departures from the Senate-passed bill included: (1) adding a limited prior-user right that applies to all utility patents (partially restoring a

---

<sup>63</sup> See *In re TS Tech USA Corp.*, 551 F.3d 1315, 1321–22 (Fed. Cir. 2008).

<sup>64</sup> 157 CONG. REC. S1366–67 (daily ed. Mar. 8, 2011).

<sup>65</sup> The bill's title was changed again in the House of Representatives to the "Leahy-Smith America Invents Act." See § 1, 125 Stat. at 284. For simplicity's sake, the bill is identified in this Article as the "America Invents Act," or "AIA." Even Senator Leahy tends to refer to the bill as the America Invents Act. See, e.g., 157 CONG. REC. S5440 (daily ed. Sept. 8, 2011).

<sup>66</sup> 157 CONG. REC. S1183 (daily ed. Mar. 3, 2011).

<sup>67</sup> 157 CONG. REC. S1381 (daily ed. Mar. 8, 2011).

<sup>68</sup> *Congressman Calls on Obama to Take Illegal Immigration 'Seriously' Following Death of Border Agent*, FOX NEWS (Dec. 15, 2010) (naming Representative Smith as the House Judiciary Committee Chairman Elect), <http://www.foxnews.com/politics/2010/12/15/congressman-calls-obama-illegal-immigration-seriously-following-death-border/>; Jeff Zeleny, *G.O.P. Captures House, but Not Senate*, N.Y. TIMES (Nov. 2, 2010), <http://www.nytimes.com/2010/11/03/us/politics/03elect.html?pagewanted=all>.

<sup>69</sup> America Invents Act, H.R. 1249, 112th Cong. (2011).

<sup>70</sup> 157 CONG. REC. H4505 (daily ed. June 23, 2011); Letter from the House Comm. on the Judiciary, America Invents Act (H.R. 1249)—Patent Reform Promotes American Innovation and Creates Jobs (May 23, 2011), available at <http://judiciary.house.gov/issues/Dear%20Colleague%2005232011.html>.

provision that had been eliminated from both bills in 2007); (2) adding 35 U.S.C. § 299, which limits joinder of defendants and consolidation of trials in civil actions for patent infringement; (3) eliminating the revolving fund giving the USPTO direct access to its user fees; (4) liberalizing time limits and other restrictions on inter partes review that apply in relation to civil litigation and adding intervening rights to inter partes and post-grant review; (5) adding a seven-year sunset on the USPTO's new authority to adjust its fees by regulation; and (6) extending the business-method-patent review program from four years to eight years.<sup>71</sup>

Seeking to avoid the need for a formal conference between the two bodies,<sup>72</sup> the House and Senate bill sponsors agreed to a compromise on the differences between the House and Senate bills prior to House floor action.<sup>73</sup> That

---

<sup>71</sup> See 157 CONG. REC. S5407, S5411, S5419, 5429–S5431 (daily ed. Sept. 8, 2011) (statements of Sens. Cantwell, Hatch, Coburn, and Kyl). The House also added to the bill section 37, which retroactively “clarified” the deadline for seeking a patent-term extension. See Leahy-Smith America Invents Act, H.R. 1249, 112th Cong., sec. 37 (2011). This provision, though politically controversial, is not a significant change to the patent code (other than for the parties immediately affected by it).

<sup>72</sup> The House and Senate bill managers sought to avoid the need for a conference, in large part because it is not clear that a conference would have been permitted by the Senate minority. See Manus Cooney, *The American Invents Act—How It All Went Down*, IP WATCHDOG (Sept. 20, 2011, 3:30 PM), <http://www.ipwatchdog.com/2011/09/20/the-america-invents-act-how-it-all-went-down>. At the time of the passage of the AIA, no bill in the Senate Judiciary Committee's jurisdiction had conferenced since July 2005. *Id.* (That bill was the USA PATRIOT Improvement and Reauthorization Act of 2005, Pub. L. No. 109-177, 120 Stat. 192.) Once conferees are appointed, a conference report (i.e., the bill produced by the conference) can be reported to each body if a majority of the conferees from each body agree to it, and the conference report thereafter cannot be amended by either body. *Legislative Process: How a Senate Bill Becomes a Law*, U.S. SENATE 8, <http://www.senate.gov/reference/resources/pdf/legprocessflowchart.pdf> (last visited Jan. 28, 2012). This makes a conference report an ideal vehicle for including provisions that are objectionable to the Senate minority—but not objectionable enough to allow a filibuster of the conference report to be sustained, especially when that conference report consists of an otherwise important and popular bill. See Cooney, *supra*. Thus, the Senate minority tends to be cautious about allowing conferees to be appointed, especially for those committees that are ideologically polarized and whose jurisdiction includes controversial subject matter—such as the Judiciary Committee. See generally Jamie L. Carson & Ryan J. Vander Wielen, *Legislative Politics in a Bicameral System: Strategic Conferee Appointments in the U.S. Congress* (discussing the strategic appointment of conferees and the important policymaking roles they play), MICH. ST. U., available at [www.msu.edu/~pipc/confereeselection.pdf](http://www.msu.edu/~pipc/confereeselection.pdf) (last visited Jan. 28, 2012). Because forcing a conference over a minority leader's objection would require multiple cloture votes, it has never been done.

<sup>73</sup> See 157 CONG. REC. S5429 (daily ed. Sept. 8, 2011).

compromise was enacted via the House floor managers' amendment.<sup>74</sup> The House-passed bill was then brought to the Senate floor, and it passed the Senate without amendment by a vote of eighty-nine to nine on September 8, 2011.<sup>75</sup> On September 16, President Obama signed the bill into law.<sup>76</sup>

The remainder of this Article identifies and discusses the legislative materials and history relevant to codified and uncodified provisions of the AIA.

### III. Sections of Title 35 Amended by the AIA

#### A. 35 U.S.C. § 100(f), (g), (h), and (j): Definitions of “Inventor,” “Joint Inventor,” “Joint Research Agreement,” and “Claimed Invention”

The AIA defines the word “inventor” in the new subsection (f) of § 100 to mean either a sole inventor or, in the case of a joint invention, the entire inventive entity.<sup>77</sup> Subsection (g) defines “joint inventor” and “coinventor” as “any one of the individuals who invented or discovered” the invention.<sup>78</sup> Subsection (h)'s definition of “joint research agreement” is not new—the same definition previously appeared at § 103(c)(3), as part of The Cooperative Research and Technology Enhancement Act of 2004 (“CREATE Act”).<sup>79</sup> That definition simply was moved to the definitions section of title 35.<sup>80</sup> Subsection (j), as created by the AIA, defines “claimed invention” as the subject matter defined by a patent claim or a claim appearing in an application.<sup>81</sup>

These four definitions first appeared in the 109th Congress's House Bill 2795, the patent-reform bill introduced by Representative Lamar Smith in 2005.<sup>82</sup> Substantively identical definitions thereafter appeared in every patent-reform bill introduced in the House and Senate.<sup>83</sup> The only commentary on any of

---

<sup>74</sup> See 157 CONG. REC. H4505 (daily ed. June 23, 2011). The addition of section 37 was not part of the Senate-House agreement. That provision was added to the bill in a separate amendment on the House floor, in a close vote, over the objection of the House bill managers. See 157 CONG. REC. H4489–90, H4500 (daily ed. June 23, 2011).

<sup>75</sup> 157 CONG. REC. S5442 (daily ed. Sept. 8, 2011).

<sup>76</sup> AIA White House Press Release, *supra* note 4.

<sup>77</sup> Leahy-Smith America Invents Act, Pub. L. No. 112-29, sec. 3(a), 125 Stat. 284, 285 (2011).

<sup>78</sup> *Id.*

<sup>79</sup> Compare *id.*, with The Cooperative Research and Technology Enhancement (CREATE) Act of 2004, Pub. L. No. 108-453, sec. 2, 118 Stat. 3596, 3596.

<sup>80</sup> Leahy-Smith America Invents Act, sec. 3, 125 Stat. at 285.

<sup>81</sup> *Id.*

<sup>82</sup> Patent Reform Act of 2005, H.R. 2795, 109th Cong., sec. 3.

<sup>83</sup> *E.g.*, Patent Reform Act of 2006, S. 3818, 109th Cong., sec. 3.

these definitions that appears in the legislative history is that of the section-by-section analysis in the 2007 House Committee Report. It states that:

The term “inventor” refers to a single individual who has, working alone, invented or discovered an invention. In cases where two or more individuals are responsible for inventing or discovering an invention, the term inventor applies to all the individuals collectively.

The term “joint inventor” is applied to any one of the individuals who have invented or discovered an invention together. Such a term is necessary since the term inventor is used to refer to either a single inventor or, collectively, to all the joint inventors of an invention made or discovered by more than one person.

. . . .

The term “claimed invention” is any invention defined by a claim in a particular patent or patent application, as required by § 112(b) as amended by this Act.<sup>84</sup>

### **B. 35 U.S.C. § 100(i): Definition of “Effective Filing Date”**

Subsection (i) defines a patent’s effective-filing date, which takes on greater importance in the first-to-file system, because it now defines what constitutes prior art against a patent or application and determines how priority is resolved between competing applications.<sup>85</sup> “Effective-filing date” is defined with respect to each claimed invention, rather than the entire patent application or issued patent.<sup>86</sup>

This definition also first appeared in House Bill 2795, the 2005 Smith bill,<sup>87</sup> but it was significantly modified in the 2010 Leahy-Sessions managers’ amendment.<sup>88</sup> The only commentary on the final definition is a statement by Senator Kyl from the March 2011 debates on the AIA, which made the following three points with respect to § 100(i): (1) the definition does not

---

<sup>84</sup> H.R. REP. NO. 110-314, at 56 (2007). As noted above, subsection (h)’s definition of “joint research agreement” is taken from the CREATE Act. *See supra* note 79 and accompanying text. The 2004 Committee Report for the CREATE Act noted that this definition is “not intend[ed] to prescribe the specific form of the agreement parties must use to benefit from [the] Act nor to require the writing be contained a single instrument.” H.R. REP. NO. 108-425, at 9 (2004). The 2004 Report also noted that a “joint research agreement” is “not limited to joint research agreements under the Bayh-Dole Act . . . but also includes other governmental or private sector cooperative research agreements, development agreements, and other transaction agreements, including Government Cooperative Research and Development Agreements . . . , and Department of Defense or [NASA] ‘other transaction’ agreements.” *Id.* at 9–10.

<sup>85</sup> Leahy-Smith America Invents Act, sec. 3(a), § 100(i)(1), 125 Stat. at 285.

<sup>86</sup> *See id.*

<sup>87</sup> *See* Patent Reform Act of 2005, H.R. 2795, 109th Cong., sec. 3.

<sup>88</sup> *See* 157 CONG. REC. S1368 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).

change existing law; (2) later-added claims have the effective filing date of the subject matter on which they rely for support; and (3) valid reissues cannot add matter and, thus, do not alter a claimed invention's effective filing date.<sup>89</sup> Senator Kyl stated:

[T]he language of subparagraph (B) [of section 100(i)(1)] is streamlined to clarify that a patent gets the benefit or priority of an earlier application if it is entitled to such benefit or priority as to the invention in question under the relevant code sections, which require satisfaction of the requirements of section 112(a), a specific reference to the prior application, and copendency.

The new language makes it clear that the definition of effective-filing date does not create new rules for entitlement to priority or the benefit of an earlier filing date. Rather, the definition simply incorporates the rules created by existing code sections.

....

It should be noted that, for purposes of subparagraph (A) of section 100(i)(1), a patent or application for patent contains a claim to an invention even if the claim to the particular invention was added via an amendment after the application was filed. Of course, such an amendment may not introduce new matter into the application—it may only claim that which was disclosed in the application.

Finally, new section 100(i)(2) of title 35 governs the effective date of reissued patents. Consistent with section 251, this new paragraph effectively treats the reissue as an amendment to the patent, which is itself treated as if it were a still-pending application. It bears emphasis that the first paragraph of section 251, which is designated as subsection (a) by this bill, bars the introduction of new matter in an application for reissue. Moreover, paragraph (3) of section 251, now designated as section 251(c), makes the rules governing applications generally applicable to reissues. A reissue is treated as an amendment to the patent, and the last sentence of section 132(a) bars the introduction of new matter in an amendment. *See In re Rasmussen*, 650 F.2d 1212, 1214-15, CCPA 1981. Thus a claim that relies for its support on new matter introduced in a reissue would be invalid.<sup>90</sup>

### C. 35 U.S.C. § 102: Overview

No part of the AIA is more significant, nor has generated more legislative discussion and debate, than the Act's changes to § 102. The bill's new § 102 adopts the first-to-file system of patent priority, enacts a new definition of "prior art," and creates a new grace period.<sup>91</sup> It also includes a slightly modified CREATE Act, and clarifies and codifies the effective date of patents and applications that are cited as prior art.<sup>92</sup>

---

<sup>89</sup> *Id.*

<sup>90</sup> *Id.*

<sup>91</sup> *See Leahy-Smith America Invents Act*, sec. 3(b)(1), § 102(a), (b), (d), 125 Stat. at 285–87.

<sup>92</sup> *See id.*; CREATE Act of 2004, Pub. L. 108-453, 118 Stat. 3596.

The new § 102 also sweeps away a large body of patent law. All the “loss of right to patent” provisions of pre-AIA § 102 have been repealed.<sup>93</sup> Subsections (c), (d), (f), and (g), and the non-prior-art elements of subsection (b), have been eliminated.<sup>94</sup> The new § 102 also repeals the swearing-behind grace period of pre-AIA § 102(a), as well as the English-language requirement of subsection (e).<sup>95</sup>

The AIA combines pre-AIA subsections (a) and (b) into a hybrid definition of “prior art” that is located at new subsection (a)(1).<sup>96</sup> This new subsection (a)(1): (1) incorporates pre-AIA § 102(b)’s inclusion of the patent owner’s own activities, including public commercialization of the invention, as prior art; (2) lifts all geographic restrictions on prior art; (3) makes the patent’s effective-filing date the relevant date for determining what is prior art; and (4) applies pre-AIA § 102(a)’s public-accessibility standard to restrict the content of what can qualify as prior art.<sup>97</sup> Pre-AIA § 102(b)’s one-year grace period is found in the new § 102(b).<sup>98</sup>

In light of the AIA’s repeal of all “loss of right to patent” provisions based on secret activities from § 102, those words have been removed from the title of § 102.<sup>99</sup>

---

<sup>93</sup> Compare Leahy-Smith America Invents Act, sec. 3(b)(1), § 102, 125 Stat. 285–87, with 35 U.S.C. § 102 (2006).

<sup>94</sup> Compare Leahy-Smith America Invents Act, sec. 3(b)(1), § 102, 125 Stat. 285–87, with 35 U.S.C. § 102.

<sup>95</sup> Compare Leahy-Smith America Invents Act, sec. 3(b)(1), § 102, 125 Stat. 285–87, with 35 U.S.C. § 102(e). See also 37 C.F.R. § 1.131 (2011).

<sup>96</sup> See Leahy-Smith America Invents Act, sec. 3(b)(1), § 102(a)(1), 125 Stat. at 285–86.

<sup>97</sup> *Id.* The public-accessibility requirement is not expressly stated in pre-AIA § 102(a), but it has long been read into that subsection by the courts. See *Woodland Trust v. Flowertree Nursery, Inc.*, 148 F.3d 1368, 1370 (Fed Cir. 1998). Section 102(b) is generally regarded as having its origins in *Pennock v. Dialogue*, 27 U.S. (2 Pet.) 1 (1829), which held that a patentee forfeits his rights if he allowed his invention “to go into public use, or to be publicly sold for use.” *Id.* at 23–24; see also *Metallizing Eng’g Co. v. Kenyon Bearing & Auto Parts Co.*, 153 F.2d 516, 518 (2d Cir. 1946). It is one of the ironies of the pre-AIA patent law that § 102(a)’s invalidating “use” must make an invention accessible to the public, while § 102(b)’s “public use” can include private uses that are not accessible to the public. See *Woodland Trust*, 148 F.3d at 1370; *Trading Tech. Int’l, Inc. v. eSpeed, Inc.*, 507 F. Supp. 2d 883, 893 (N.D. Ill. 2007), *aff’d* 595 F.3d 1340 (Fed. Cir. 2010) (finding that the secret commercial use of an inventor’s own invention may constitute public use).

<sup>98</sup> Compare Leahy-Smith America Invents Act, sec. 3(b)(1), § 102(b), 125 Stat. at 286, with 35 U.S.C. § 102(b).

<sup>99</sup> Compare Leahy-Smith America Invents Act, sec. 3(b)(1), § 102, 125 Stat. at 285, with 35 U.S.C. § 102. While there is no official or agreed-upon taxonomy as to what parts of pre-AIA § 102 are “loss of right” provisions and what parts are “prior art” provisions, commentators typically view subsections (b), (c), (d), and aspects of subsection (g), as “loss of

The new § 102(a) is divided into two paragraphs.<sup>100</sup> Paragraph (1), which consists of the new combination of pre-AIA §§ 102(a) and 102(b), allows a patent to issue unless there has been a “public disclosure of prior art.”<sup>101</sup> This prior art can come in any form that makes the invention publicly accessible.<sup>102</sup> Paragraph (2) allows a patent to issue unless there has been a “patent disclosure of prior art.”<sup>103</sup> It is substantively the same as pre-AIA § 102(e), except that the patent’s priority date is its effective filing date, and it no longer includes the requirement that foreign patent applications be published in the English language in order to constitute prior art as of their filing date.<sup>104</sup> Non-English-language, U.S.-designating Patent Cooperation Treaty applications will now be prior art as of when they are effectively filed.<sup>105</sup>

Some may think that, because § 102(f) has been repealed, there is no longer any legal requirement that a patent for an invention be obtained by the inventor. Not so. Both the Constitution and § 101 still specify that a patent may only be obtained by the person who engages in the act of inventing.<sup>106</sup> Indeed, even commentary on the 1952 Patent Act noted, with respect to

---

right” provisions. *See generally* Alton D. Rollins, Comment, *Loss of Rights as “Prior Art,”* 63 J. PAT. OFF. SOC’Y 663, 664–65 (1981); Edward C. Walterscheid, *The Ever Evolving Meaning of Prior Art (Part 6)*, 65 J. PAT. OFF. SOC’Y 658, 660–61 (1983); *cf.* P.J. Federico, *Commentary on the New Patent Act*, 75 J. PAT. & TRADEMARK OFF. SOC’Y 161, 179 (1993) (“Paragraphs (b), (c), and (d) recite conditions under which a once existing right to a patent may be lost, although there is some overlap in paragraphs (a) and (b).”).

The Federal Circuit has stated that “the patent laws have not generally recognized as prior art that which is not accessible to the public.” *Oddzon Prods., Inc. v. Just Toys, Inc.*, 122 F.3d 1396, 1402 (Fed. Cir. 1997). Under this standard, subsections (c), (d), (f), (g), and the “secret” elements of subsection (b), clearly would be “loss of right” provisions. *See id.* *Oddzon* itself, however, designated subsection (f) as a “prior art” provision, despite “the fact that § 102(f) does not refer to public activity, as do the other provisions that clearly define prior art.” *Id.* at 1403. The court felt compelled to do so because of a 1984 law that, while creating an exception to § 103, refers to subject matter that “qualifies as prior art only under subsection (f) or (g).” Patent Law Amendment Act of 1984, Pub. L. No. 98-622, § 103; *Oddzon Prods.*, 122 F.3d at 1403 (“[T]he language that states that § 102(f) subject matter is not prior art under limited circumstances clearly implies that it is prior art otherwise. That is what Congress wrote into the law in 1984 and that is the way we must read the statute.”).

<sup>100</sup> *See* Leahy-Smith America Invents Act, sec. 3(b)(1), § 102(a), 125 Stat. 285–86.

<sup>101</sup> *See id.* sec. 3(b)(1), § 102(a)(1), 125 Stat. 286.

<sup>102</sup> *See id.*

<sup>103</sup> *See id.* sec. 3(b)(1), § 102(a)(2), 125 Stat. 286.

<sup>104</sup> *Compare id.*, with 35 U.S.C. § 102(e).

<sup>105</sup> *See* Leahy-Smith America Invents Act, sec. 3(b)(1), § 102, 125 Stat. at 285–86.

<sup>106</sup> U.S. Const. art. I, § 8, cl. 8 (securing for “limited Times to . . . Inventors the exclusive Right to their . . . Discoveries”); 35 U.S.C. § 101 (allowing whoever “invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement” to obtain a patent).

§ 102(f), that “[t]his paragraph is perhaps unnecessary since under § 101 it is ‘Whoever invents . . .’ who may obtain a patent and later sections provide that the inventor must apply for the patent and execute an oath of inventorship.”<sup>107</sup>

The early versions of the bill (prior to that reported by the Senate Judiciary Committee in July 2009) also replaced pre-AIA § 102’s preamble (“[a] person shall be entitled to a patent unless”<sup>108</sup>) with the words “[a] patent for a claimed invention may not be obtained if.”<sup>109</sup> The latter formulation is more logical. The pre-AIA language (“[a] person shall be entitled . . . unless”) appears to suggest that the requirements of § 102 are the only ones that must be satisfied in order for a person to be entitled to a patent,<sup>110</sup> an implication that is obviously at odds with the existence of §§ 103 and 112.

The final AIA nevertheless maintained the pre-AIA chapeau. The difficulty with enacting the more logical language is that all the current case law that assigns to the USPTO the burden of showing a prima facie case of invalidity during examination ultimately traces its origins to *In re Warner*,<sup>111</sup> a 1967 U.S. Court of Customs and Patent Appeals decision that stated:

The precise language of 35 U.S.C. § 102 that “[a] person shall be entitled to a patent unless,” concerning novelty and unobviousness, clearly places a burden of proof on the Patent Office which requires it to produce the factual basis for its rejection of an application under sections 102 and 103.<sup>112</sup>

Rather than disturb *Warner*’s assignment of the burden of proof in examination, the Senate Judiciary Committee chose to tolerate the illogic of the pre-AIA chapeau and amended the bill to revert to that formulation—a decision that was maintained in the final law.<sup>113</sup>

Both § 102(a)’s adoption of the first-to-file system and its modified definition of “prior art” were discussed extensively in the various committee reports and Senate and House floor debates leading up to enactment of the America Invents Act. These and other topics are each addressed in turn.

<sup>107</sup> Federico, *supra* note 99, at 179; *see also* 157 CONG. REC. S1496 (daily ed. Mar. 9, 2011) (statement of Sen. Hatch) (noting that “the provisions of subsection 101 limit[] patenting to inventors”).

<sup>108</sup> 35 U.S.C. § 102.

<sup>109</sup> *See, e.g.*, Patent Reform Act of 2005, H.R. 2795, 109th Cong., sec. 1, § 102(a).

<sup>110</sup> 35 U.S.C. § 102.

<sup>111</sup> 379 F.2d 1011 (C.C.P.A. 1967).

<sup>112</sup> *Id.* at 1016 (alteration in original).

<sup>113</sup> Leahy-Smith America Invents Act, Pub. L. No. 112-29, sec. 3(b)(1), § 102(a), 125 Stat. 284, 285 (2011).

### D. 35 U.S.C. § 102(a): The First-to-File Debate

The final Committee Report's section-by-section analysis of the AIA simply noted that "§ 102 is amended to make an invention's priority date its effective filing date. This change moves the United States to the first-to-file system."<sup>114</sup> The background section of the Report presented the general case for adopting the first-to-file system. It noted that: (1) a patent's filing date is objective and simple to determine, whereas an invention date "is often uncertain, and, when disputed, typically requires corroborating evidence as part of an adjudication";<sup>115</sup> (2) the first-to-file system would avoid the expense and burden of interference proceedings and eliminate the need for inventors to maintain recording and document-retention systems;<sup>116</sup> and (3) because many U.S. inventors and companies file for patent protection in foreign countries (which all use the first-to-file system), they "are forced [by the United States' maintenance of the first-to-invent system] to follow and comply with two different filing systems."<sup>117</sup>

Because the AIA's adoption of the first-to-file rule for establishing a patent's priority date is almost entirely free of ambiguity, the congressional first-to-file debate is of limited relevance to efforts to understand or construe this aspect of the bill. Nevertheless, the debate has historical significance, revealing the policy considerations that Congress weighed when it enacted the first-to-file rule.

#### 1. *The March 2011 Senate Debate*

Debate over the AIA's adoption of the first-to-file system dominated Senate floor consideration of the bill in March of 2011 and the House floor consideration in June of that year.<sup>118</sup> Thus, it may come as a surprise that the issue was scarcely mentioned and was regarded as uncontroversial during the first five years that Congress considered proposals to shift the United States to a first-to-file system, beginning with the introduction of House Bill 2795 in 2005.<sup>119</sup> The first-to-file provisions received only passing mention during the

---

<sup>114</sup> H.R. REP. NO. 112-98, at 73 (2011).

<sup>115</sup> *Id.* at 40.

<sup>116</sup> *Id.* at 41–42.

<sup>117</sup> *Id.*

<sup>118</sup> *See, e.g.*, 157 CONG. REC. H4491 (daily ed. June 23, 2011) (statement of Rep. Sensenbrenner); 157 CONG. REC. S1093–95 (daily ed. Mar. 2, 2011) (statement of Sen. Feinstein); 157 CONG. REC. S1032–33 (daily ed. Mar. 1, 2011) (statement of Sen. Coons).

<sup>119</sup> Interestingly, the bill that was introduced in the Senate in 2006 by Senators Hatch and Leahy, the Patent Reform Act of 2006, proposed to only partially adopt the first-to-file system. *See* Patent Reform Act of 2006, S. 3818, 109th Cong., sec. 3. That bill would have preserved the pre-AIA § 102(a) grace period, allowing inventors to swear behind prior art created during the year prior to filing. *See id.* Section 3 of the bill proposed to enact a new § 102(a)(1)(B) providing that prior art which appeared less than one year before filing

House's floor debates on the 2007 bill<sup>120</sup> and during Senate Judiciary Committee markups of the bill in three successive Congresses; in 2007, 2009, and even in February 2011, no Senator offered an amendment related to the first-to-file provisions or even expressed any objection to that aspect of the bill.<sup>121</sup>

The issue nevertheless became the focal point of the Senate's debate on the bill in March 2011. Indeed, the fight over the first-to-file system ultimately controlled the tempo and direction of the Senate's consideration of the entire bill.

The Senate bill sponsors received advanced warning that an amendment to strike the first-to-file provisions would be offered, and they began making speeches in defense of the first-to-file rule on March 1, 2011, the first full day the bill was on the floor.<sup>122</sup> Senators Coons and Klobuchar spoke briefly on the subject, arguing that the first-to-file system would be more objective and would eliminate the need to resolve priority disputes through interference proceedings, which were generally too expensive to be pursued by small

---

would invalidate a patent only if the prior art disclosed the invention "before the invention thereof by the applicant for a patent." *Id.* Nothing in the Record sheds light on the cold feet apparently felt with respect to the first-to-file system at the time. When Senator Leahy reintroduced the bill in 2007 (he had become the lead sponsor because of the reverse in control of the Senate), he noted that the bill "now include[d] a pure 'first-to-file' system," 153 CONG. REC. S4685 (daily ed. Apr. 18, 2007) (statement of Sen. Leahy). Both he and Senator Hatch made affirmative arguments in favor of the first-to-file system, noting that it would produce greater international harmonization, eliminate the need for interferences, and provide greater certainty to patent owners. *See id.* at S4685 (statement of Sen. Leahy); *id.* at S4691 (statement of Sen. Hatch).

The bill that was introduced in the House of Representatives in 2007, House Bill 1908, and the bill that was introduced in 2009, House Bill 1260, proposed a clean first-to-file system, but made its enactment contingent on the adoption of a grace period by major patenting authorities in Europe and Japan. *See* Patent Reform Act of 2009, H.R. 1260, 111th Cong., sec. 3(k)(2); Patent Reform Act of 2007, H.R. 1908, 110th Cong., § 3; *see also* H. REP. 110-314, at 23–24. An amendment proposed by Representative Conyers that would have added a similar "grace-period trigger" to the AIA's first-to-file provisions was considered by the House of Representatives in June 2011 and defeated by a vote of 105 to 316. *See* 157 CONG. REC. H4481–82, 98 (daily ed. June 23, 2011).

<sup>120</sup> *See* 153 CONG. REC. H10,294–95 (daily ed. Sept. 7, 2007) (statement of Rep. Kaptur). Even Representative Dana Rohrabacher, a longtime opponent of the first-to-file system, did not mention the issue during the 2007 House floor debates—unless his denunciation of the bill as "strengthening the hand of foreign and domestic thieves and scavengers," *id.* at H10,273, and his suggestion that it be renamed the "Steal American Technologies Act," *id.* at H10,297, are construed as references to the bill's adoption of the first-to-file system.

<sup>121</sup> Senator Leahy remarked on this fact during the Senate debate. *See* 157 CONG. REC. S1176 (daily ed. Mar. 3, 2011) (statement of Sen. Leahy).

<sup>122</sup> *See* 157 CONG. REC. S1030–37 (daily ed. Mar. 1, 2011).

inventors.<sup>123</sup> Senator Kyl then gave a longer speech on the subject.<sup>124</sup> He noted that small inventors almost never prevailed in interferences, which are prohibitively expensive.<sup>125</sup> Senator Kyl also emphasized that inventors would be able to establish first-to-file priority through provisional applications, which are inexpensive and require no more detailed a showing than must be made through logbooks and notes to establish a priority date under the first-to-invent system.<sup>126</sup>

Senator Leahy reopened the debate on March 2, 2011.<sup>127</sup> He argued that the first-to-file system would be simpler, less expensive, and would eliminate the need for U.S. companies to comply with two different systems when they sought to protect their inventions abroad.<sup>128</sup> He also submitted for the Congressional Record several letters in support of the first-to-file system from various trade and professional associations.<sup>129</sup>

Senator Feinstein then offered an amendment to strike the first-to-file provisions of the America Invents Act.<sup>130</sup> She argued that the first-to-file provisions would eliminate the pre-AIA “grace period from offering an invention for sale or making a public use of it”; that they would result in “significant overfiling of . . . ‘dead end’ inventions” because inventors would be forced to file too

---

<sup>123</sup> *Id.* at S1032–33 (statement of Sen. Coons), S1036 (statement of Sen. Klobuchar).

<sup>124</sup> *See id.* at S1040.

<sup>125</sup> *See id.* at S1040–41 (statement of Sen. Kyl).

<sup>126</sup> *Id.* Senator Kyl quoted at length from two columns that were published by Mr. Gene Quinn on IP Watchdog, a popular patent law website, and also submitted the columns for publication in the Record. *See id.* at S1040–44. Mr. Quinn’s columns argue that interference proceedings disadvantage small inventors, and that the showing required to be made in a provisional application is no greater than that required to be made through the inventor’s records under the first-to-invent system. *See id.*

<sup>127</sup> 157 CONG. REC. S1089 (daily ed. Mar. 2, 2011) (statement of Sen. Leahy).

<sup>128</sup> *Id.* at S1089, S1090–92.

<sup>129</sup> *Id.* at S1090. The submitted letters, from the Small Business & Entrepreneurship Council, the Intellectual Property Owners Association, BASF, and the American Bar Association, argued that the first-to-file regime is a better system because: (1) the “[f]irst-to-invent rule is inherently ambiguous and costly,” raising difficult issues of reduction to practice and “conception, diligence, abandonment, suppression, and concealment,” some of which turn on an inventor’s private contemporaneous thoughts; (2) the first-to-file rule eliminates costly and slow interferences, creates legal certainty by eliminating the possibility of § 102(g)(2) attacks, encourages earlier filing and disclosure, and makes post-grant review feasible by reducing the issues that can be raised against a patent; (3) small inventors lose more patents in interferences than they would under a first-to-file system; and (4) for inventions made after 1996, the first-to-invent rule subjects U.S. inventors to potential § 102(g)(2) attacks based on proofs of inventions made in foreign countries. *Id.* at S1089, S1091–92.

<sup>130</sup> *Id.* at S1093–96. The final amendment was cosponsored by Senators Boxer, Reid, Crapo, Risch, Ensign, and Begich. 157 CONG. REC. S1182 (daily ed. Mar. 3, 2011).

quickly; that filing a provisional application would not offer a solution for a small inventor, because provisionals cannot be treated “any less seriously than a full patent application”<sup>131</sup> and do not protect any “part of an invention that is left out of the provisional application”; and that the first-to-file system was problematic, both because of “the difficulty of proving that someone copied your invention” and because derivation proceedings offer an inadequate remedy for copying.<sup>132</sup> Senator Feinstein also submitted for the Record a letter signed by 108 businesses<sup>133</sup> and noted that she was joined in her opposition to the first-to-file rule by twenty-three politically conservative organizations and prominent individuals, including the Gun Owners of America, conservative activist Phyllis Schlafly, former U.S. Attorney General Edwin Meese, and the Christian Coalition.<sup>134</sup>

---

<sup>131</sup> *Id.* at S1093–95 (statement of Sen. Feinstein). Senator Feinstein did not address the argument, made by Senator Kyl and others, that the showing required to be made in a provisional application is no greater than the showing of conception and diligent reduction to practice that must be made via the inventor’s notes and records under the first-to-invent system. The first-to-invent rule requires that an inventor at least be able to make an initial showing of conception—that is, his papers and records must demonstrate that he had a “definite and permanent idea of the complete and operative invention.” *Amgen v. Chugai Pharm. Co.*, 927 F.2d 1200, 1206 (Fed. Cir. 1991) (quoting *Hybritech, Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1376 (1986)). Under the first-to-file system, an inventor can establish a priority date by filing a provisional application that provides “a written description of the invention, and of the manner and process and making and using it.” 35 U.S.C. § 112 (2006). Both tests effectively require the inventor to show that he had possession of the invention—the minimum showing that an inventor must make under any conceivable system of establishing patent priority. *See id.*; *Amgen*, 972 F.2d at 1206.

<sup>132</sup> 157 CONG. REC. S1095 (daily ed. Mar. 2, 2011) (statement of Sen. Feinstein). Senator Feinstein suggested that no discovery would be allowed in derivation proceedings. *Id.* Senator Kyl responded to this assertion on September 8, 2011, contending that 35 U.S.C. § 24’s authorization of discovery in contested cases would extend to derivation proceedings. *See* 157 CONG. REC. S5429, S5431 (daily ed. Sept. 8, 2011). Senator Kyl also responded to Senator Feinstein’s suggestion in her March 2 first-to-file speech that a provisional application could be attacked for failure to disclose the best mode. *See id.* He noted that § 15 of the AIA would bar the use of the best-mode requirement as a basis for cancelling a patent claim or holding it invalid. *Id.*

<sup>133</sup> *See* 157 CONG. REC. S1094–96 (daily ed. Mar. 2, 2011). The letter presented the same argument that Senator Feinstein had made: that the bill eliminates “the current secret grace period that relies on invention date and a diligent reduction to practice.” *Id.* at S1096. The version of the letter printed in the Record does not identify the 108 businesses that signed the letter. *See id.* at S1094.

<sup>134</sup> *Id.* at S1095.

Senator Barbara Boxer, a cosponsor of the Feinstein amendment, next argued that the bill's version of § 102 of title 35 "provide[d] a weaker grace period than current law."<sup>135</sup>

Senators Orrin Hatch and Amy Klobuchar spoke next, arguing in favor of the first-to-file system.<sup>136</sup> Senator Hatch noted that, during the previous seven years, a period when over three million patent applications had been filed, only one individual inventor who was not the first to file his patent application had subsequently prevailed in an interference proceeding.<sup>137</sup> Senator Klobuchar noted that the bill's first-to-file provisions had received the support of companies in diverse industrial sectors, universities, and small inventors, and she submitted a list of supporters for the Record.<sup>138</sup>

On March 2, Senator Kyl also spoke in opposition to the Feinstein amendment.<sup>139</sup> He reiterated the arguments he had made the previous day, adding that all three major patent law organizations supported the adoption of the first-to-file system<sup>140</sup> and that the rule would create "clear, objective, and transparent" standards that would make it easier for manufacturers to evaluate a competing patent and determine if it is valid.<sup>141</sup> Senator Klobuchar then submitted a letter from nearly fifty independent inventors who had expressed support for adopting the first-to-file system.<sup>142</sup>

The final statement that appears in the Record of the March 2 debate on the AIA was made by Senate Majority Leader Harry Reid.<sup>143</sup> Senator Reid expressed support for the Feinstein amendment, noting that small and independent inventors had voiced concern that the bill's first-to-file provisions would weaken the grace period, and that they had told him that "the balm of 'cheap provisionals' is snake oil, because a provisional still has to meet certain legal standards."<sup>144</sup> He also noted these inventors' concern that the certainty of receiving patent protection would be undermined if an invention was further improved or modified after a provisional application was filed.<sup>145</sup>

---

<sup>135</sup> *Id.* at S1096 (statement of Sen. Boxer).

<sup>136</sup> *Id.* at S1097–98 (statements of Sens. Hatch and Klobuchar).

<sup>137</sup> *Id.* at S1097.

<sup>138</sup> *Id.* at S1098.

<sup>139</sup> *Id.* at S1104–05.

<sup>140</sup> *Id.* at S1104. The three major patent law organizations being the American Bar Association's Intellectual Property Law Section, the Intellectual Property Owners Association, and the American Intellectual Property Law Association. *Id.*

<sup>141</sup> *Id.* at S1104–05.

<sup>142</sup> *Id.* at S1105–06.

<sup>143</sup> *See id.* at S1112–13.

<sup>144</sup> *Id.* at S1112.

<sup>145</sup> *See id.* at S1113. If an invention is significantly improved or modified after the provisional application is filed, the inventor can, of course, file an additional provisional application

During morning business of March 3, 2011, before the Senate began formal debate on the AIA, Senator Kyl spoke in opposition to the Feinstein amendment.<sup>146</sup> He described the discovery-intensive litigation issues that would be created by the first-to-invent rule and noted that adoption of the first-to-file system was central to the bill's goals of simplifying patent rules and reducing litigation costs.<sup>147</sup> He also argued that eliminating the first-to-file provisions would kill the bill, particularly emphasizing that post-grant review "would be impossible for the [USPTO] to administer under the discovery-intensive invention date issues that arise under the first-to-invent system."<sup>148</sup> Senator Kyl also noted that one of the principal industry coalitions in favor of the bill had stated that it would withdraw its support if the first-to-file provisions were eliminated.<sup>149</sup> Finally, he reiterated his earlier arguments that adoption of the first-to-file rule would allow U.S. companies to "only have to comply with one system rather than two" and that the showing required in a provisional application is the same as that made through the inventor's notebooks in order to establish an invention date under the first-to-invent system.<sup>150</sup>

Senator Leahy then spoke in favor of the first-to-file system, arguing that the United States' use of a system different from that used by all other countries causes "confusion and inefficiencies for American companies."<sup>151</sup> He also quoted from an op-ed by Secretary of Commerce Gary Locke that highlighted the burden and expense of interferences and the fact that small inventors almost never prevail in these proceedings.<sup>152</sup> He then submitted for the Record several letters from supporters of the first-to-file system, including the National Association of Manufacturers and a group of university,

---

disclosing the improvement or modification. *See id.*

<sup>146</sup> 157 CONG. REC. S1174–75 (daily ed. Mar. 3, 2011).

<sup>147</sup> *See id.* at S1174.

<sup>148</sup> *Id.*; *see also id.* at S1208 (statement of Coalition for 21st Century Patent Reform) (arguing that if the first-to-file provisions are eliminated, "the new provisions on post-grant review of patents, an important new mechanism for assuring patent quality, could no longer be made to work.").

<sup>149</sup> *Id.* Senator Kyl later submitted the coalition's letter for the Record. *See id.* The letter stated that:

[w]ithout retaining S. 23's current [first-to-file] provisions, the bill would no longer provide meaningful patent reform. . . . Instead of a patent reform bill, what would remain of S. 23 would be essentially an empty shell. Thus, we could no longer continue our support for passage of S. 23.

*Id.*

<sup>150</sup> *Id.* at S1175.

<sup>151</sup> *See id.* at S1176.

<sup>152</sup> *See id.* at S1176–77.

medical-college, and other higher-education associations.<sup>153</sup> Senator Coons then spoke in favor of the first-to-file system, criticizing the interference system and the first-to-invent rule's reliance on "secret inventor notebooks [and] secret personal files which may or may not be admissible and often lead to long and contentious litigation."<sup>154</sup>

Later that morning, Senator James E. Risch spoke in favor of the Feinstein amendment, arguing that the matter was a "fairness issue: The person who created the invention gets the benefits of that creation, not the person with the fastest tennis shoes."<sup>155</sup> Finally, Senator Feinstein returned to the floor and gave the last major speech on the subject.<sup>156</sup> She largely reiterated her arguments from the previous day that the bill would weaken the grace period and allow copying of inventions.<sup>157</sup> She also argued that adoption of the first-to-file system was unnecessary, because only approximately fifty interferences were ordered every year, out of about 480,000 annual patent applications.<sup>158</sup>

Immediately after Senator Feinstein's speech, the Senate proceeded to final consideration of the Feinstein amendment.<sup>159</sup> Senators Patrick Leahy and Chuck Grassley each spoke briefly in opposition, urging their colleagues to oppose the amendment.<sup>160</sup> The Senate then voted on the Feinstein amendment

---

<sup>153</sup> *See id.*

<sup>154</sup> *Id.* at S1178–79.

<sup>155</sup> *Id.* at S1181.

<sup>156</sup> *See id.* at S1182–83.

<sup>157</sup> *See id.* at S1182. Senator Feinstein argued that with the adoption of the first-to-file rule, the records that would be needed to show copying would shift from those in the possession of the inventor to those in the possession of the deriver. *Id.* It is not entirely clear why she believed this to be so. She appeared to assume that an inventor will always maintain adequate records to prove his invention date in the first-to-invent world but would never file those proofs as a provisional application under the first-to-file regime. *See id.* She also appeared to assume that a deriver, though willing to fraudulently claim that he had independently created the invention in order to be able to file a patent application, would never take the additional step of backdating those already-fraudulent invention proofs. *See id.* Neither assumption would appear to have a sound basis.

<sup>158</sup> *See id.* at S1182–83. These fifty interferences should not be considered insignificant, given the burden that they place on the Office and the parties embroiled in them, as well as the other costs imposed by the first-to-invent system. However, if these fifty priority disputes are viewed as insignificant because they are small in number, then, arguably, the need to establish a pre-filing priority date against competing inventors—and the AIA's switch to the first-to-file system—should also be viewed as insignificant.

<sup>159</sup> *See id.* at S1183.

<sup>160</sup> *Id.*

to strike the first-to-file provisions of the American Invents Act, defeating it by a vote of eighty-seven to thirteen.<sup>161</sup>

The vote on the Feinstein amendment proved more decisive than originally anticipated. The result suggested to the Senate leadership that the bill managers would be able to defeat any amendment they opposed. A large number of initial amendments had been absorbed into the managers' amendment,<sup>162</sup> and other amendments had already been negotiated with the bill managers and adopted by unanimous consent.<sup>163</sup> Senate Majority Leader Harry Reid apparently decided that it was unnecessary for the Senate to devote further floor time to the AIA; several hours after the vote on the Feinstein amendment, he

---

<sup>161</sup> *Id.* After the vote on the Feinstein amendment, only one more Senate floor speech during the March debates addressed the first-to-file question. Senator Sessions noted that adoption of the first-to-file rule would lead to greater patent transparency and reduce discovery costs. *See* 157 CONG. REC. S1325–26 (daily ed. Mar. 7, 2011).

<sup>162</sup> *See* 157 CONG. REC. S1051 (daily ed. Mar. 1, 2011). The managers' amendment was adopted at the end of the second day that the bill was on the Senate floor. *Id.* at S1050. Senator Leahy described the amendments offered by other Senators that were absorbed into the managers' amendment. *Id.* at S1031.

<sup>163</sup> *See* 157 CONG. REC. S1092–93 (daily ed. Mar. 2, 2011) (adoption of Bennet amendment authorizing the USPTO Director to establish satellite offices, and Kirk-Pryor amendment authorizing a patent ombudsman program); *id.* at S1111–12 (adoption of Menendez amendment authorizing prioritized examination of important technologies); *id.* at S1183 (daily ed. Mar. 3, 2011) (adoption of Stabenow amendment designating name of Detroit satellite office); *id.* at S1206 (adoption of Bingaman amendment requiring the USPTO to report duration of inter partes and post-grant reviews, which will be codified at 35 U.S.C. §§ 318(d); 328(d)).

filed a motion to invoke cloture on the bill.<sup>164</sup> Cloture was invoked,<sup>165</sup> and the Senate later adopted the America Invents Act by a vote of ninety-five to five.<sup>166</sup>

## 2. *The June 2011 House Debate*

The House of Representatives introduced its version of the America Invents Act on March 30, 2011,<sup>167</sup> reported the bill out of the House Judiciary Committee on April 14,<sup>168</sup> and debated the bill on the floor on June 22 and 23.<sup>169</sup> The House bill's first-to-file provisions, identical to those in the Senate bill,<sup>170</sup> were also a principal focus of debate. In the House, however, critics primarily argued that the first-to-file system is unconstitutional. Indeed, the House opened its floor consideration of the AIA with a debate on the constitutionality of the bill's first-to-file provisions.<sup>171</sup>

House critics argued that “[t]he first-inventor-to-file system violates the Constitution because it would award a patent to the winner of the race to

---

<sup>164</sup> See 157 CONG. REC. S1213 (daily ed. Mar. 3, 2011). Invoking cloture limits debate on a measure and allows a vote on its final passage. See S. DOC. NO. 112-1, at 20–21 (2011). It requires the support of three-fifths of the Senate—sixty votes. See *id.* Once cloture is invoked on a bill, only those amendments that are germane, and that were made pending at some point, are required to receive a vote before final passage of the bill. *Id.* In order to make an amendment pending, a Senator must not only file the amendment, but also call it up on the Senate floor and making it pending. *Id.* at 21. If another amendment is presently pending, however, that amendment must be set aside before a different amendment can be made pending, which requires unanimous consent. *Id.* Thus, once cloture is invoked, or has been filed and is expected to be invoked, Senators can effectively prevent consideration of even germane amendments that have been filed but have not been made pending, simply by objecting to a request for unanimous consent to set aside the pending amendment. *Id.* As a practical matter, the filing of a cloture motion that appears likely to succeed sharply limits further consideration of amendments to a bill.

<sup>165</sup> 157 CONG. REC. S1213 (daily ed. Mar. 3, 2011). After cloture was invoked, two additional amendments to the bill were adopted by unanimous consent: an amendment from Senator Baucus clarifying that the AIA's ban on patenting tax strategies would not extend beyond tax strategy patents, 157 CONG. REC. S1324 (daily ed. Mar. 7, 2011), and an amendment from Senator Reid entitling public universities to micro-entity fee status. 157 CONG. REC. S1362 (daily ed. Mar. 8, 2011).

<sup>166</sup> *Id.* at S1381.

<sup>167</sup> See America Invents Act, H.R. 1249, 112th Cong. (2011).

<sup>168</sup> See H.R. REP. NO. 112-98, at 58 (2011).

<sup>169</sup> See 157 CONG. REC. H4420–51 (daily ed. June 22, 2011); *id.* at H4481–500 (daily ed. June 23, 2011).

<sup>170</sup> Compare America Invents Act, H.R. 1249, 112th Cong., sec. 2 (2011), with America Invents Act, S. 23, 112th Cong., sec. 2 (2011).

<sup>171</sup> See 157 CONG. REC. H4420–23 (daily ed. June 22, 2011).

the [USPTO] and not the actual inventor who makes the first discovery.”<sup>172</sup> These critics assumed—or argued that the example set by early American patent law proved—that only the first-in-time to conceive of an invention was an “inventor” for purposes of the Constitution’s intellectual-property clause, even if that inventor never disclosed his invention and another person then independently conceived of and developed the invention.<sup>173</sup>

This interpretation of the word “inventor” in the Constitution, however, is one that federal courts rejected long ago. In its 1850 decision in *Gayler v. Wilder*,<sup>174</sup> for example, the Supreme Court considered the question in the context of the 1836 Act, which made it a defense to infringement that the patentee “was not the original and first inventor or discoverer of the thing patented.”<sup>175</sup> In *Gayler*, another person had earlier invented and used the same invention, but without seeking a patent or otherwise disclosing the invention to the public.<sup>176</sup>

The Supreme Court noted that “[u]pon a literal construction of these particular words, the patentee in this case certainly was not the original and first inventor or discoverer.”<sup>177</sup> It nevertheless concluded that:

[T]he party who invents is not strictly speaking the first and original inventor. The law assumes that the improvement may have been known and used before his discovery. Yet his patent is valid if he discovered it by the efforts of his own genius, and believed himself to be the original inventor. . . . [By providing that a patent is invalid if the invention was known or used by others,] the legislature meant knowledge and use exist[s] in a manner accessible to the public. . . . [If a prior invention is never made accessible to the public], it would be the same thing as if the improvement had never been discovered. It is the inventor here that brings it to them, and places it in their possession. And as he does this by the effort of his own genius, the law regards him as the first and original inventor, and protects his patent, although the improvement had in fact been invented before, and used by others.<sup>178</sup>

During the House constitutionality debate, Representatives Lamar Smith and Bob Goodlatte argued that early American patent law’s registration system was similar to, and, thus, tended to confirm the constitutionality of, the first-to-file

<sup>172</sup> See *id.* at H4491 (statement of Rep. Sensenbrenner).

<sup>173</sup> See *id.* at H4421–22 (statement of Rep. Sensenbrenner) (“[I]nventor means first inventor in the Constitution.”); *id.* at H4423 (statement of Rep. Kaptur); *id.* at H4428 (statement of Rep. Manzullo) (“[T]he 1790 Patent Act . . . clearly states that the patent goes to the ‘first and true’ inventor.”).

<sup>174</sup> 51 U.S. (10 How.) 477 (1850).

<sup>175</sup> *Id.* at 496.

<sup>176</sup> *Id.*

<sup>177</sup> *Id.*

<sup>178</sup> *Id.* at 496–97.

system.<sup>179</sup> They also noted that interferences and the invention-date system of priority that these proceedings enforced came relatively late to American patent law.<sup>180</sup> Representative Smith also made the case that the first-to-invent system “lulls inventors into a false sense of security based on the belief that they can readily and easily rely on being the first-to-invent,” when, in reality, interferences are prohibitively expensive and almost never award priority to an independent inventor who was not the first to file a patent application.<sup>181</sup>

On June 23, the House of Representatives considered an amendment offered by Representative Jim Sensenbrenner to strike the first-to-file provisions from the AIA.<sup>182</sup> Proponents of the amendment reprised their constitutional

---

<sup>179</sup> See 157 CONG. REC. H4420–22 (daily ed. June 22, 2011). Representatives Smith and Goodlatte are the Chairmen, respectively, of the House Judiciary Committee and its Intellectual Property Subcommittee, see *Committee Members*, U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON THE JUDICIARY, <http://judiciary.house.gov/about/members.html> (last visited Jan. 31, 2012); *Committee on Judiciary Subcommittee Jurisdiction*, U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON THE JUDICIARY, <http://judiciary.house.gov/about/subcommittee.html> (last visited Jan. 31, 2012), and the lead sponsor and principal cosponsor of House Bill 1249, the House of Representatives’ version of the America Invents Act. See America Invents Act, H.R. 1249, 112th Cong. (2011).

Representatives Smith and Goodlatte’s argument is confirmed by § 6 of the 1793 Patent Act (“1793 Act”), which made it a defense to infringement:

that the thing, thus secured by a patent, was not originally discovered by the patentee, but had been in use, or had been described in some public work anterior to the supposed discovery of the patentee, or that he had surreptitiously obtained a patent for the discovery of another person.

Act of Feb. 21, 1793, ch. 11, 1 Stat. 318, 322. Notably missing from this list is any defense that another had previously conceived of the invention. Such prior conception by another was not a bar to patenting *unless* that earlier inventor either had brought the invention into the public domain or the patentee had derived his invention from that earlier inventor. See *id.* The 1793 Act thus recognized that an applicant is still the “inventor,” even if another had conceived of the idea earlier, as long as that earlier inventor did not share the invention with others and the applicant did not derive his idea from that earlier inventor. See *id.* Additionally, pre-AIA § 102(g) allows patent rights to be awarded to the first inventor who files a patent application, despite another’s prior invention of the same thing, if that earlier invention either was made in a foreign country (and was not publicly accessible) or was made in the United States, but that first inventor “abandoned, suppressed, or concealed” his invention. 35 U.S.C. § 102(g). Suffice it to say that, if the AIA’s first-to-file system is unconstitutional because only the first-in-time to conceive of an invention can be an “inventor” for constitutional purposes, then the 1793 Act (and every American patent law enacted since then) is also unconstitutional.

<sup>180</sup> 157 CONG. REC. H4420–22 (daily ed. June 22, 2011).

<sup>181</sup> *Id.* at H4421.

<sup>182</sup> See 157 CONG. REC. H4491 (daily ed. June 23, 2011).

arguments.<sup>183</sup> They also argued that, even with the use of provisional applications, it would be expensive and burdensome for small inventors to establish priority under the first-to-file system<sup>184</sup> and that the first-to-file provisions should be opposed unless they were accompanied by broad prior user rights.<sup>185</sup> Representative Smith reiterated the points in rebuttal that he had made the previous day.<sup>186</sup> The Sensenbrenner amendment was defeated by a vote of 129 to 295.<sup>187</sup>

### ***3. The September 2011 Senate Debate***

By the time that the Senate considered the House-passed AIA in September 2011,<sup>188</sup> congressional opponents of the first-to-file system had largely abandoned the fight. During these final debates, not a single Senator spoke in opposition to the bill's first-to-file provisions.

At the outset of the September debate, Senator Kyl gave a speech in which he described the adoption of the first-to-file rule as “undoubtedly the most important among the bill's changes to current law.”<sup>189</sup> Arguing that the first-to-file rule would lead to greater transparency and reduce litigation costs, he noted that:

[F]or businesses seeking legal certainty, our current [first-to-invent] system can be a nightmare. A company hoping to bring a new product to market in a particular field of technology has no way of knowing whether a competitor that belatedly sought the patent on its new product will succeed in securing a valid patent on the product. It all depends on the invention date the competitor will be able to prove relative to [what]<sup>190</sup> the company developing the product can prove.

---

<sup>183</sup> See, e.g., *id.* at H4491 (statement of Rep. Sensenbrenner).

<sup>184</sup> See *id.* at H4492 (statement of Rep. Schiff).

<sup>185</sup> *Id.* at H4492–93 (statement of Rep. Lofgren).

<sup>186</sup> See *id.* at H4491–92.

<sup>187</sup> *Id.* at H4501–02. Several House members also submitted extensions of remarks for the Record commenting on the AIA's first-to-file provisions. Two House members argued against the first-to-file system, expressing the view that it is unconstitutional, see 157 CONG. REC. E1191 (daily ed. June 23, 2011) (statement of Rep. West), and that it will hurt small inventors, *id.* at E1190 (statement of Rep. Hirono). Two argued in favor of the first-to-file rule, stating that it will “provide greater certainty for innovators [and] produce stronger patents,” 157 CONG. REC. E1206 (daily ed. June 24, 2011) (statement of Rep. Van Hollen), and that it is more objective and certain and will further harmonize U.S. patent law with that of other industrialized nations. See 157 CONG. REC. E1273 (daily ed. July 8, 2011) (statement of Rep. Johnson).

<sup>188</sup> See 157 CONG. REC. S5319 (daily ed. Sept. 6, 2011).

<sup>189</sup> *Id.* at S5319–20.

<sup>190</sup> Because of a transcription error, the word “what” is omitted in the Record and other text is unnecessarily repeated. See *id.* at S5320.

Given that both the product developer and competitor can rely on their own secret documents that the other side will not see until litigation over the patent commences, neither of these two parties can gain a clear picture of whether a patent is valid without years of litigation and millions of dollars of discovery and other litigation costs.<sup>191</sup>

Senator Kyl contrasted this with the first-to-file rule, under which inventors can establish priority by filing “informal and inexpensive” provisional applications, which only need disclose “what the invention is and how to make it.”<sup>192</sup> Because such an “application is a government document” and ordinarily published, “[o]ther industry participants will be able to easily determine the patent’s priority date, allowing them to measure the patent against the prior art and determine if it is valid.”<sup>193</sup>

Senator Kyl also noted that the first-to-file system will eliminate opportunities for fraudulently backdating priority dates and reiterated that many American businesses are already required to comply with the first-to-file rule, because they also seek patent protection abroad.<sup>194</sup> Finally, Senator Kyl argued that the first-to-file system will provide better protection against foreign theft of inventions.<sup>195</sup> He noted that, under the current law, a foreign applicant can rely on “activities that occur[ed] in a foreign country to establish a priority date.”<sup>196</sup> If such proofs were fraudulently asserted by the foreign party, “the U.S. inventor would bear the burden of proving that a fraud had been perpetrated in a foreign country.”<sup>197</sup> Under the AIA, by contrast, the U.S. inventor’s rights would “be secured . . . [and] no one can file a later application but claim an earlier priority date, because the priority date is set by the filing date.”<sup>198</sup>

---

<sup>191</sup> *Id.*

<sup>192</sup> *Id.*

<sup>193</sup> *Id.*

<sup>194</sup> *Id.*

<sup>195</sup> *Id.*

<sup>196</sup> *Id.*

<sup>197</sup> *Id.*

<sup>198</sup> *Id.* The same argument was also presented in a paper produced by the Coalition for 21st Century Patent Reform, the principal industry coalition supporting the AIA, that was circulated during the Senate’s March 2011 debates and was printed in the Record. See 157 CONG. REC. S1209 (daily ed. Mar. 3, 2011). The paper stated that:

under [the AIA], interloping in any form is prohibited—an inventor who elects to publish an invention will no longer need to have any concern that the publication will spur a competitor into a subsequent patent filing that could preclude the inventor from obtaining a patent or—even worse—from continuing to use his or her published work.

*Id.* Later in the Senate’s September 2011 debate on the AIA, Senator Klobuchar also briefly spoke in support of the bill’s first-to-file provisions, reiterating that small inventors almost never prevail in interference proceedings. See 157 CONG. REC. S5356–57 (daily ed. Sept. 7, 2011).

When the Senate considered the bill in September, no amendments to strike or weaken the AIA's first-to-file provisions were offered. On September 8, 2011, the Senate passed the House version of the AIA by a vote of eighty-nine to nine.<sup>199</sup>

### **E. 35 U.S.C. § 102(a): The New Definition of “Prior Art”**

The AIA's § 102(a) of Title 35 provides:

(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.<sup>200</sup>

The background section of the 2011 Committee Report for the America Invents Act stated that:

This provision [i.e., the AIA's new § 102] also, and necessarily, modifies the prior-art sections of the patent law. Prior art will be measured from the filing date of the application and will typically include all art that publicly exists prior to the filing date, other than disclosures by the inventor within 1 year of filing. Prior art also will no longer have any geographic limitations. Thus, in section 102 the “in this country” limitation as applied to “public use” and “on sale” is removed, and the phrase “available to the public” is added to clarify the broad scope of relevant prior art, as well as to emphasize the fact that it must be publicly accessible. Prior art based on earlier-filed United States applications is maintained, as is current law's grace period, which will apply to all actions by the patent owner during the year prior to filing that would otherwise create § 102(a) prior art.<sup>201</sup>

Footnote twenty of the final Committee Report, offered as support for the proposition that the new grace period will cover “all actions by the patent owner” that would otherwise create § 102(a) prior art, cited to two significant floor statements from the Senate's March 2011 debates on the AIA.<sup>202</sup> First, it cited a March 9 colloquy between Senator Leahy, Chairman of the Senate Judiciary Committee and lead sponsor of the Senate version of the AIA, and Senator Hatch, the lead minority sponsor of the bill.<sup>203</sup> Second, it cited

---

<sup>199</sup> See 157 CONG. REC. S5442 (daily ed. Sept. 8, 2011).

<sup>200</sup> Leahy-Smith America Invents Act, Pub. L. No. 112-29, sec. 3(b)(1), § 102(a), 125 Stat. at 285–86 (2011).

<sup>201</sup> H.R. REP. NO. 112-98, at 42–43 (2011).

<sup>202</sup> *Id.* at 43 n.20.

<sup>203</sup> See *id.* (citing 157 CONG. REC. S1496–97 (daily ed. Mar. 9, 2011)). The Leahy-Hatch colloquy appeared in the Record the day after S. 23, the Senate version of the AIA, passed

a March 8 statement by Senator Kyl, another cosponsor of the AIA.<sup>204</sup> These statements addressed both subsection (a)'s new definition of "prior art" and subsection (b)'s grace period.

Senator Leahy began the Leahy-Hatch colloquy by noting that other Senators had asked him to clarify "the interplay between patent-defeating disclosures under subsection 102(a) and the situations where those disclosures are excepted and have no patent-defeating effect under the grace period provided in subsection 102(b)."<sup>205</sup> Senators Leahy and Hatch then stated that new § 102(a) limited prior art to that which made the invention available to the public; that private offers for sale or private uses or secret processes would no longer be prior art (or rather, would no longer result in a loss of right to patent); and that the public-availability standard was defined in terms of the Federal Circuit's public-accessibility jurisprudence.<sup>206</sup>

Two passages of the Leahy-Hatch colloquy are particularly relevant to new § 102(a):

(1) "[T]he important point is that if an inventor's disclosure triggers the 102(a) bar with respect to an invention, which can only be done by a disclosure that is both made available to the public and enabled,<sup>207</sup> then he or she has thereby also triggered the grace period under 102(b). If a disclosure resulting from the inventor's actions is not one that is enabled, or is not made available to the public, then such a disclosure would not constitute patent-defeating prior art under 102(a) in the first place."<sup>208</sup>

(2) "One of the implications of the point we are making is that subsection 102(a) was drafted in part to do away with precedent under current law that private offers for sale or private uses or secret processes practiced in the United States that result in a product or service that is then made public may be deemed patent-defeating prior art. That will no longer be the case. In effect, the new paragraph 102(a)(1) imposes an overarching requirement for availability to the public, that is a public disclosure, which will limit

---

the Senate. *See* 157 CONG. REC. S1381 (daily ed. Mar. 8, 2011) (final passage of S. 23). This fact might throw into doubt the colloquy's status as legislative "history" had the Senate vote been the final action on the bill. Both the House and Senate, however, considered the AIA later in 2011, after the Leahy-Hatch colloquy was printed in the Record.

<sup>204</sup> *See* H.R. REP. NO. 112-98, at 43 n.20 (2011) (citing 157 CONG. REC. S1370-71 (daily ed. Mar. 8, 2011)).

<sup>205</sup> 157 CONG. REC. S1496 (daily ed. Mar. 9, 2011).

<sup>206</sup> *Id.* at S1496-97.

<sup>207</sup> Presumably, Senator Hatch meant that a non-enabled disclosure of an invention would not be prior art invalidating a patent for the invention if the patent's basis for novelty and non-obviousness was its enablement of the invention. Otherwise, a publication or other public disclosure is always prior art for all that it discloses. *See* *Symbol Techs., Inc. v. Opticon, Inc.*, 935 F.2d 1569, 1578 (Fed. Cir. 1991).

<sup>208</sup> 157 CONG. REC. S1496 (daily ed. Mar. 9, 2011) (statement of Sen. Hatch).

paragraph 102(a)(1) prior art to subject matter meeting the public accessibility standard that is well-settled in current law, especially case law of the Federal Circuit.”<sup>209</sup>

The final Committee Report for the America Invents Act was issued on June 1, 2011,<sup>210</sup> and the full House began debate on June 22.<sup>211</sup> On that first day of debate, Representative Lamar Smith, the Chairman of the House Judiciary Committee and lead sponsor of the bill, engaged in a colloquy with Representative Charles Bass of New Hampshire regarding the AIA’s new definition of “prior art” and its grace period.<sup>212</sup> The Smith-Bass colloquy was similar in substance to the Leahy-Hatch colloquy of March 9, 2011.<sup>213</sup> It concluded by noting that, “contrary to current precedent, in order to trigger the bar in the new 102(a) in our legislation, an action must make the patented subject matter ‘available to the public’ before the effective filing date.”<sup>214</sup>

The final Committee Report also cited two pages from Senator Kyl’s March 8 remarks<sup>215</sup> that include a number of statements on new § 102(a).<sup>216</sup> This passage from Senator Kyl’s statement: (1) expressed the view that new § 102(a)(1) would “limit[] all non-patent prior art to that which is available to the public”;<sup>217</sup> (2) noted that the clause “otherwise available to the public” was first added to § 102(a)(1) during the Senate’s July, 2007 markup of an earlier version of the bill, and cited the contemporaneous Committee Report’s discussion of this change;<sup>218</sup> (3) stated that the use of the word “otherwise” in the final clause “makes clear that the preceding clauses describe things that are of the same quality or nature as the final clause”;<sup>219</sup> (4) discussed three cases—*Strom v. Goldman, Sachs & Co.*,<sup>220</sup> *Universal City Studios, Inc. v. Reimerdes*,<sup>221</sup> and *Williamson v. Southern Regional Council, Inc.*<sup>222</sup>—holding that “when the words ‘or otherwise’ or ‘or other’ are used to add a modifier at the end of a string of clauses, the modifier thus added restricts the meaning

---

<sup>209</sup> *Id.* (statement of Sen. Leahy).

<sup>210</sup> H.R. REP. NO. 112-98, at 1 (2011).

<sup>211</sup> *See* 157 CONG. REC. H4420 (daily ed. June 22, 2011).

<sup>212</sup> *See id.* at H4429.

<sup>213</sup> *Compare id.*, with 157 CONG. REC. S1496–97 (daily ed. Mar 9, 2011).

<sup>214</sup> 157 CONG. REC. H4429 (daily ed. June 22, 2011) (statement of Rep. Smith).

<sup>215</sup> 157 Cong. Rec. S1368, S1370–71 (daily ed. Mar. 8, 2011).

<sup>216</sup> H.R. REP. NO. 112-98, at 43 (2011).

<sup>217</sup> 157 CONG. REC. S1370 (daily ed. Mar. 8, 2011).

<sup>218</sup> *Id.* (citing S. REP. NO. 110-259 (2008)).

<sup>219</sup> *Id.*

<sup>220</sup> 202 F.3d 138 (2d Cir. 1999).

<sup>221</sup> 111 F. Supp. 2d 294 (S.D.N.Y. 2000).

<sup>222</sup> 154 S.E.2d 21 (Ga. 1967).

of the preceding clauses”;<sup>223</sup> (5) stated that “[w]hether an invention has been made available to the public is the same inquiry that is undertaken under existing law to determine whether a document has become publicly accessible, but is conducted in a more generalized manner to account for disclosures of information that are not in the form of documents,” and discussed Federal Circuit decisions applying this test;<sup>224</sup> (6) discussed the doctrine of inherency and concluded that “once a product is sold on the market, any invention that is inherent to the product becomes publicly available prior art and cannot be patented”;<sup>225</sup> (7) stated that new § 102(a) would “limit[] and reconcile[] the various purposes that have been ascribed to § 102’s definition of prior art,” and in particular eliminate[] encouragement of prompt filing and limits on commercialization of an invention as purposes that are served by the definition of “prior art”;<sup>226</sup> (8) criticized the secret-sale and private-use forfeiture doctrines as “traps for unwary inventors” that “impose extreme results to

---

<sup>223</sup> 157 CONG. REC. S1370 (daily ed. Mar. 8, 2011). These cases conclude that, when the final clause in a series of clauses in a sentence begins with “or otherwise” or “or other,” it “modifies and gives meaning” to the previous clauses, *Universal City Studios*, 111 F. Supp. 2d at 325, or “modifies one or both of the two specific [provisions] referred to just before it in the same sentence.” *Strom*, 202 F.3d at 146.

<sup>224</sup> 157 CONG. REC. S1370 (daily ed. Mar. 8, 2011).

“[A]vailable to the public” means the same thing that “publicly accessible” does in the context of a publication. Subject matter makes an invention publicly accessible or available if an interested person who is skilled in the field could, through reasonable diligence, find the subject matter and understand the invention from it.

157 CONG. REC. S1042 (daily ed. Mar. 1, 2011) (statement of Sen. Kyl).

<sup>225</sup> 157 CONG. REC. S1370 (daily ed. Mar. 8, 2011). *See also* 157 CONG. REC. S5431 (daily ed. Sept. 8, 2011) (statement of Sen. Kyl) (“The public use or sale of an invention remains prior art, thus making clear that an invention embodied in a product that has been sold to the public more than a year before an application was filed, for example, can no longer be patented.”); *id.* at S5440 (statement of Sen. Leahy) (“[I]f the technology is embedded in a product, as soon as that product is available publicly it will constitute prior art against any other patent or application for patent because the technology is inherently disclosed.”).

<sup>226</sup> 157 CONG. REC. S1370–71 (daily ed. Mar. 8, 2011). Of course, even pre-AIA § 102(b) did not preclude secret commercialization of an invention outside the grace period, as long as that commercialization occurred in a foreign country. *See* 35 U.S.C. § 102(b) (2006). Because of pre-AIA § 102(b)’s “in this country” limitation, a business could use a secret manufacturing process in a foreign country for decades and still obtain a U.S. patent on the process. *See id.* The pre-AIA prior-art definition thus created a perverse incentive for U.S. manufacturers to locate their factories overseas. Only by using the manufacturing process in a foreign country could a U.S. company preserve the discretion to decide whether and when to decide to seek a patent on the process. Additionally, if a manufacturer did use a process in the United States for more than a year, pre-AIA § 102(b)’s preclusion of patenting created a strong incentive to keep the process secret indefinitely. *See id.*

no real purpose”;<sup>227</sup> (9) noted that new § 102(a)(1) would abrogate *Egbert v. Lippman*,<sup>228</sup> the infamous “corset clasp” case;<sup>229</sup> and (10) argued that preservation of the secret-sale-and-use forfeiture doctrines would be “fairly disastrous for the U.S. patent system,” because it would render post-grant review unmanageable and, in combination with the elimination of the geographic restrictions on prior art, enable foreign theft of U.S. inventions.<sup>230</sup>

The AIA’s formulation of the § 102(a)(1) prior-art standard—“the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public”—was first adopted in July 2007 during the Senate Judiciary Committee’s markup of a predecessor bill.<sup>231</sup> Parallel versions of the bill had been introduced in both the Senate and House at the beginning of 2007.<sup>232</sup> As introduced, neither bill included the “otherwise available to the public” qualifier.<sup>233</sup> Both bills as introduced amended § 102 of title 35 to provide simply that, absent application of a grace period, “[a] patent for a claimed invention may not be obtained if . . . the claimed invention was patented, described in a printed publication, or in public use or on sale.”<sup>234</sup>

The House bill’s version of § 102 remained unchanged through committee markup and full House passage, and the public-availability restriction was never added to the 2007 House bill’s definition of “prior art.”<sup>235</sup> The House bill thus effectively maintained the *Metallizing Engineering Co. v. Kenyon Bearing & Auto Parts, Co.*<sup>236</sup> doctrine requiring forfeiture of a patent in the event of the invention’s secret commercialization more than one year before filing.<sup>237</sup> As the House Report stated:

The Committee uses the current § 102(b) as the template from which to define the scope of prior art in the Act, primarily because of how the terms “in public use” and “on sale” have been interpreted by the courts. The provisions of § 102(b) are meant to serve a set of very specific policy goals which include 1) encouraging inventors to file early for patent protection, 2) preventing inventors from extending their monopoly in the invention and 3) not taking away from the public what it justifiably believes is in the public domain. Additionally, there is nothing inherent in a first-to-file system that

<sup>227</sup> 157 CONG. REC. S1371 (daily ed. Mar. 8, 2011).

<sup>228</sup> 104 U.S. 333 (1881).

<sup>229</sup> 157 CONG. REC. S1371 (daily ed. Mar. 8, 2011). Senator Kyl noted that the AIA “vindicat[ed]” Justice Miller’s dissent in that case. *Id.*

<sup>230</sup> *Id.*

<sup>231</sup> H.R. REP. NO. 110-259, at 86 (2008).

<sup>232</sup> See Patent Reform Act of 2007, S. 1145, 110th Cong.; Patent Reform Act of 2007, H.R. 1908, 110th Cong.

<sup>233</sup> See S. 1145; H.R. 1908.

<sup>234</sup> See S. 1145; H.R. 1908.

<sup>235</sup> See H.R. 1908 (as engrossed in the House).

<sup>236</sup> 153 F.2d 516 (2d Cir. 1946).

<sup>237</sup> *Id.* at 520.

will deter inventors from making use of their inventions as trade secrets and then some time later filing a patent application for the invention. Thus, the maintenance of the “public use” and “on sale” definitions of prior art are needed to prevent such activity.<sup>238</sup>

During the 110th Congress, however, the Senate Judiciary Committee amended the bill’s version of § 102 by adding the “otherwise available to the public” qualifier to the end of subsection (a)(1).<sup>239</sup> The Senate bill’s new § 102(a)(1) thus provided that “[a] patent for a claimed invention may not be obtained if . . . the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public.”<sup>240</sup>

The 2007 Senate Committee Report commented on § 102(a)(1)’s new definition of “prior art” at two places. The Report’s legislative history section discussed the addition of the words “or otherwise available to the public,” noting that “[t]his Managers’ Amendment also added the phrase ‘otherwise available to the public’ to § 102 to make clear that secret collaborative agreements, which are not available to the public, are not prior art.”<sup>241</sup> In its background section, the 2007 Senate Report gave substantially the same explanation for the new definition of “prior art” that appeared in the Committee Report for the final bill.<sup>242</sup> First, the 2007 background section noted that section 2 of the bill would “also, and necessarily, modif[y] the prior art sections of the patent law. Prior art will be measured from the filing date of the application and will typically include all art that publicly exists prior to the filing date, other than disclosures by the inventor within one year of filing.”<sup>243</sup> The 2007 background section additionally noted that:

---

<sup>238</sup> H.R. REP. NO. 110-314, at 56 (2007). There is no indication in the Record that the House of the 110th Congress ever contemplated that, by reviving the *Metallizing Engineering* doctrine, it could potentially create bases for a loss of right to patent that could be outside the scope of the one-year grace period for “disclosures.” The bills that were introduced in the previous Congress had limited the scope of prior art to what was “otherwise publicly known,” see Patent Reform Act of 2005, H.R. 2795, 109th Cong.; Patent Reform Act of 2006, S. 3818, 109th Cong., and thus avoided such difficulties—there is no dispute that whatever has been made accessible to the public has also been “disclosed.” The fact that the House in 2007 was consumed by debate over substantive damages standards and other controversial provisions of House Bill 1908, compounded by the compressed schedule of House action on that measure, probably precluded contemplation of this and other subtle but important issues raised by the bill.

<sup>239</sup> See S. 1145, sec. 2., § 102(a)(1).

<sup>240</sup> See *id.* Senate Bill 1145 was never considered by the full Senate. Thus, the committee-reported bill is the “final” version of that bill.

<sup>241</sup> S. REP. NO. 110-259, at 39 (2008).

<sup>242</sup> Compare *id.* at 9, with H.R. REP. NO. 112-98, at 42 (2011).

<sup>243</sup> S. REP. NO. 110-259, at 9.

Prior art also will no longer have any geographic limitations; thus in section 102 the “in this country” limitation as applied to “public use” and “on sale” is removed, and the phrase “available to the public” is added to clarify the broad scope of relevant prior art, as well as to emphasize the fact that it must be publicly available.<sup>244</sup>

The 2007 reported Senate bill’s definition of “prior art” was subsequently preserved in the parallel patent-reform bills that were introduced in the House and Senate in the 111th Congress,<sup>245</sup> as well as in the parallel bills introduced in the 112th Congress<sup>246</sup>—and, of course, it was also preserved in the final public law.<sup>247</sup>

The AIA’s definition of “prior art” was also briefly described in the Legislative Notice for the bill issued by the Senate Republican Policy Committee (“RPC”) on February 28, 2011.<sup>248</sup> The RPC Legislative Notice stated that “[p]rior art is a term of art in intellectual property law. S. 23 defines ‘prior art’ as actions by the patent owner or another (such as publication, public use, or sale) that make the invention available to the public.”<sup>249</sup>

On September 6, 2011, as the Senate turned to consideration of the House-passed bill, Senator Kyl again addressed the bill’s definition of “prior art.”<sup>250</sup> He began by stating that, under new § 102(a):

Public uses and sales of an invention will remain prior art, but only if they make the invention available to the public. An inventor’s confidential sale of his invention, his demonstration of its use to a private group, or a third party’s unrestricted but private

<sup>244</sup> *Id.*

<sup>245</sup> See Patent Reform Act of 2009, S. 515, sec. 2(b)(1), § 102, 111th Cong.; Patent Reform Act of 2009, H.R. 1260, sec. 3(b)(1), § 102, 111th Cong. The Committee Report for Senate Bill 515 included the same explanation of the new prior-art definition that appeared in the background section of the Report for the 2007 bill. Compare S. REP. NO. 111-18, at 6 (2009), with S. REP. NO. 110-259, at 9. The 2009 House Bill 1908 was not reported by the House Judiciary Committee, and, thus, no report was issued for that bill.

<sup>246</sup> See America Invents Act, S. 23, sec. 3(b)(1), § 102, 112th Cong. (2011); America Invents Act, H.R. 1249, sec. 3(b)(1), § 102, 112th Cong. (2011).

<sup>247</sup> See Leahy-Smith America Invents Act, Pub. L. No. 112-29, sec. 3(b)(1), § 102(a)(1), 125 Stat. 284, 285–86 (2011).

<sup>248</sup> See 157 CONG. REC. S1265–66 (daily ed. Mar. 8, 2011). Each party in the Senate has a “Policy Committee” that distributes to its caucus papers and notices commenting on bills, describing the contents of floor amendments, and describing the qualifications and any controversy about nominees on which the Senate will vote by roll call. See *About the Republican Policy Committee*, U.S. SENATE REPUBLICAN POL’Y COMMITTEE, <http://rpc.senate.gov/public/index.cfm?p=About> (last visited Jan. 31, 2012). Senator Thune of South Dakota was Chairman of the Republican Policy Committee during the Senate’s consideration of the America Invents Act. *Biography*, JOHN THUNE U.S. SENATOR SOUTH DAKOTA, <http://thune.senate.gov/public/index.cfm/about?p=biography> (last visited Jan. 31, 2012).

<sup>249</sup> 157 CONG. REC. S1266 (daily ed. Mar. 8, 2011).

<sup>250</sup> See 157 CONG. REC. S5319–21 (daily ed. Sept. 6, 2011).

use of the invention will no longer constitute [prior]<sup>251</sup> art. Only the sale or offer for sale of the invention to the relevant public or its use in a way that makes it publicly accessible will constitute prior art.<sup>252</sup>

Senator Kyl then presented the case that the bill's new definition of "prior art" would substantially reduce litigation-discovery costs:

The main benefit of the AIA public availability standard of prior art is that it is relatively inexpensive to establish the existence of events that make an invention available to the public. Under current law, depositions and litigation discovery are required in order to identify all of the inventor's private dealings with third parties and determine whether those dealings constitute a secret offer for sale or third party use that invalidates the patent under the current law's forfeiture doctrines. The need for such discovery is eliminated once the definition of "prior art" is limited to those activities that make the [invention]<sup>253</sup> accessible to the public. This will greatly reduce the time and cost of patent litigation and allow the courts and the [USPTO] to operate much more efficiently.<sup>254</sup>

In a rejoinder to critics who had argued that the AIA would make it easier for unscrupulous foreigners to steal U.S. inventions, Senator Kyl argued that the AIA's public-availability standard of prior art will make it *harder* for another person to steal or fraudulently invalidate a U.S. inventor's patent.<sup>255</sup> He noted that, under the bill, "only those actions that made the invention publicly available will constitute prior art, and these are much harder to fake than are claims of having secretly made the invention in a private laboratory."<sup>256</sup> He also noted that "it will be impossible for a third party who derived the invention from a U.S. inventor's public disclosure or patent application to steal the invention or sabotage the U.S. inventor's patent," because "[t]he only way to obtain priority or invalidate the invention would be to file or publicly disclose the invention before the U.S. inventor has done so—something that will obviously be impossible for [a] deriver to do."<sup>257</sup>

Finally, the understanding that § 102(a)(1) prior art would be limited by a public-availability standard was also reflected in other parts of the AIA itself—particularly, in the scope of Chapter 32 post-grant review and, in AIA section 18, the business-method-patent review proceeding.<sup>258</sup> The USPTO's

---

<sup>251</sup> Because of a transcription error, the word "private" appears in the Record rather than the word "prior." *See id.* at S5320.

<sup>252</sup> *Id.*

<sup>253</sup> Because of a transcript error, the word "intention," rather than the word "invention," appears in the Record. *See id.*

<sup>254</sup> *Id.*

<sup>255</sup> *See* 157 CONG. REC. S5320 (daily ed. Sept. 6, 2011).

<sup>256</sup> *Id.*

<sup>257</sup> *Id.*

<sup>258</sup> *See* Leahy-Smith America Invents Act, Pub. L. No. 112-29, secs. 6(d), 18, §§ 321–329, 125 Stat. 284, 305–13, 329–31 (2011).

ability to manage post-grant review had been a source of continuing concern to Senators over the course of several Congresses.<sup>259</sup> During the Senate's action on Senate Bill 23 in March 2011, it adopted a managers' amendment that, among other things, limited the scope of post-grant review to only those patents that are subject to the first-to-file system and to the AIA's new definition of "prior art."<sup>260</sup> As the managers' amendment summary that was circulated by the Republican Policy Committee noted, "[t]his [wa]s done because [first-to-invent] patents raise discovery-intensive invention-date and secret-prior-art issues that would be difficult to address in an administrative proceeding."<sup>261</sup> Thus, implicit in the adoption of this change to the scope of post-grant review was the understanding that new § 102(a) would not allow these types of issues to be raised.

Similarly, section 18 of the bill adopted a hybrid definition of the types of prior art that could be raised against a first-to-invent patent, effectively excluding the secret-prior-art elements of the pre-AIA regime.<sup>262</sup> Subsection (a)(1)(C) limited the prior art that could be raised against a first-to-invent patent in a section 18 proceeding to pre-AIA § 102(a) prior art, which was already limited to what is available to the public,<sup>263</sup> and to "old 102(b) prior art [that is] limited to old 102(a)'s publicly-available prior-art scope."<sup>264</sup> No parallel change was made to the types of prior art that can be asserted against

---

<sup>259</sup> See, e.g., S. REP. NO. 111-18, at 53, 56, 58 (2009) (Minority Views of Sens. Kyl, Feingold, and Coburn).

Shortly after that [2007] bill passed the House, senior career staff at the [USPTO] made clear to some of us that the post-grant review system proposed by that bill was unadministrable, would strain the [USPTO]'s resources, and would create an enormous backlog at the Office. Representatives of the Patent Office Professional Association and members of the Patent Public Advisory Committee have expressed the same concerns to us.

...

Congress should consider authorizing the [USPTO] to delay implementation of post-grant review if the Director certifies that the Office lacks the resources to start conducting such reviews.

*Id.*; see also 157 CONG. REC. S1040 (daily ed. Mar. 1, 2011) (statement of Sen. Kyl).

<sup>260</sup> See 157 CONG. REC. S1365–67 (daily ed. Mar. 8, 2011).

<sup>261</sup> *Id.* at S1366.

<sup>262</sup> See Leahy-Smith America Invents Act, sec. 18, 125 Stat. at 329–31.

<sup>263</sup> See *Woodland Trust v. Flowertree Nursery, Inc.*, 148 F.3d 1368, 1370 (Fed. Cir. 1998); *Gayler v. Wilder*, 51 U.S. (10 How.) 477, 497 (1850) ("[B]y knowledge and use the legislature meant knowledge and use existing in a manner accessible to the public.").

<sup>264</sup> 157 CONG. REC. S1366, S1367 (daily ed. Mar. 8, 2011) (excerpt from the RPC Legislative Notice).

a first-to-file patent—again, a reflection of the understanding that first-to-file non-patent prior art is already limited to what is available to the public.

### F. 35 U.S.C. § 102(b): The Grace Period

The AIA's § 102(b) of title 35 provides:

(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 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.<sup>265</sup>

The 2011 Committee Report's section-by-section analysis noted that “[n]ew section 102(b) preserves the grace period, ensuring that during the year prior to filing, an invention will not be rendered unpatentable based on any of the inventor's own disclosures, or any disclosure made by any party after the inventor has disclosed his invention to the public.”<sup>266</sup> The background section

---

<sup>265</sup> Leahy-Smith America Invents Act, sec. 3(b)(1), § 102(b), 125 Stat. at 286.

<sup>266</sup> H.R. REP. NO. 112-98, at 71 (2011). The AIA does not include a formal definition of the word “disclosure.” The term is implicitly defined by its use in § 103, which provides that “[a] patent for a claimed invention may not be obtained, notwithstanding that the claimed invention is not identically disclosed as set forth in section 102, if the differences between the claimed invention and the prior art are such that the claimed invention” would be obvious to a person of ordinary skill in the art. Leahy-Smith America Invents Act, sec. 3(c), § 103, 125 Stat. at 287. As used in § 103, the word “disclosure” is thus simply the act of creating prior art “as set forth in section 102.” *Id.* The word “disclose” is defined in the dictionary as “to make known or reveal to another or to the public.” MERRIAM-WEBSTER'S

of the Report noted the importance of the grace period to small inventors and universities, who had argued that the grace period encouraged early disclosure and allowed adequate time to prepare an application and obtain funding for it.<sup>267</sup> The background section also noted that, under the AIA's § 102(b):

Applicants' own publication or disclosure that occurs within 1 year prior to filing will not act as prior art against their applications. Similarly, disclosure by others during that time based on information obtained (directly or indirectly) from the inventor will not constitute prior art.<sup>268</sup>

And finally, the background section emphasized that “[c]urrent law’s grace period [is maintained, and] will apply to all actions by the patent owner during the year prior to filing that would otherwise create § 102(a) prior art.”<sup>269</sup>

Earlier Senate Committee Reports for the bill add nothing to the 2011 House Committee Report’s discussion of § 102(b). The 2007 House Judiciary Committee Report, however, provided a somewhat more detailed explanation of the grace-period provisions of House Bill 1908.<sup>270</sup> The 2007 House bill’s grace-period provisions were substantively identical to those of the AIA.<sup>271</sup> Section 102(a)(1)(b) in the 2007 House bill became § 102(b)(1)(A) in the final law, and § 102(b)(1) in the 2007 House bill became § 102(b)(1)(B)<sup>272</sup> (Section

DICTIONARY OF LAW (1996), available at <http://dictionary.findlaw.com/definition/disclose.html>. Theoretically, an inventor could secretly use a process to make a product which he then sells—thereby losing his right to patent the process per *Metallizing Engineering*—but without “making known” or “revealing” (i.e., “disclosing”) the process to anyone. See generally *Metallizing Eng’g Co. v. Kenyon Bearing & Auto Parts Co.*, 153 F.2d 516 (2d Cir. 1946). This point is rendered moot, however, by § 102(a)(1)’s repeal of the loss of right provisions. See Leahy-Smith America Invents Act sec. 3(b)(1), § 102(a)(1), 125 Stat. at 286–87.

<sup>267</sup> See H.R. REP. NO. 112-98, at 41.

<sup>268</sup> *Id.* at 42.

<sup>269</sup> *Id.* at 43. As discussed *infra* in the text accompanying note 276, a footnote at the end of this sentence cites to two passages from the March 2011 Senate floor debates on the AIA.

<sup>270</sup> See H.R. REP. NO. 110-314, at 23–24, 56–57, 60 (2007).

<sup>271</sup> Compare Patent Reform Act of 2007, H.R. 1908, 110th Cong., sec. 3(b)(1), § 102, with Leahy-Smith America Invents Act, sec. 3(b)(1), § 102, 125 Stat. at 322.

<sup>272</sup> Compare H.R. 1908, sec. 3, § 102(a)(1)(B), (b)(1), with Leahy-Smith America Invents Act, sec. 3(b)(1), § 102(b)(1)(A)–(B), 125 Stat. at 285–86. All versions of the bill from 2007 onward included what was substantively the same grace period. See, e.g., Patent Reform Act of 2009, H.R. 1260, 111th Cong., sec. 3(b)(1), § 102(b) (2009). The 2010 Leahy-Sessions managers’ amendment to Senate Bill 515 made only stylistic and clarifying edits. It reorganized the provisions of § 102 by placing all definitions of prior art in subsection (a), placing all grace-period exceptions to prior art in subsection (b), and placing the CREATE Act and the definition of the effective date of patents and published applications that are cited as prior art in new subsections (c) and (d), respectively. See *supra* note 56 and accompanying text.

102(a)(2), and subparagraphs (A), (B), and (C) of § 102(b)(2), were identical in substance and placement in both the 2007 House bill and in the AIA.<sup>273</sup>

Because the 2007 House bill's grace-period provisions were substantively identical to those of the AIA, the 2007 House Committee Report's section-by-section analysis of the grace period is relevant to the final law. The 2007 House Report's characterization of the new grace period is consistent with that provided in the final Committee Report.<sup>274</sup> Nevertheless, because of the importance of this issue, the 2007 Report's somewhat more detailed discussion is quoted here, with the final public law's different placement of the provisions noted in brackets:

While the Committee finds that the United States should make the switch to a first-inventor-to-file system, the Committee also recognizes that the limitations inherent in a strict first-to-file system may be too restrictive given the nature of invention discovery and development, even with the inventor's grace period provided in § 102(a)(1)(B) [AIA § 102(b)(1)(A)]. With this in mind, this Act incorporates a number of exceptions to prior art.

The first exception to prior art is provided by § 102(b)(1) [AIA § 102(b)(1)(B)]. This provision disqualifies any prior art under § 102(a)(1)(B) [AIA § 102(a)(1)] if the same subject matter had already been publicly disclosed by the inventor (hereinafter "first-to-disclose exception"). This exception effectively creates a first-to-disclose rule. If an inventor publicly discloses his invention, he preserves his priority to the invention even if there is intervening prior art between the inventor's public disclosure and the inventor's application for patent, provided that the application is made 1 year or less after the initial disclosure.

As a general rule in a first-to-file system, where two independent inventors come up with the same invention, priority will go to the first inventor to submit an application (new § 102(a)(2)). The earlier, or "senior," application will operate as prior art against the later, or "junior," application and bar the second patent. However, new § 102(b)(2) establishes several exceptions to § 102(a)(2).

First, if a senior application claims subject matter that was obtained directly or indirectly from a junior applicant who was the true inventor, the senior application will not qualify as § 102(a)(2) prior art against the junior application. This is why the new "first-to-file" system is more properly characterized as a "first-inventor-to-file" system. Second, if the subject matter of the senior application was publicly disclosed by the junior applicant before the senior application was filed, the senior application does not qualify as prior art against the junior one under § 102(b)(2). In this sense, the new "first-inventor-to-file" system is also a "first-to-disclose" system.<sup>275</sup>

As noted previously, the final Committee Report cited two passages from the Senate debates—a colloquy between Senators Hatch and Leahy, and a

---

<sup>273</sup> Compare H.R. 1908, sec. 3(b)(1), § 102(a)(2), (b)(2)(A)–(C), with Leahy-Smith America Invents Act, sec. 3(b)(1), §§ 102(a)(2), (b)(2)(A)–(C).

<sup>274</sup> Compare H.R. REP. NO. 110-314, at 57-59, with H.R. REP. NO. 112-98, at 41-43.

<sup>275</sup> H.R. REP. NO. 110-314, at 57-58.

statement by Senator Kyl—as support for its statement that the AIA’s grace period would cover “all actions by the patent owner” that would otherwise create § 102(a) prior art.<sup>276</sup> The cited Kyl statement only addressed the grace period indirectly, by noting that actions by the patent owner that do not make the invention publicly accessible would not constitute § 102(a)(1) prior art (and, thus, do not need grace-period protection).<sup>277</sup>

The Leahy-Hatch colloquy also made this point, but it went on to address § 102(b) directly.<sup>278</sup> Senators Leahy and Hatch made three significant points about the grace period.

First, they stated that no action by the patent owner during the one year prior to filing would be outside the scope of the grace period:

We intend that if an inventor’s actions are such as to constitute prior art under subsection 102(a), then those actions necessarily trigger subsection 102(b)’s protections for the inventor and, what would otherwise have been section 102(a) prior art, would be excluded as prior art by the grace period provided by subsection 102(b).<sup>279</sup>

....

For the purposes of grace-period protection, the legislation intends parallelism between the treatment of an inventor’s actions under subsection 102(a) that might create prior art and the treatment of those actions that negate any prior-art effect under subsection 102(b). Accordingly, small inventors and others will not accidentally create a patent-defeating bar by their pre-filing actions that would otherwise be prior art under subsection 102(a) as long as they file their patent applications within the grace period provided by subsection 102(b).<sup>280</sup>

Next, Senators Leahy and Hatch both stated that the word “disclosure” would create a grace period broader than the scope of § 102(a)(1) prior art:

Indeed, as an example of this, subsection 102(b)(1)(A), as written, was deliberately couched in broader terms than subsection 102(a)(1). This means that any disclosure by the inventor whatsoever, whether or not in a form that resulted in the disclosure being available to the public, is wholly disregarded as prior art.<sup>281</sup>

---

<sup>276</sup> H.R. REP. 112-92, at 43 (citing 157 CONG. REC. S1496–97 (daily ed. Mar. 9, 2011); 157 CONG. REC. 1370–71 (daily ed. Mar. 8, 2011)).

<sup>277</sup> See 157 CONG. REC. S1371 (daily ed. Mar. 8, 2011).

<sup>278</sup> 157 CONG. REC. S1496 (daily ed. Mar. 9, 2011) (statement of Sen. Leahy).

<sup>279</sup> *Id.* (statement of Sen. Leahy).

<sup>280</sup> *Id.* (statement of Sen. Hatch). To the extent that nondisclosing *Metallizing Engineering* uses are deemed to be outside the reach of the word “disclosure,” Senators Leahy and Hatch’s emphasis on “parallelism” and complete coverage in § 102(b) for all that is prior art under § 102(a) simply confirms the understanding that prior art under the AIA will be limited to what is available to the public. Thus, secret nondisclosing activities will not become prior art in the first place.

<sup>281</sup> *Id.* (statement of Sen. Leahy).

“Indeed, a disclosure that does not satisfy the requirements to be prior art under section 102(a), nonetheless constitutes a disclosure that is fully protected under the more inclusive language of section 102(b).”<sup>282</sup>

Finally, Senators Leahy and Hatch commented on § 102(b)(1)(B)’s first-to-disclose grace period, stating that it would “fully protect” inventors who publicly disclose their inventions against “disclosures by others that are made after their disclosure”:

An additional clarification we have been asked about deals with subparagraph 102(b)(1)(B). There has been some confusion over how this provision will work. It is my understanding that this provision ensures that an inventor who has made a public disclosure—that is, a disclosure made available to the public by any means—is fully protected during the grace period. The inventor is protected not only from the inventor’s own disclosure being prior art against the inventor’s claimed invention, but also against the disclosures of any of the same subject matter in disclosures made by others being prior art against the inventor’s claimed invention under section 102(a) or section 103—so long as the prior art disclosures from others came after the public disclosure by the inventor.<sup>283</sup>

Subparagraph 102(b)(1)(B) is designed to work in tandem with subparagraph 102(b)(1)(A) to make a very strong grace period for inventors that have made a public disclosure before seeking a patent. Inventors who have made such disclosures are protected during the grace period, not only from their own disclosure, but also from disclosures by others that are made after their disclosure. This is an important protection we offer in our bill that will benefit independent and university inventors in particular.<sup>284</sup>

During the House debate on the AIA, Representatives Lamar Smith and Charles Bass also engaged in a colloquy about the grace period.<sup>285</sup> Their statements were consistent with those made in the Leahy-Hatch colloquy of

---

<sup>282</sup> *Id.* (statement of Sen. Hatch). These passages from the colloquy are at odds with a remark by Senator Kyl that “a disclosure is something that makes the invention available to the public.” 157 CONG. REC. S1042 (daily ed. Mar. 1, 2011). Senator Kyl’s statement, however, was made only in the context of his discussion of § 102(a), which, he emphasized, limited § 102(a)(1) prior art to that which makes the invention publicly accessible. *See id.* Therefore, “any activity by the inventor that would constitute prior art under § 102(a)(1) would also invoke the grace period under section 102(b)(1).” *Id.* It should also be noted that § 102(b)(2) deems the patent or application of another inventor to be a “disclosure,” and such disclosures are defined to constitute prior art well before they are made accessible to the public. *See* 35 U.S.C. § 102(d) (as amended by the AIA) (patents and applications effective as prior art as of the filing date that they are entitled to claim). Thus, § 102(b) necessarily contemplates that the word “disclosure” includes some things that do not make an invention available to the public as of the date that they constitute prior art. *See id.* § 102(b).

<sup>283</sup> 157 CONG. REC. S1496–97 (Mar. 9, 2011) (statement of Sen. Hatch).

<sup>284</sup> *Id.* at S1497 (statement of Sen. Leahy).

<sup>285</sup> *See* 157 CONG. REC. H4429 (daily ed. June 22, 2011) (statements of Reps. Smith and Bass).

March 9.<sup>286</sup> Representative Smith noted that “[i]f an inventor’s action is such that it triggers one of the bars under 102(a), then it inherently triggers the grace period under section 102(b).”<sup>287</sup>

Representative Smith also commented on § 102(b)(1)(B)’s first-to-disclose grace period. He stated that:

[Section] 102(b)(1)(B) is designed to make a very strong grace period for inventors that have made a disclosure that satisfies 102(b). Inventors who have made such disclosures are protected during the grace period not only from their own disclosure but from other prior art from anyone that follows their disclosure.<sup>288</sup>

Beyond these committee reports and colloquies, there is little in the legislative record that sheds light on the AIA’s § 102(b) grace period. Senator Leahy, the lead sponsor of the Senate bill, spoke in passing of the § 102(b)(1)(A) grace period for an inventor or a deriver’s disclosures,<sup>289</sup> as did Senator Klobuchar.<sup>290</sup> On several occasions, Senator Kyl discussed the § 102(b)(1)(B) grace period.<sup>291</sup> He noted that it effectively would create a “first to publish rule,” emphasizing that it would remove intervening disclosures from prior art “regardless of whether the subsequent discloser obtained the subject matter from the inventor.”<sup>292</sup>

<sup>286</sup> Compare *id.*, with 157 Cong. Rec. S1496–97 (daily ed. Mar. 9, 2011) (statements of Sens. Hatch and Leahy).

<sup>287</sup> 157 CONG. REC. H4429 (daily ed. June 22, 2011). Representative Bass made substantially the same point. *See id.*

<sup>288</sup> *Id.* (statement of Rep. Smith).

<sup>289</sup> See 157 CONG. REC. S1176 (daily ed. Mar. 3, 2011); 157 CONG. REC. S1090 (daily ed. Mar. 2, 2011) (“[T]he bill includes a 1-year grace period to ensure that an inventor’s own publication or disclosure cannot be used against him as prior art.”).

<sup>290</sup> See 157 CONG. REC. S1036 (daily ed. Mar. 1, 2011) (“[T]he bill still provides a safe harbor of a year for inventors to go out and market their inventions before having to file for their patents. . . . The grace period protects professors who discuss their inventions with colleagues or publish them in journals before filing their patent application.”).

<sup>291</sup> See sources cited *infra* note 292.

<sup>292</sup> 157 CONG. REC. S1369 (daily ed. Mar. 8, 2011); see also 157 CONG. REC. S5320 (daily ed. Sept. 6, 2011) (“The U.S. inventor [who invokes § 102(b)(1)(B)] does not need to prove that the third party disclosures following his own disclosures are derived from him.”); 157 CONG. REC. S1175 (Mar. 3, 2011) (“[U]nder the bill’s second, enhanced grace period, no other disclosure, regardless of whether it was obtained from the inventor, can then invalidate the invention.”); 157 CONG. REC. S1104 (Mar. 2, 2011) (same); 157 CONG. REC. S1041 (daily ed. Mar. 1, 2011) (“An inventor who publishes his invention, or discloses it a trade show or academic conference, or otherwise makes it publicly available, has an absolute right to priority if he files his application within one year of his disclosure.”). The § 102(b)(1)(B) grace period is also described in the Republican Policy Committee’s legislative notice for the AIA. See 157 CONG. REC. S1366 (daily ed. Mar. 8, 2011).

During the debates on the Senate and House amendments to strike the AIA's first-to-file provisions, proponents of the amendments characterized the bill as narrowing or "gutting" the pre-AIA grace period.<sup>293</sup> They asserted that the AIA "eliminate[d] [current law's] grace period from offering an invention for sale or making a public use of it";<sup>294</sup> that "[t]he new grace period in the bill . . . would no longer cover important commercial activities such as sales or licensing negotiations";<sup>295</sup> or suggested that inventors would lose their rights in the event of "an accidental disclosure or the development of new 'prior art.'"<sup>296</sup> Most of these critics' statements, however, did not attempt to construe the language of the new § 102(b). Rather, they simply bemoaned the replacement of an inventor's ability to swear behind prior art with a requirement that she make a patent filing—an inherent feature of the first-to-file system.<sup>297</sup>

The lone exception was Representative Zoe Lofgren, who suggested during the June 2011 House floor debates that § 102(b)'s grace period for "disclosures" would not apply to some activities undertaken by the patent owner during the year prior to filing that would create prior art, such as "[t]rade secrets" and "[o]ffers for sale that are not public."<sup>298</sup> She did not explain why she took the view that such secret activities would be § 102(a)(1) prior art (or result in a loss of right), nor why she would not interpret the word "disclosure" to encompass such activities—despite her acknowledgment that the House and Senate sponsors had presented the exact opposite explanation of these features of the bill.<sup>299</sup> Her remarks are perhaps best addressed by resort to the canon of statutory construction that "[t]he fears and doubts of the opposition are no authoritative guide to the construction of legislation"—and that

---

<sup>293</sup> 157 CONG. REC. S1094 (daily ed. Mar. 2, 2011) (statement of Sen. Feinstein).

<sup>294</sup> *Id.*

<sup>295</sup> *Id.* at S1096 (statement of Sen. Boxer).

<sup>296</sup> *Id.* at S1112 (statement of Sen. Reid).

<sup>297</sup> Senator Feinstein, for example, argued that "under the present system, instead of preparing a costly patent filing, [inventors] can concentrate on developing their invention and obtaining necessary funding." 157 CONG. REC. S1182 (daily ed. Mar. 3, 2011). When Senator Feinstein offered her amendment to strike the AIA's first-to-file provisions, she submitted as support for her position a letter signed by opponents of the first-to-file rule who advocated "keep[ing] intact the current secret grace period that relies on invention date and a diligent reduction to practice." 157 CONG. REC. S1095–96 (daily ed. Mar. 2, 2011) (letter signed by 108 companies).

<sup>298</sup> 157 CONG. REC. H4430 (daily ed. June 22, 2011) ("The grace period would protect, and this is a direct quote, 'only disclosures.' Well, what would that not protect? Trade secrets. Offers for sale that are not public."); *see also id.* at H4424.

<sup>299</sup> *See id.* at H4430. Representative Lofgren somewhat qualified her remarks later in the debate, characterizing the issue as an "ambiguity." *Id.*

it is “the sponsors that we look to when the meaning of the statutory words is in doubt.”<sup>300</sup>

When the Senate considered the House-passed AIA in September 2011, Senator Kyl responded to critics of the bill who had argued that it would weaken the grace period.<sup>301</sup> He reiterated his and others’ reliance on the publicly expressed intent of the bill sponsors and on past judicial interpretations of similar statutes for the proposition that § 102(a)(1) prior art would be limited to what is available to the public and, therefore, that secret activities, whether or not deemed “disclosures,” would not be prior art in the first place.<sup>302</sup> He characterized the contrary interpretation—that the AIA’s definition of “prior art” was broader than its grace-period protections—as “utterly irrational,” stating:

Why would Congress create a grace period that allows an invention that has been disclosed to the world in a printed publication, or sold and used around the world, for up to a year, to be withdrawn from the public domain and patented, but not allow an inventor to patent an invention that, by definition, has not been made available to the public? Such an interpretation of section 102 simply makes no sense, and should be rejected for that reason alone.<sup>303</sup>

Senators Kyl and Klobuchar’s speeches are the final legislative remarks on the AIA’s new § 102(b) grace period.

### **G. 35 U.S.C. § 102(b)(1)(B): The “First to Disclose” Grace Period**

Section 102(b)(1)(B) provides:

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—

. . . .

(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.<sup>304</sup>

<sup>300</sup> *Schwegmann Bros. v. Calvert Distillers Corp.*, 341 U.S. 384, 394–95 (1951); *see also* *NLRB v. Fruit & Vegetable Packers & Warehousemen, Local 760*, 377 U.S. 58, 66 (1964) (“[W]e have often cautioned against the danger, when interpreting a statute, of reliance upon the views of its legislative opponents. In their zeal to defeat a bill, they understandably tend to overstate its reach.”).

<sup>301</sup> *See* 157 CONG. REC. S5431 (daily ed. Sept. 8, 2011).

<sup>302</sup> *See id.*

<sup>303</sup> *Id.*

<sup>304</sup> Leahy-Smith America Invents Act, Pub. L. No. 112-29, sec. 3(b)(1), § 102(b)(1)(B), 125 Stat. 284, 286 (2011).

A parallel provision in subparagraph (B) of § 102(b)(2) governs disclosures that appear in patent filings.<sup>305</sup>

As noted previously, the final Committee Report described this grace period as “ensuring that during the year prior to filing, an invention will not be rendered unpatentable based on . . . any disclosure made by any party after the inventor has disclosed his invention to the public.”<sup>306</sup>

Since the enactment of the AIA, some commentators have suggested that subparagraph (B) requires a showing that the intervening prior art that is sought to be removed was derived from the inventor.<sup>307</sup> These commentators apparently read the last ten words of the subparagraph—“directly or indirectly from the inventor or a joint inventor”—as modifying the words that immediately precede them—“the subject matter disclosed”—to create a grace period that only applies with respect to “the subject matter disclosed directly or indirectly from the inventor or a joint inventor.”<sup>308</sup>

However, several things preclude such a construction. First, a clause defining the grace-period eligible prior art as “the subject matter disclosed directly or indirectly from the inventor” would have no antecedent, despite the fact that it is introduced by the definite article.<sup>309</sup> There is simply nothing to which such a clause can refer back. Nothing that precedes this clause in subparagraph (B) or in the chapeau of paragraph (1) speaks of subject matter that is derived from the inventor.<sup>310</sup> Moreover, the use of the word “from” does not make sense under such a construction.<sup>311</sup> One does not typically say that subject matter is disclosed “from” an inventor but, rather, that it is disclosed “by” an inventor. Additionally, such a construction would render subparagraph (B) entirely redundant with subparagraph (A), which already provides a grace period for prior art that is derived from the inventor.<sup>312</sup> Finally, such a construction is contrary to all the legislative commentary on this subparagraph.<sup>313</sup>

A construction of subparagraph (B) that is more consistent with standard English usage is that the last ten words—“directly or indirectly from the inventor or a joint inventor”—modify a different preceding word: “obtained.”<sup>314</sup> Under

---

<sup>305</sup> See *id.* § 102(b)(2)(B), 125 Stat. at 286.

<sup>306</sup> H.R. REP. NO. 112-98, at 73 (2011).

<sup>307</sup> See, e.g., Gene Quinn, *America Invents: A Simple Guide to Patent Reform, Part 1*, IP WATCHDOG (Sept. 26, 2011, 9:43 PM), <http://www.ipwatchdog.com/2011/09/26/america-invents-a-simple-guide-to-patent-reform-part-1/id=19427/>.

<sup>308</sup> See *id.*; Leahy-Smith America Invents Act, sec. 3(b)(1), § 102(b)(1)(B), 125 Stat. at 286.

<sup>309</sup> Leahy-Smith America Invents Act, sec. 3(b)(1), § 102(b)(1)(B), 125 Stat. at 286.

<sup>310</sup> See *id.*

<sup>311</sup> See *id.*

<sup>312</sup> See *id.*

<sup>313</sup> See H.R. REP. NO. 112-98, at 73 (2011); see also sources cited *supra* note 292.

<sup>314</sup> See Leahy-Smith America Invents Act, sec. 3(b)(1), § 102(b)(1)(B), 125 Stat. at 286.

this construction, subject matter is removed from prior art if the subject matter was previously publicly disclosed by: (1) the inventor; (2) a joint inventor; or (3) another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.<sup>315</sup> This construction also provides a more suitable home to the word “from,” using the word to require that the subject matter disclosed was *obtained* from the inventor or a joint inventor. Finally, this construction also gives an independent meaning to subparagraph (B), and is consistent with its contemporaneous legislative-history construction.

Another noteworthy aspect of subparagraph (B) is that it is limited to the “subject matter” that was publicly disclosed by the inventor (or a joint inventor or deriver).<sup>316</sup> By the very terms of subparagraph (B), an “[intervening prior art] disclosure . . . shall not be prior art . . . if . . . the subject matter disclosed [was previously] . . . publicly disclosed by the inventor.”<sup>317</sup> As the 2007 House Committee Report noted, the first-to-disclose grace period thus “disqualifies any prior art . . . if the same subject matter had already been publicly disclosed by the inventor.”<sup>318</sup> Stated otherwise, the intervening disclosure against which grace-period protection is sought must be the same “subject matter” that was first publicly disclosed by the inventor.

A question arises as to whether the § 102(b)(1)(B) grace period protects an inventor if, after his public disclosure, another inventor publicly discloses an obvious variant of the invention. Unfortunately for the first inventor, subparagraph (B) only protects him from disclosures of the same “subject matter,”<sup>319</sup> a phrase employed by the patent code in a way that cannot be construed to include obvious variants of subject matter.<sup>320</sup> For example, the new § 100(j) defines a “claimed invention” as “the subject matter defined by a claim in a patent or an application for a patent.”<sup>321</sup> But the specification in a patent application cannot support claims for obvious variants of that specification. “Subject matter” as used in § 100(j) necessarily excludes obvious variants of itself.<sup>322</sup> Similarly, pre-AIA § 103 asked whether “the differences between the subject matter sought to be patented and the prior art are such that” the former is obvious.<sup>323</sup> Implicit in this usage of the term “subject matter” is the

---

<sup>315</sup> *See id.* In hindsight, Congress might have avoided this confusion over subparagraph (B) by breaking up the subparagraph’s enumeration of the three parties whose public disclosures trigger this grace period into separate clauses.

<sup>316</sup> *See id.*

<sup>317</sup> *Id.*

<sup>318</sup> H.R. REP. NO. 110-314, at 57 (2007).

<sup>319</sup> Leahy-Smith America Invents Act, sec. 3(b)(1), § 102(b)(1)(B), 125 Stat. at 286.

<sup>320</sup> *See* 35 U.S.C. § 103(a) (2006).

<sup>321</sup> Leahy-Smith America Invents Act, sec. 3(a)(2), § 100(j), 125 Stat. at 285.

<sup>322</sup> *See id.*

<sup>323</sup> 35 U.S.C. § 103(a).

understanding that it is something different from the prior art, even when it is obvious in light of that prior art.<sup>324</sup>

Thus, although subparagraph (B) protects an inventor against intervening disclosures that are “identically disclosed as set forth in section 102,” it does not protect him against an intervening disclosure that is not § 102-identical but is, nonetheless, an obvious variant of his invention.<sup>325</sup> Such an obvious variant, of course, can preclude patentability under § 103.<sup>326</sup>

As a practical matter, subparagraph (B) protects an inventor against short-term circulation and republication by others of the disclosure of his invention.<sup>327</sup> However, because it does not protect against subsequent disclosures that are not the same “subject matter,” but are instead obvious variants of his idea, an inventor cannot rely on subparagraph (B) as a patenting strategy.<sup>328</sup> An inventor who has publicly disclosed his invention still needs to file a patent application promptly. Once his public disclosure has been made and others have time to develop obvious variants of his invention, the inventor runs the risk that such further developments will be publicly disclosed and will slip beyond the subparagraph (B) grace period, rendering the invention unpatentable.

### H. 35 U.S.C. § 102(c): The CREATE Act

The AIA’s § 102(c) of title 35 provides:

Common Ownership Under Joint Research Agreements.—Subject matter disclosed and a claimed invention shall be deemed to have been owned by the same person or subject to an obligation of assignment to the same person in applying the provisions of subsection (b)(2)(C) if—

---

<sup>324</sup> This point is confirmed by the AIA, which amended § 103 by replacing the words “subject matter sought to be patented” with “claimed invention.” *Compare id.*, with Leahy-Smith America Invents Act, sec. 3(c), § 103, 125 Stat. at 287. This amendment effectively equated the words “subject matter” with “claimed invention”—the change is not intended to be substantive. And, again, a claimed invention does not include obvious variants of itself.

<sup>325</sup> Leahy-Smith America Invents Act, sec. 3(c), § 103, 125 Stat. at 287.

<sup>326</sup> Unfortunately, the issue of whether § 102(b)(1)(B) protects against disclosures that are obvious variants of the inventor’s initial public disclosure was never contemplated by Congress during the four-and-a-half years that iterations of the first-to-disclose grace period appeared in successive patent-reform bills. The limited nature of this grace period is in tension with various statements in the legislative record to the effect that § 102(b)(1)(B) will fully protect an inventor against any intervening disclosure during the year following the inventor’s initial public disclosure of his invention. *See, e.g.*, H.R. REP. NO. 112-98, at 73 (2011); 157 CONG. REC. S1369 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).

<sup>327</sup> *See* Leahy-Smith America Invents Act, sec. 3(b)(1), § 102(b)(1)(B), 125 Stat. at 286.

<sup>328</sup> *See id.*

- (1) the subject matter disclosed was developed and the claimed invention was made by, or on behalf of, 1 or more parties to a joint research agreement that was in effect on or before the effective date of filing of the claimed invention;
- (2) the claimed invention was made as a result of activities undertaken within the scope of the joint research agreement; and
- (3) the application for patent for the claimed invention discloses or is amended to disclose the names of the parties to the joint research agreement.<sup>329</sup>

The final Committee Report stated:

[T]he intent behind the CREATE Act to promote joint research activities is preserved by including a prior art exception for subject matter invented by parties to a joint research agreement. The Act also provides that its enactment of new section 102(c) of title 35 is done with the same intent to promote joint research activities that was expressed in the Cooperative Research and Technology Enhancement Act of 2004 (Public Law 108-453), and that section 102(c) shall be administered in a manner consistent with such intent.<sup>330</sup>

The AIA also includes a proviso at section 3(b)(2), entitled “Continuity of Intent under the CREATE Act.”<sup>331</sup> This proviso states that new § 103(c) is enacted “with the same intent to promote joint research activities that was expressed, including in the legislative history,” by the CREATE Act, and that the Patent Office “shall administer section 102(c) . . . in a manner consistent with the legislative history of the CREATE Act.”<sup>332</sup>

One significant feature of the legislative history of the CREATE Act, effectively given the force of law by section 3(b)(2) of the AIA, is its assurance that double-patenting rules will apply to patent-disclosure subject matter and claimed inventions deemed to be commonly owned pursuant to pre-AIA § 103(c).<sup>333</sup> The Committee Report for the original CREATE Act emphasized that “[t]he doctrine of ‘obviousness-type double patenting,’ a judicial doctrine used by courts to prevent patentees from obtaining an unjustifiable extension of the amount of time to exercise a patent’s right to exclude, shall apply to such patents [i.e., patents benefiting from the CREATE Act].”<sup>334</sup> “Further, the type of ‘terminal disclaimer’ required when double patenting is determined to exist for two or more claimed inventions must be filed for any such patent claiming the benefit of § 103(c) [now § 102(c)].”<sup>335</sup>

<sup>329</sup> *Id.* sec. 3(b)(1), § 102(c), 125 Stat. at 286.

<sup>330</sup> H.R. REP. NO. 112-98, at 43; *see also id.* at 73 (“Section 102(c) recodifies the CREATE Act.”).

<sup>331</sup> Leahy-Smith America Invents Act, sec. 3(b)(2), 125 Stat. at 287.

<sup>332</sup> *Id.*

<sup>333</sup> *See* H.R. REP. NO. 108-425, at 6 (2004).

<sup>334</sup> *Id.*

<sup>335</sup> *Id.* Senator Hatch also expounded on this point in his remarks on Senate passage of Senate Bill 2192, the bill that became the CREATE Act:

Despite AIA § 3(b)(2)'s statement that the new CREATE Act should be administered with the same "intent" as the previous law,<sup>336</sup> there are some significant changes in the new law. First, the AIA's transfer of the CREATE Act from § 103 to § 102 means that it now applies not only to obviousness, but also to anticipation.<sup>337</sup> Additionally, whereas the pre-AIA CREATE Act required the existence of "a joint research agreement that was in effect on or before the date the claimed invention was made,"<sup>338</sup> the AIA only requires "a joint research agreement that was in effect on or before the effective filing date of the claimed invention."<sup>339</sup> This change effectively allows parties to enter into joint-research agreements in order to exclude previous patent disclosures as prior art, even after they have developed the second invention, as long as no patent application has yet been filed for the second invention.

One bit of legislative housekeeping that took place in new § 102(c) is that paragraph one now includes the words "the subject matter disclosed."<sup>340</sup> In other words, both the subject matter that would otherwise constitute § 102(a)(2) prior art and the claimed invention must be owned or made by parties to the joint research agreement in order for the CREATE Act to apply. The parallel provision in the pre-AIA CREATE Act, § 103(c)(2)(A), states only that the "the claimed invention" must be made by the parties to the joint-research agreement.<sup>341</sup>

This alteration, while clearly substantive, does not change how the CREATE Act has actually been applied. The omission of the words "the subject matter disclosed" in pre-AIA paragraph § 102(c)(2)(A) must have been a mistake—and one that the Patent Office understands as such and has effectively assumed away. If the pre-AIA law were read literally, patent filing

---

[T]he CREATE Act effectively requires parties that separately own patents subject to the CREATE Act to enter into agreements not to separately enforce patents where double patenting exists and to join in any required disclaimer if the parties intend to preserve the validity of any patentably indistinct patent for which a disclaimer is required.

150 CONG. REC. S7521 (daily ed. June 25, 2004) (statement of Sen. Hatch).

<sup>336</sup> See sources cited *supra* note 330.

<sup>337</sup> Compare 35 U.S.C. § 103(c)(1) (2006) (providing only that the patent-filing subject matter that was owned by the same person or subject to an obligation of assignment to the same person "shall not preclude patentability under this section"—that is, § 103), with Leahy-Smith America Invents Act, sec. 3(b)(1), § 102(b)(2)(C), 125 Stat. at 286 (providing that patent-disclosure subject matter that was owned by the same person or subject to an obligation of assignment to the same person "shall not be prior art to a claimed invention under subsection [102](a)(2)").

<sup>338</sup> 35 U.S.C. § 103(c)(2)(A).

<sup>339</sup> Leahy-Smith America Invents Act, sec. 3(b)(1), § 102(c)(1), 125 Stat. at 286.

<sup>340</sup> *Id.*

<sup>341</sup> 35 U.S.C. § 103(c)(2)(A).

“subject matter” that is otherwise prior art and the claimed invention would be deemed to be owned by the same person, as long as only the claimed invention was made by the parties to the joint-research agreement.<sup>342</sup> But such a reading would be absurd. Obviously, patent-disclosure prior art developed by an entirely separate party cannot to be deemed to be owned by the parties to the joint-research agreement simply because their claimed invention was made by parties to a joint-research agreement. Thus, the USPTO has always read the words “the subject matter disclosed” into pre-AIA § 103(c)(2)(A).<sup>343</sup> Because those words already were being (and need to be) read into the law, the AIA took the added step of inserting those words into the actual statute.<sup>344</sup>

This housekeeping correction first appeared in 2008 in Senate Bill 3600, a patent-reform bill introduced by Senator Kyl.<sup>345</sup> He commented on this edit at the time:

Section 2(b) of the bill includes a minor modification to the CREATE Act, Public Law 108-453. This change more closely aligns the text of that act to the [USPTO]’s current and uncontested interpretation of that act with regard to who must own the prior art that is regarded as jointly owned by the parties to a joint research agreement pursuant to the CREATE Act.<sup>346</sup>

In March 2011, Senator Kyl also commented on several stylistic and clarifying changes made to the CREATE Act:

The present bill departs from earlier versions of the bill by giving the CREATE Act its own subsection and making several clarifying and technical changes. In particular, the citation at the end of the chapeau is made more specific, and in paragraph (1) the words “was developed” are added because subject matter is not always “made,” but is always “developed.” Also in the same paragraph, the reference to “parties” is replaced with “1 or more parties”, to further clarify that not all parties to the joint research agreement need have participated in developing the prior art or making the invention. Finally, as noted previously, the definition of “joint research agreement” is moved to section 100, which contains other definitions relevant to CREATE. As section 2(b)(2) of this bill notes, these changes are made with the same “intent” to promote joint-research activities that animated the CREATE Act. None of the changes in this legislation alter the meaning of the original law.<sup>347</sup>

Finally, it bears noting that anything that can be accomplished under § 102(c) by entering into a joint-research agreement can also be accomplished by directly invoking § 102(b)(2)(C) and commonly assigning the patent-disclosure subject matter and the claimed invention to one entity.<sup>348</sup>

---

<sup>342</sup> *See id.*

<sup>343</sup> *See* 154 CONG. REC. S9993 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl).

<sup>344</sup> Leahy-Smith America Invents Act, sec. 3(b)(1), § 102(c), 125 Stat. at 286.

<sup>345</sup> Patent Reform Act of 2008, S. 3600, 110th Cong., sec. 2(b)(1), § 102(b)(1).

<sup>346</sup> 154 CONG. REC. S9993 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl).

<sup>347</sup> 157 CONG. REC. S1369 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).

<sup>348</sup> Leahy-Smith America Invents Act, sec. 3(b)(1), §§ 102(b)(2)(C)–(c), 125 Stat. at 286.

Section 102(c) allows subject matter and a claimed invention to be *deemed* to be owned by the same person if that subsection's conditions are met,<sup>349</sup> but inventors can, of course, achieve the same ends by making the patent-filing subject matter and the claimed invention *actually* owned by the same person.<sup>350</sup> The CREATE Act, and its allowance of a common-assignment effect through the use of joint-research agreements, was enacted principally for the benefit of universities, many of whom face legal and institutional barriers to assigning their inventions to other entities.<sup>351</sup>

### **I. 35 U.S.C. § 102(d): Effective Date of Patents and Applications Cited as Prior Art**

Section 102(d) defines the effective date of patent filings that are cited as prior art under § 102(a)(2).<sup>352</sup> The only commentary on this definition is Senator Kyl's remarks of March 8, 2011.<sup>353</sup> He stated that, under § 102(d):

[A] prior-art patent application . . . must be copendent, have some continuity of disclosure, and be specifically referred to in the patent or published application. The continuous disclosure must be a description of the subject matter that is relied on as prior art. That description can become narrower in the intervening applications. But so long as there is still some description of the subject matter in the intervening applications, the Office can rely on an earlier application's fuller description as prior art.<sup>354</sup>

Senator Kyl characterized § 102(d)'s definition as "codifying current [Board of Patent Appeals and Interferences ("BPAI")] common law and examination practice,"<sup>355</sup> though he noted that, in doing so, it overruled whatever was left of *In re Wertheim*.<sup>356</sup> That case "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."<sup>357</sup> Senator Kyl noted that subsequent BPAI decisions acknowledged that the American Inventors Protection Act

---

<sup>349</sup> *Id.* sec. 3(b)(1), § 102(c), 125 Stat. at 286.

<sup>350</sup> *Id.* sec. 3(b)(1), § 102(b)(2)(C), 125 Stat. at 286.

<sup>351</sup> See H.R. REP. NO. 108-425, at 5 (2004).

Many states and the Federal Government operate under laws and practices that tend to prohibit the assignment of inventive rights to a private sector collaborative partner . . . . Instead, the university, state, or Federal Government typically retains sole ownership of the invention and licenses its applications and commercial exploitation to research partners.

*Id.*

<sup>352</sup> Leahy-Smith America Invents Act, sec. 3(b)(1), § 102(d), 125 Stat. at 286–87.

<sup>353</sup> See 157 CONG. REC. S1369–70 (daily ed. Mar. 8, 2011).

<sup>354</sup> *Id.* at S1370.

<sup>355</sup> *Id.*

<sup>356</sup> 646 F.2d 527 (C.C.P.A. 1961); 157 CONG. REC. S1369.

<sup>357</sup> 157 CONG. REC. S1370.

of 1999<sup>358</sup> had overruled *Wertheim* and that current USPTO examination practice, as spelled out in the Manual of Patent Examining Procedure, did not give *Wertheim* any vestigial effect.<sup>359</sup> He also characterized *In re Samour*<sup>360</sup> as holding that “parent applications to the published application set the effective date of the prior art if they describe the invention and the invention is enabled before the filing of the patent under review, even if that prior-art description, standing alone, may not be adequate to show enablement.”<sup>361</sup>

### J. 35 U.S.C. § 103: Nonobviousness

The AIA amends § 103 so that a claimed invention’s obviousness is measured against the prior art that existed at the time of the invention’s effective-filing date, rather than at the time the inventor made it.<sup>362</sup> The AIA also makes some stylistic changes to subsection (a) of pre-AIA § 103,<sup>363</sup> repeals subsection (b),<sup>364</sup> and moves subsection (c) to § 102.<sup>365</sup>

Pre-AIA § 103(b) consisted of the Biotechnological Process Patents Act,<sup>366</sup> an effort to correct the overly restrictive application of § 103 to biotechnological processes that are obvious but that use or result in a composition of matter that is novel and nonobvious.<sup>367</sup> Almost immediately after its enactment, subsection (b) was rendered unnecessary by case law.<sup>368</sup>

<sup>358</sup> American Inventors Protection Act of 1999, Pub. L. No. 106-113, 113 Stat. 1501, 1501A-552 (codified as amended in scattered sections of 35 U.S.C.).

<sup>359</sup> 157 CONG. REC. S1369 (daily ed. Mar. 8, 2011).

<sup>360</sup> 571 F.2d 559 (C.C.P.A. 1978).

<sup>361</sup> 157 CONG. REC. S1369 (daily ed. Mar. 8, 2011).

<sup>362</sup> Leahy-Smith America Invents Act, Pub. L. No. 112-129, sec. 3(c), § 103, 125 Stat. 284, 287 (2011).

<sup>363</sup> Compare *id.*, with 35 U.S.C. § 103 (2006).

<sup>364</sup> 157 CONG. REC. S1371 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).

<sup>365</sup> Compare 35 U.S.C. § 103(c), with Leahy-Smith America Invents Act, sec. 3(b)(1), § 102(c), 125 Stat. at 286–87; see also 157 CONG. REC. S1371 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).

<sup>366</sup> See Biotechnological Process Patents Act, Pub. L. No. 104-41, 109 Stat. 351–52 (1995); 35 U.S.C. § 103(b).

<sup>367</sup> See Biotechnological Process Patents Act, § 2, 109 Stat 352; see also John M. Golden, *Biotechnology, Technology Policy and Patentability: Natural Products and Invention in the American System*, 50 EMORY L.J. 101, 124 n.117 (2001).

<sup>368</sup> See *In re Brouwer*, 77 F.3d 422, 425 (Fed. Cir. 1996); *In re Ochiai*, 71 F.3d 1565, 1569–70 (Fed. Cir. 1995); see generally Kristin Connarn, *Section 103(b): Obviously Unnecessary?*, 5 J. HIGH TECH. L. 287, 296–99 (2005); Jeremy Zhe Zhang, *In Re Ochiai, In Re Brouwer and the Biotechnology Process Patent Act of 1995: The End of the Durden Legacy?*, 37 IDEA 405, 407 (1997).

The AIA Committee Report's section-by-section analysis simply noted that "§ 103 is amended consistent with moving to a first-to-file system. Existing subsection (a) is amended slightly; subsection (b) is deleted because it is no longer needed; subsection (c), which is the CREATE Act, has been moved to § 102."<sup>369</sup>

Finally, Senator Kyl noted in passing during the September 2011 debates that applications and patents cited as prior art, and which are effective as prior art as of the day that they are deemed effectively filed pursuant to § 102(d), will also be prior art for obviousness purposes.<sup>370</sup>

### **K. 35 U.S.C. § 111(b)(8): Provisional Applications**

Section 3(e)(2) of the AIA amends § 111(b)(8) of title 35 (which lists those patent-application requirements that do not apply to provisional applications) by striking the references to Statutory Invention Registrations (which have been repealed) and to the inventor's oath requirement.<sup>371</sup>

The latter change raised questions as to whether Congress intended for the oath requirement to apply to provisional applications.<sup>372</sup> During the March 2011 debates, Senator Kyl stated that this was not the case. He noted that the reference to § 115 was struck from § 111(b)(8) because, in section 4 of the AIA:

[S]ection 115 itself has been amended so that it only applies to nonprovisionals. In other words, there is no longer any need for section 111(b)(8) to except out the oath requirement because that requirement no longer extends to provisionals. There is no need for an exception to a requirement that does not apply.<sup>373</sup>

---

<sup>369</sup> H.R. REP. NO. 112-98, at 73 (2011); *see also* H.R. REP. NO. 110-314, at 59 (2007); 157 CONG. REC. S1371 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (noting that "the present bill, for clarity's sake, changes the previous bills' recodification of section 103 of title 35 by replacing the word 'though' with ' , notwithstanding that'. The modified text reflects more conventional English usage.").

<sup>370</sup> *See* 157 CONG. REC. S5320 (daily ed. Sept. 6, 2011) ("The provisional application also constitutes section 103 prior art as of its filing date. As a result, a third party's patent for a trivial or obvious variation of the patent will be invalid and will not crowd out the original inventor's patent rights.").

<sup>371</sup> *See* Leahy-Smith America Invents Act, Pub. L. No. 112-29, sec. 3(c), § 103(e), sec. 4(a)(1), § 115, 125 Stat. 284, 287, 293 (2011).

<sup>372</sup> *See* 157 CONG. REC. S1371 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).

<sup>373</sup> *Id.*

### L. 35 U.S.C. § 115: Inventor's Oath or Declaration

Section 4(a) of the AIA revises § 115's inventor's oath requirement.<sup>374</sup> New subsection (d) allows the applicant to file a substitute statement in lieu of an inventor's oath if the original inventor is deceased, is under legal incapacity, cannot be reached after a diligent effort, or refuses to execute the oath but is under an obligation to assign the invention.<sup>375</sup> Subsection (e) permits the required statements—the inventor's authorization and confirmation statements—to simply be added to the inventor's assignment of the invention.<sup>376</sup> Finally, subsection (h) allows the applicant to replace or correct the oath or substitute statement at any time and provides that “[a] patent shall not be invalid or unenforceable based upon the failure of the applicant to comply” with § 115 if the failure is remedied pursuant to subsection (h).<sup>377</sup>

The 2011 Committee Report's background section described the need for these changes:

Current law still reflects the antiquated notion that it is the inventor who files the application, not the company-assignee. For example, every inventor must sign an oath as part of the patent application stating that the inventor believes he or she is the true inventor of the invention claimed in the application. By the time an application is eventually filed, however, the applicant filing as an assignee may have difficulty locating and obtaining every inventor's signature for the statutorily required oath.<sup>378</sup>

Save for its addition of paragraph (2) to § 115(g), the AIA's version of § 115 is identical to that which appeared in the 2007 House and Senate bills.<sup>379</sup> The much more detailed section-by-section analysis of the new § 115 that appeared in the 2007 House Committee Report<sup>380</sup> is thus relevant to the final law. The 2007 House Committee Report noted, with surprising frankness, that the bill's changes to § 115 were designed to ensure, among other things, that an inventor who is obligated to assign his invention to his employer does not withhold “his oath or declaration . . . as a means to negotiate remuneration from the employer.”<sup>381</sup>

<sup>374</sup> See Leahy-Smith America Invents Act, sec. 4(a)(1), § 115, 125 Stat. at 293.

<sup>375</sup> See *id.* sec. 4(a)(1), § 115(d), 125 Stat. at 294.

<sup>376</sup> See *id.* sec. 4(a)(1), § 115(e), 125 Stat. at 294.

<sup>377</sup> *Id.* sec. 4(a)(1), § 115(h)(3), 125 Stat. at 295.

<sup>378</sup> H. REP. NO. 112-98, at 43 (2011).

<sup>379</sup> Compare Leahy-Smith America Invents Act, sec. 4(a)(1), § 115(g)(2), 125 Stat. at 295, with Patent Reform Act of 2007, H.R. 1908, 110th Cong., sec. 4(a)(1), § 115(g)(2), and Patent Reform Act of 2007, S. 1145, 110th Cong., sec. 3(a)(1), § 115(g)(2).

<sup>380</sup> Compare H.R. REP. NO. 110-314, at 60–62 (2007), with H.R. REP. NO. 112-98, at 74 (2007).

<sup>381</sup> H.R. REP. NO. 110-314, at 61 (2007).

### M. 35 U.S.C. § 122(e): Third-Party Submissions of Prior Art

Section 8 of the AIA amends 35 U.S.C. § 122 by adding a subsection (e) that allows third parties to submit patents or printed publications to the Office for consideration during examination if such submissions include “a concise description of the asserted relevance of each submitted document.”<sup>382</sup> Pre-AIA § 122 otherwise requires, at subsection (c), the Director to ensure that “no protest or other form of pre-issuance opposition to the grant of a patent” is allowed.<sup>383</sup> The USPTO interprets subsection (c) to allow third parties to submit patents and printed publication for consideration during examination, but only as long as such submissions do “not include any explanation of the patents or publications, or any other information” and are submitted within two months of the publication of the application (or before the allowance, if earlier).<sup>384</sup> The AIA does not repeal or amend subsection (c).<sup>385</sup>

The 2007 House Committee Report offered the following explanation of these somewhat contradictory commands, which were proposed in substantially the same form in the 2007 House bill:

By leaving § 122(c) intact, but amending § 122(e) to include broader circumstances under which third parties may submit prior art in a published application, the Committee intends to increase the opportunities for the examiner to have the best prior art available during examination of an application. The submission must, however, include an explanation of the relevance of the prior art to the application being examined. Nor does the Committee intend this change to allow for additional third party input that would amount to a protest or pre-issuance opposition. To meet these ends, and to limit the possibility that the process be used to interfere with the progress of examination, the time period for submissions by third parties is extended to either 6 months after the date of publication, or the date of the first rejection of one or more claims in the published application, whichever occurs later, unless a notice of allowance is mailed earlier than either of those times.<sup>386</sup>

With respect to this provision, the final Committee Report simply noted that “[a]fter an application is published, members of the public (most likely, a competitor or someone else familiar with the patented invention’s field) may realize they have information relevant to a pending application”—and that pre-AIA law’s bar on explaining such information served to “decrease the value of the information to the examiner and may, as a result, deter such submissions.”<sup>387</sup>

---

<sup>382</sup> Leahy-Smith America Invents Act, sec. 8(a), § 122(e), 125 Stat. at 315–16.

<sup>383</sup> 35 U.S.C. § 122(c) (2006).

<sup>384</sup> Patents, Trademarks, and Copyrights, 37 C.F.R. § 1.99(d)–(e) (2010).

<sup>385</sup> See Leahy-Smith America Invents Act, sec. 8, 125 Stat. at 315–16.

<sup>386</sup> H.R. REP. NO. 110-314, at 37 (2007).

<sup>387</sup> H. REP. NO. 112-98, at 48–49 (2011).

Section 122(e) was only mentioned in passing during House and Senate floor debates, and was uniformly viewed favorably.<sup>388</sup> Senators described it as “allow[ing] the public to help the [US]PTO correct its mistakes and ensure that no patent rights are granted for inventions already available to the public.”<sup>389</sup> They predicted that, “by leveraging the knowledge of the public,” subsection (e) would “help the agency increase the efficiency of examination and the quality of patents.”<sup>390</sup>

Senator Kyl described and explained several changes to § 122(e) that were requested by the USPTO and included in the final bill, including: (1) replacing the word “person” with “third party” in § 122(e)(1);<sup>391</sup> (2) adding the word “given” in § 122(e)(1)(A);<sup>392</sup> (3) adding “by the Office” in § 122(e)(1)(B)(i);<sup>393</sup> and, most substantially, (4) limiting the period for making § 122(e) submissions to the six months after only the *first* publication of the application.<sup>394</sup> The Office sought this last change because:

First, republications overwhelmingly only narrow the claims, and in such cases anyone who would want to submit prior art could have done so at the first publication. Second, and more importantly, most republications occur only after the first office action, when there is usually rapid back-and-forth action on the application between the applicant and the Office. Allowing third parties to make prior-art submissions at this point would require the Office to wait six months after the republication in order to allow such submissions, and would otherwise greatly slow down this otherwise relatively speedy final phase of prosecution.<sup>395</sup>

### N. 35 U.S.C. § 123: Definition of Micro-Entity

A “micro-entity” is defined as an applicant or patent owner who otherwise qualifies as a “small entity” and who either has a very limited filing history and a low income, or is a university or college employee.<sup>396</sup> Pursuant to section 10(b) of the AIA, a “micro-entity” is entitled to a 75% reduction in the fees

<sup>388</sup> See, e.g., 157 CONG. REC. S1326 (daily ed. Mar. 7, 2011) (statement of Sen. Sessions).

<sup>389</sup> *Id.*

<sup>390</sup> 157 CONG. REC. S1097 (daily ed. Mar. 2, 2011) (statement of Sen. Hatch).

<sup>391</sup> 157 CONG. REC. S1377 (daily ed. Mar. 8, 2011) (“This addresses the Office’s concern that applicants might otherwise use section 122(e) to submit prior art and thereby evade other examination disclosure requirements.”).

<sup>392</sup> *Id.* (“This has the effect of including email notices of allowances.”).

<sup>393</sup> *Id.* at S1377–78 (“to ensure that only publication by the United States Patent and Trademark Office begins the period for making pre-issuance submissions. The Office sought this change because a foreign publication can be deemed a publication under section 122.”).

<sup>394</sup> See *id.* at S1377.

<sup>395</sup> *Id.*

<sup>396</sup> Leahy-Smith America Invents Act, Pub. L. No. 112-29, sec. 10(g)(1), § 123, 125 Stat. 284, 318–19 (2011).

that it pays for “filing, searching, examining, issuing, appealing, or maintaining applications and patents.”<sup>397</sup>

A definition of “micro-entity” first appeared in the legislative predecessors of the AIA as part of section 11 of the bill reported by the Senate Judiciary Committee in July 2007.<sup>398</sup> That version authorized the Director to require a patent applicant to include a search report and an analysis of patentability with his patent application, but it required an exemption from any such requirement for a “micro-entity.”<sup>399</sup> The search-report-and-analysis requirement proved controversial and was dropped from the bill.<sup>400</sup> However, the micro-entity definition was retained and later became the basis for an entitlement to a 75% reduction in fees.<sup>401</sup>

During consideration of the AIA on the Senate floor in March 2011, Senate Majority Leader Harry Reid offered an amendment<sup>402</sup> that expanded the definition of “micro-entity” to include public universities and colleges in jurisdictions that are eligible for The Experimental Program to Stimulate Competitive Research (“EPSCoR”).<sup>403</sup> EPSCoR is a “temporary” program (first authorized in 1978) that directs extra federal grant money to jurisdictions whose universities are deemed to receive an inadequate share of federal research-and-development funding.<sup>404</sup> Twenty-seven states are currently eligible for EPSCoR.<sup>405</sup> Predictably, Senators from some of the other thirty-three states objected to the EPSCoR restriction in this definition, which would have excluded their own public universities from the fee reduction, and, therefore, the amendment was ultimately broadened to include all public universities.<sup>406</sup>

Of course, any expansion of the definition of “micro-entity” results in lower fee income for the USPTO and must be offset by an increase in fees paid by other applicants and patent owners. As part of an agreement with the bill managers to accept the Reid amendment, a new paragraph was added to the amendment authorizing the Director, as he deems “reasonably necessary and appropriate,” to add “income limits, annual filing limits, or other

---

<sup>397</sup> *Id.* sec. 10(b), 124 Stat. at 316–17.

<sup>398</sup> Patent Reform Act of 2007, S. 1145, 110th Cong., sec. 11, § 123(d).

<sup>399</sup> *Id.* sec. 11, § 123(c).

<sup>400</sup> *Compare id.*, with Leahy-Smith America Invents Act, sec. 10(g)(1), § 123, 125 Stat. at 318–19.

<sup>401</sup> See Leahy-Smith America Invents Act, sec. 10(a), (g), 125 Stat. at 316–18.

<sup>402</sup> See 157 CONG. REC. S1324 (daily ed. Mar. 7, 2011).

<sup>403</sup> EPSCoR was first authorized in the Department of Housing and Urban Development-Independent Agencies Appropriation Act, Pub. L. No. 95-392, 92 Stat. 791, 799–800 (1978).

<sup>404</sup> See 157 CONG. REC. S1324 (daily ed. Mar. 7, 2011).

<sup>405</sup> See *EPSCoR Eligibility Table FY2011*, NAT'L SCIENCE FOUND., [http://www.nsf.gov/od/oia/programs/epscor/Eligibility\\_Table\\_FY2011.pdf](http://www.nsf.gov/od/oia/programs/epscor/Eligibility_Table_FY2011.pdf) (last visited Jan. 31, 2012).

<sup>406</sup> See, e.g., 157 CONG. REC. S1362 (daily ed. Mar. 8, 2011) (statement of Sen. Coburn).

limits” restricting the class of public universities that may qualify as a micro-entity.<sup>407</sup> In the House, private universities’ displeasure at their exclusion from the micro-entity definition led to its expansion to include all institutions of higher education.<sup>408</sup> As part of that expansion, however, the Director was also given authority—now codified at § 123(e)—to impose additional limits on all aspects of the definition of “micro-entity.”<sup>409</sup>

### **O. 35 U.S.C. §§ 135 and 291: Derivation Proceedings and Civil Actions for Derivation**

Section 3(i) of the AIA amends 35 U.S.C. § 135 to transform interference proceedings into a more limited process that carries out only a subset of an interference’s functions: determining whether an inventor named in an application with an earlier effective filing date derived the invention from an inventor named in an application with a later effective-filing date.<sup>410</sup> This change to § 135 applies, of course, only with respect to first-to-file patents.<sup>411</sup> Interference proceedings will continue to be available to address disputes over priority between first-to-invent patents and applications,<sup>412</sup> thus ensuring that interferences will be conducted for many years to come.

Although a derivation proceeding carries out a subset of an interference’s functions, it is not required to be operated like an interference.<sup>413</sup> The AIA gives the Director discretion to determine the new proceeding’s structure and procedures, authorizing him to “prescribe regulations setting forth standards for the conduct of derivations proceedings.”<sup>414</sup>

The 2011 Committee Report emphasized that this proceeding was “created to ensure that the first person to file the application is actually a true inventor.”<sup>415</sup>

During the Senate debates in March 2011, Senator Kyl described several changes that were made to new § 135 in later versions of the bill, “largely at the Patent Office’s suggestion.”<sup>416</sup> He noted that:

---

<sup>407</sup> *Id.*

<sup>408</sup> *See* Leahy-Smith America Invents Act, sec. 10(g)(1), § 123(d), 125 Stat. at 319.

<sup>409</sup> *Id.*

<sup>410</sup> *Id.* sec. 3(i), § 135(a), 125 Stat. at 289.

<sup>411</sup> *See id.* sec. 3(n), 125 Stat. at 293.

<sup>412</sup> *See id.* sec. 6(f), 125 Stat. at 311.

<sup>413</sup> *Compare* U.S.C. § 135 (2006), *with* Leahy-Smith America Invents Act, sec. 3(i), § 135, 125 Stat. at 289–90.

<sup>414</sup> Leahy-Smith America Invents Act, sec. 3(i), § 135(b), 125 Stat. at 289.

<sup>415</sup> H.R. REP. NO. 112-98, at 42 (2011); *see also id.* at 73.

<sup>416</sup> 157 CONG. REC. S1368, S1371–72 (daily ed. Mar. 8, 2011).

[T]he new section 135 proceeding is simplified, the Office is given authority to implement the proceeding through regulations, the Office is permitted to stay a derivation proceeding pending an ex parte reexamination, IPR, or PGR for the earlier-filed patent, and the Office is permitted but not required to institute a proceeding if the Office finds substantial evidence of derivation. In lieu of a section 135 proceeding, parties will be allowed to challenge a derived patent through a civil action under a revised section 291.<sup>417</sup>

Although Senator Kyl stated that § 291 actions will serve as an alternative to derivation proceedings when the Office declines to institute the latter proceeding,<sup>418</sup> it should be noted that restrictive deadlines limit the time for seeking either proceeding. A § 135 derivation proceeding must be sought “within the 1-year period beginning on the date of the first publication of a claim to an invention that is the same or substantially the same as the earlier applicant’s claim to the invention.”<sup>419</sup> That is, the victim must seek the proceeding within a year after his claim for the stolen invention has been published.

On the other hand, a § 291 action must be filed within one year after “the issuance of the first patent containing a claim to the allegedly derived invention and naming an individual alleged to have derived such invention as the inventor or joint inventor”<sup>420</sup>—that is, within a year of when the thief’s patent issues. But § 291 relief may only be sought by “[t]he owner of a patent,” meaning that the victim of a theft cannot file a § 291 action until his own patent has issued.<sup>421</sup> If the delay between the issuance of the two patents is greater than one year, a § 291 action will not be available to the victim of derivation—a factor that, when present in a case where the victim has also presented substantial evidence of derivation, should compel the Office to institute a § 135 proceeding.

During the March 2011 Senate debates, Senator Feinstein suggested that no discovery would be allowed in derivation proceedings.<sup>422</sup> Senator Kyl responded to Senator Feinstein’s assertion during the September debates, arguing that 35 U.S.C. § 24’s authorization of discovery in contested cases would extend to derivation proceedings.<sup>423</sup>

In June 2011, two important changes were made to new § 135 on the House floor. First, the House added an additional sentence to subsection (b) providing that, “[i]n appropriate circumstances, the Patent Trial and Appeal

---

<sup>417</sup> *Id.*

<sup>418</sup> *Id.* at S1372.

<sup>419</sup> Leahy-Smith America Invents Act, sec. 3(i), § 135(a), 125 Stat. at 289.

<sup>420</sup> *Id.* sec. 3(h)(1), § 291(b), 125 Stat. at 289.

<sup>421</sup> *Id.* sec. 3(h)(1), § 291(a), 125 Stat. at 288.

<sup>422</sup> 157 CONG. REC. S1095 (daily ed. Mar. 2, 2011); *see also* 157 CONG. REC. S1182 (daily ed. Mar. 3, 2011).

<sup>423</sup> 157 CONG. REC. S5431 (daily ed. Sept. 8, 2011).

Board [(“PTAB”)] may correct the naming of the inventor in any application or patent at issue.”<sup>424</sup> This means that, if the PTAB determines that a claimed invention was derived, it can “correct” the application’s naming of the inventor—that is, it can name the true inventor on the application, thereby effectively awarding him the application and its earlier effective-filing date.

During floor debate, the House also amended the sentence authorizing the Director to implement derivation proceedings through regulations by adding a clause at the end, providing that such regulations shall “requir[e] parties to provide sufficient evidence to prove and rebut a claim of derivation.”<sup>425</sup> This change effectively requires the accused deriver to present “sufficient evidence” to “rebut” a claim of derivation.<sup>426</sup>

Representative Jackie Speier offered the amendment adding this clause to § 135(b) on the House floor, explaining that the new language would “requir[e] the [US]PTO to provide rules for the exchange of relevant information by both parties.”<sup>427</sup> In other words, the clause requires an accused deriver to present evidence that she is an inventor or the assignee of an inventor.<sup>428</sup>

Representative Speier illustrated the need for the amendment by describing a scenario in which an inventor discloses an invention to a second party, who then describes the invention to an intermediary third party, who then discloses the invention to a fourth party, who finally files an application for the invention.<sup>429</sup> As Representative Speier noted, “in the instance when an inventor did not personally make a disclosure to [the intermediary or the final party 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.”<sup>430</sup>

Absent the added clause, the deriver in such a scenario could arguably prevail against a petition for a derivation proceeding simply by saying nothing and allowing the inventor’s petition to founder on his inability to present any evidence of how the deriver obtained the invention. The added requirement that the deriver present “sufficient evidence” to “rebut” the allegation of derivation prevents the deriver from simply remaining silent. It should thus

---

<sup>424</sup> 157 CONG. REC. H4448 (daily ed. June 22, 2011).

<sup>425</sup> 157 CONG. REC. H4490 (daily ed. June 23, 2011).

<sup>426</sup> *Id.* The purported victim—even absent the clause added by the Speier amendment—was already required to present substantial evidence of derivation under the AIA’s proposed § 135. *See* 35 U.S.C. § 135(a), third sentence (as amended by the AIA).

<sup>427</sup> 157 CONG. REC. H4490 (daily ed. June 23, 2011) (statement of Rep. Speier).

<sup>428</sup> *See id.*

<sup>429</sup> *Id.*

<sup>430</sup> *Id.*

ensure that “the [US]PTO ha[s] a complete record of evidence on which to make its decision” whether to institute a derivation proceeding<sup>431</sup>

## IV. Uncodified Sections of the AIA

### A. AIA Section 3(l): Small Business Study

Section 3(l) of the AIA requires the Small Business Administration to conduct a study of the impact that the adoption of the first-to-file system will have on small businesses.<sup>432</sup> Some parties argued that the first-to-file system will be particularly burdensome for small businesses.<sup>433</sup> To assuage these concerns, the first-to-file transition was moved from one year after the bill’s enactment to eighteen months after enactment, giving Congress an opportunity to act before the first-to-file system is implemented if the Small Business Administration produces a persuasive report concluding that the AIA’s first-to-file provisions will not be beneficial or should be modified in some way.<sup>434</sup>

The study required by section 3(l) is identical to that proposed by Senate Bill 3089 in the 111th Congress.<sup>435</sup> The sponsor of that bill explained that she sought “to ensure that Congress’ [patent] reform [bill] will create a patent regime that will not unduly burden small businesses and independent inventors, but instead, enhance their success as innovators in the U.S. economy.”<sup>436</sup>

Senator Kyl commented on this study in March 2011, noting that “the ability to file provisional applications mitigates the burden of filing earlier, and . . . by inducing American patent applicants to file earlier, the first-to-file system is more likely to result in American patents that are valid and have priority elsewhere in the industrialized world.”<sup>437</sup>

### B. AIA Section 3(n): Effective Date of the First-to-File Rule and the New Definition of “Prior Art”

The AIA’s transition to the first-to-file system will begin eighteen months after the enactment of the bill—that is, it will begin on March 16, 2013.<sup>438</sup> Section 3(n) of the AIA provides that new § 102, which includes the first-to-

---

<sup>431</sup> *Id.*

<sup>432</sup> Leahy-Smith America Invents Act, sec. 3(l), 125 Stat. 284, 291 (2011).

<sup>433</sup> See 157 CONG. REC. S1373 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (noting that others had made this argument).

<sup>434</sup> See *id.*; Leahy-Smith America Invents Act, sec. 3(n), 125 Stat. at 293.

<sup>435</sup> Compare S. 3089, 111th Cong. (2010), with Leahy-Smith America Invents Act, sec. 3(l), 125 Stat. at 291.

<sup>436</sup> 156 CONG. REC. S1313 (daily ed. Mar. 9, 2010) (statement of Sen. Landrieu).

<sup>437</sup> 157 CONG. REC. S1373 (daily ed. Mar. 8, 2011).

<sup>438</sup> See Leahy-Smith America Invents Act, sec. 3(n), 125 Stat. at 293.

file system and the new definition of “prior art,” will apply to any application or patent that contains, or contained at any time, a claim to an invention that has an effective filing date or that seeks priority based on another application with an effective date after that date.<sup>439</sup>

This rule allows an applicant to convert his whole application into a first-to-file application by adding and claiming new matter after the effective date. On the other hand, because first-to-file rules attach to an application if it either “contains” or “contained at any time” a claim with a post-March 16, 2013 effective date, applicants cannot go back to first-to-invent rules once they are subject to the first-to-file system.<sup>440</sup> Senator Kyl noted this point in a March floor statement: “As a practical matter, this allows applicants to flip their applications forward into the first-to-file system, but prevents them from flipping backward into the first-to-invent universe once they are already subject to first-to-file rules.”<sup>441</sup> In effect, section 3(n) operates as a one-way street; applicants can go forward from the first-to-invent world into the first-to-file universe, but once they are in the first-to-file universe, they cannot go back to the first-to-invent world.

Senator Kyl went on to emphasize that section 3(n) does not alter the status of a first-to-invent patent that is reissued after March 16, 2013; that patent remains subject to first-to-invent rules.<sup>442</sup> He also stated that the same is true of a continuation of a first-to-invent patent that does not include claims that rely on matter added after the section 3(n) effective date.<sup>443</sup> Senator Kyl noted:

New section 100(i)(2) of title 35 ensures that reissues of first-to-invent patents will remain subject to first-to-invent rules. Also, continuations of first-to-invent applications that do not introduce new matter will remain subject to first-to-invent rules. This last rule is important because if a continuation filed 18 months after the enactment of the Act were automatically subject to first-to-file rules, even if it introduced no new matter, the Office likely would see a flood of continuation filings on the eve of the first-to-file effective date. Under subsection (o) [now subsection (n)], an applicant who wants to add to his disclosure after this section’s 18-month effective date can choose to pull the whole invention into the first-to-file universe by including the new disclosure in a continuation of his pending first-to-invent application, or he can choose to keep the pending application in the first-to-file world by filing the new disclosure as a separate invention.<sup>444</sup>

---

<sup>439</sup> *See id.*

<sup>440</sup> *See id.*; 157 CONG. REC. S1373 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).

<sup>441</sup> 157 CONG. REC. S1373 (daily ed. Mar. 8, 2011).

<sup>442</sup> *Id.*

<sup>443</sup> *Id.*

<sup>444</sup> *Id.*

Senator Kyl also addressed paragraph (2) of section 3(n), providing that a first-to-invent patent that transitions into the first-to-file world will remain subject to pre-AIA § 102(g).<sup>445</sup>

Paragraph (2) of subsection (o) provides a remedy in situations in which interfering patents are issued, one of which remains subject to first-to-invent rules, and the other of which was filed earlier but has a later date of conception and has transitioned into the first-to-file system. Paragraph (2) subjects the latter patent to the first-to-invent rule, and allows the other patent owner and even third parties to seek invalidation of that later-conceived interfering patent on that basis.<sup>446</sup>

Paragraph (2) creates a strong disincentive to generating effective-filing dates on both sides of the March 16, 2013 divide in the same application. An applicant who crosses that line will need to show *both*: (1) that he filed his application before another inventor either filed an application or publicly disclosed the invention; *and* (2) that he invented before another inventor (who subsequently reasonably diligently either filed an application or made the invention publicly accessible) conceived of the invention—even *if* the other inventor did not file or disclose until *after* the line-crossing applicant had done so.<sup>447</sup>

An applicant who files an application before March 16, 2013 and develops significant new features of his invention after that date is well advised to simply file a separate and independent application in order to claim the new features.<sup>448</sup> Indeed, given that new § 102(c) makes the common-ownership exception to prior art apply to anticipation as well as obviousness,<sup>449</sup> the applicant could even file slightly different, but independent, applications on both sides of the March 16, 2013 divide (assuming that he believes himself to also be the first to file), in order to take advantage of the different sets of

---

<sup>445</sup> Leahy-Smith America Invents Act, Pub. L. No. 122-29, sec. 3(n), 125 Stat. 284, 293 (2011).

<sup>446</sup> 157 CONG. REC. S1373 (daily ed. Mar. 8, 2011).

<sup>447</sup> See Leahy-Smith America Invents Act, sec. 3(n), 125 Stat. at 293; 157 CONG. REC. S1373 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl). A successful pre-AIA § 102(g)(2) defense requires a showing that the prior inventor did not “unreasonab[ly] delay in making the invention publicly known.” *Dow Chem. Co. v. Astro-Valcour, Inc.*, 267 F.3d 1334, 1342 (Fed. Cir. 2001) (en banc). “The failure to file a patent application, to describe the invention in a published document, or to use the invention publicly within a reasonable time after first making the invention may constitute abandonment, suppression, or concealment” and thereby preclude a § 102(g) defense. *Id.* (citations omitted); see also *Apotex USA, Inc. v. Merck & Co.*, 254 F.3d 1031, 1038–39 (Fed. Cir. 2001) (en banc).

<sup>448</sup> See Leahy-Smith America Invents Act, sec. 3(n), 125 Stat. at 293; 157 CONG. REC. S1335, 1373 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).

<sup>449</sup> See Leahy-Smith America Invents Act, sec. 3(b)(1), § 102(c), 125 Stat. at 286.

prior-art rules of the pre- and post-AIA regimes.<sup>450</sup> Such a strategy might be particularly useful, for example, to an applicant who discovers that his invention may have been secretly commercially used or sold by the inventor more than a year before the first-to-invent application was filed. Such activity, of course, would invalidate the first-to-invent patent, but not the first-to-file patent.

### C. AIA Section 14: Ban on Tax-Strategy Patents

Section 14 of the AIA deems any strategy for reducing tax liability in a patent application to be “insufficient to differentiate a claimed invention from the prior art.”<sup>451</sup> It effectively bans tax-strategy patents.<sup>452</sup> The provision applies to all pending and future applications and, thus, should prevent the issuance of any patents for tax strategies after September 16, 2011 (and invalidate any that the USPTO mistakenly issued after that date).<sup>453</sup>

A similar provision was added to the 2007 House patent bill in the House Judiciary Committee.<sup>454</sup> That proposal would have amended § 101 of title 35 by adding a new subsection (b), providing that “[a] patent may not be obtained for a tax planning method” and adding a series of tax-related definitions and effective-date provisions to § 101.<sup>455</sup>

Rather than quadruple the length of a foundational section of the patent code in order to address a relatively minor matter, the AIA bans tax-strategy patents using an uncodified amendment to 35 U.S.C. § 102.<sup>456</sup> Making tax strategies an insufficient basis to differentiate an invention from the prior art—rather than an exception to subject-matter patentability<sup>457</sup>—has the added virtue of allowing USPTO examiners to simply consider (and ignore) tax-strategy inventions as they examine applications, instead of requiring

---

<sup>450</sup> See *supra* notes 447–448 and accompanying text. The two patents would remain subject to double-patenting restrictions, and, thus, must only be enforced together, see *supra* notes 447–448 and accompanying text, and a terminal disclaimer of the excess term of the second-issued patent must be filed with the USPTO, see Scott E. Kamholz, *Patent Term Adjustment for Fun and Profit*, FOLEY HOAG, LLP, <http://www.foleyhoag.com/People/Attorneys/%7E/media/Files/Publications/Generic/PatentTermAdjustmentforFunandProfit%20kamholz.ashx> (last visited Jan. 31, 2012).

<sup>451</sup> Leahy-Smith America Invents Act, sec. 14(a), 125 Stat. at 327.

<sup>452</sup> *Id.* sec. 14, 125 Stat. at 327–28.

<sup>453</sup> *Id.* sec. 14(e), 125 Stat. at 328.

<sup>454</sup> See Patent Reform Act of 2007, H.R. 1908, 110th Cong., sec. 10(a)(2). The 2007 House committee report argues that a ban on tax-strategy patents does not violate the anti-discrimination provision of the Agreement on Trade Related Aspects of Intellectual Property Rights (“TRIPs”). H.R. REP. NO. 110-314, at 38–39 (2007).

<sup>455</sup> H.R. 1908, sec. 10(a)(2).

<sup>456</sup> Leahy-Smith America Invents Act, sec. 14, 125 Stat. at 327–28.

<sup>457</sup> See *id.*

them to presort all applications in order to determine whether any attempts to claim a tax-strategy invention.

During the September 7, 2007 floor debate on the House patent bill, Representative Rick Boucher articulated the vehement objection widely felt among members to the existence of tax-strategy patents.<sup>458</sup> Noting that the owner of a tax-strategy patent “is entitled to a royalty if anyone else tries to reduce his taxes by the same means,” Representative Boucher stated: “I frankly think that is outrageous. No one should have to pay a royalty to pay their taxes. No one should have sole ownership of how taxes are paid.”<sup>459</sup>

The operative language and effective date of section 14 first appeared in the Senate patent bill that was introduced on January 25, 2011 and remained unchanged through final House and Senate passage of the AIA.<sup>460</sup> On the same day the AIA was introduced in the Senate, Senators Max Baucus and Chuck Grassley introduced Senate Bill 139, a bill that was identical to the initial version of section 14.<sup>461</sup> They were the principal champions of section 14 in the Senate, and both spoke at length about the measure during consideration of the AIA in March 2011.<sup>462</sup>

---

<sup>458</sup> See 153 CONG. REC. H10,273 (daily ed. Sept. 7, 2007).

<sup>459</sup> *Id.*

<sup>460</sup> Compare Equal Access to Tax Planning Act, S. 139, 112th Cong. (2011), with Leahy-Smith America Invents Act, sec. 14, 125 Stat. at 327–28.

<sup>461</sup> See 157 CONG. REC. S130–31, S221 (daily ed. Jan. 25, 2011). Senators Baucus and Grassley commented on their bill and the policy reasons for banning tax-strategy patents. *Id.* at S221–22. Senator Grassley also commented on the need to ban tax-strategy patents in additional views in the 2009 committee report for the patent bill. See S. REP. NO. 111-18, at 46 (2009). During the 112th Congress, Senator Baucus was the Chairman of the Senate Finance Committee, which has jurisdiction over the tax code, and Senator Grassley had recently served as ranking member (and earlier as Chairman) of that committee. See *Committee Assignments of the 112th Congress*, U.S. SENATE, [http://www.senate.gov/general/committee\\_assignments/assignments.htm](http://www.senate.gov/general/committee_assignments/assignments.htm) (last visited Jan. 31, 2012); *Jurisdiction*, THE U.S. SENATE COMMITTEE ON FIN., <http://finance.senate.gov/about/jurisdiction/> (last visited Jan. 31, 2012).

<sup>462</sup> See 157 CONG. REC. S1212 (daily ed. Mar. 3, 2011) (statement of Sen. Baucus); 157 CONG. REC. S1201–02 (daily ed. Mar. 3, 2011) (statement of Sen. Grassley); see also 157 CONG. REC. S951, S952 (daily ed. Feb. 28, 2011) (statement of Sen. Grassley) (noting that section 14 was “carefully drafted with the help of the Patent and Trademark Office not to cover software preparation and other software, tools or systems used to prepare tax or information returns or manage a taxpayer’s finances.”).

During his March 3, 2011 remarks, Senator Grassley submitted for the Record an August 1, 2007 article in *The Tax Adviser*, a publication of the American Institute of CPAs, that is a virtual committee report for section 14. See 157 CONG. REC. S1198 (daily ed. Mar. 3, 2011). The article includes a detailed description of existing tax-strategy patents and their owners’ efforts to enforce them and analyzes the policy implications of allowing such patents. See

In June 2011, the House of Representatives considered and defeated an amendment offered by Representative Jared Polis that would have made section 14's tax-strategy patent ban applicable only to patent applications filed after enactment of the AIA, thereby exempting the 160 applications for tax-strategy patents believed to have been pending at the time.<sup>463</sup>

The Senate modified section 14 on the floor to create "exclusions" from its ban on tax-strategy patents.<sup>464</sup> Those exclusions were further modified in the House bill.<sup>465</sup> The final version of the exclusions, at section 14(c), exempts from the ban on tax-strategy patents anything that is used "solely for preparing a tax or information return," or "solely for financial management, to the extent that it . . . does not limit the use of any tax strategy."<sup>466</sup>

Subsection (c) appears to be devoid of any substantive effect. It simply confirms that section 14's ban on tax-strategy patents does not ban patenting things that are not tax strategies.<sup>467</sup> For example, the final Committee Report noted with respect to this section that it:

is not intended to deny patent protection for an invention that consists of tax preparation software or other tools used solely to enter data on tax or information returns or any other filing required by a tax authority. Thus, a software program that is novel and non-obvious as software would not be affected by this section even though the software is used for a tax purpose. A prior-art software program, however, could not overcome the section 102 and 103 hurdles by implementing a novel and non-obvious strategy for reducing, avoiding, or deferring taxes.<sup>468</sup>

During consideration of the AIA in March 2011, the Senate also added language to section 14 via the floor managers' amendment, providing that the section shall not "be construed to imply that other business methods are patentable or that other business method patents are valid."<sup>469</sup>

---

*id.* at S1199. Senator Grassley cited the article as providing examples of the types of patents that fall within section 14's ban. *Id.* at S1198.

<sup>463</sup> 157 CONG. REC. H4488 (daily ed. June 23, 2011); *see also id.* at H4488 (statement of Rep. Polis) (noting that "[t]here are currently 160 tax strategy patent applications in the process."). Representative Polis argued that an immediate ban on issuing tax-strategy patents is unfair to applicants who have invested time and effort in their applications and who have "disclose[d] their innovations" rather than maintaining them as trade secrets, and that such a ban "sends the wrong message to inventors." *Id.*

<sup>464</sup> *See* 157 CONG. REC. S1324 (daily ed. Mar. 7, 2011).

<sup>465</sup> *See* H.R. 1249, 112th Cong., sec. 14(c) (2011).

<sup>466</sup> Leahy-Smith America Invents Act, Pub. L. No. 12-129, sec. 14(c), 125 Stat. 284, 327-28 (2011).

<sup>467</sup> *See id.*

<sup>468</sup> *See* H. REP. NO. 112-98, at 79 (2011); *see also id.* at 51-52.

<sup>469</sup> 157 CONG. REC. S1367 (daily ed. Mar. 8, 2011).

The Republican Policy Committee's summary of the Senate managers' amendment commented on the need for this rule of construction.<sup>470</sup> It explained that “[i]n *Bilski v. Kappos*,<sup>471</sup> (2010), the Supreme Court interpreted Congress's 1999 enactment of a prior-user right that only applied against business-method patents as implying that business methods qualify as patentable subject matter under section 101, which was enacted in 1793.”<sup>472</sup>

Senator Leahy also commented on section 14(d) in March 2011, noting that it was “included merely as a clarification,” and that “[n]o inference should be drawn in any way from any part of section 14 of the act about the patentability of methods of doing business.”<sup>473</sup>

Finally, during the Senate debates on the AIA, Senator Levin expressed the hope that courts would also invalidate tax-strategy patents issued before the enactment of section 14.<sup>474</sup> He stated that:

Although the bill does not apply on its face to the 130-plus tax patents already granted, if someone tries to enforce one of those patents in court by demanding that a taxpayer provide a fee before using it to reduce their taxes, I hope a court will consider this bill's language and policy determination and refuse to enforce the patent as against public policy.<sup>475</sup>

#### **D. AIA Section 21: Travel Expenses and Payment of Administrative Judges**

Section 21 of the AIA is a minor provision that allows the Director to compensate non-federal employees for travel expenses that they incur to attend USPTO programs regarding intellectual property law.<sup>476</sup> It also modifies rules governing the pay of administrative patent judges (“APJs”).<sup>477</sup>

---

<sup>470</sup> See *id.* at S1367.

<sup>471</sup> 130 S. Ct. 3218 (2010).

<sup>472</sup> *Id.* at S1367.

<sup>473</sup> *Id.* at S1380.

<sup>474</sup> *Id.* at S1368; see also 157 CONG. REC. S5432 (daily ed. Sept. 8, 2011) (same).

<sup>475</sup> 157 CONG. REC. S1368 (daily ed. Mar. 8, 2011); see also CONG. REC. S5432 (daily ed. Sept. 8, 2011).

<sup>476</sup> Leahy-Smith America Invents Act, Pub. L. No. 12-29, sec. 21, 125 Stat. 284, 335 (2011).

<sup>477</sup> *Id.* sec. 21(b), 125 Stat. at 336. Section 21 is briefly described in the RPC summary of the Senate floor managers' amendment, which added section 21 to the bill in March 2011. See 157 CONG. REC. NO. S1367 (daily ed. Mar. 8, 2011) (“[The USPTO] is given greater flexibility in paying and compensating the travel of APJs. A large number of APJs will need to be recruited, trained, and retained to adjudicate PGR and new IPR. This change's enhancements will be paid for out of existing funds.”).

### E. AIA Section 23: Satellite USPTO Offices

Section 23 of the AIA requires the Director to establish three satellite USPTO offices that will “carry out the responsibilities of the Office,”<sup>478</sup> though the section’s mandate is made “[s]ubject to available resources.”<sup>479</sup> Senator Michael Bennet offered the amendment adding it to the AIA on the Senate floor, expressing the hope that “[t]he establishment of satellite offices will help the USPTO to recruit and train workers from across the country” and thereby “leverag[e] regional experience.”<sup>480</sup>

In June 2011, Representative Ben Ray Lujan offered an amendment that added subparagraphs (C), (D), and (E) to Section 23.<sup>481</sup> The amendment created additional factors that the USPTO must consider pursuant to subsection (c)(1) when selecting a location for a satellite office.<sup>482</sup> Representative Lujan explained:

While the language in the bill contains stated purposes for satellite offices, it does not specify that these purposes be part of the selection process. This amendment makes it explicit that the purposes of the satellite offices, which are included in the underlying bill, such as increasing outreach activities to better connect patent filers and innovators with the USPTO, be part of the selection process. It also specifies that the economic impact to the region be considered, as well as the availability of knowledgeable personnel, so that the new patent examiners can be hired at minimal recruitment costs, saving taxpayers money.<sup>483</sup>

### F. AIA Section 24: Name of the Detroit Satellite Office

In March 2011, Senator Debbie Stabenow offered an amendment that added Section 24 to the AIA.<sup>484</sup> The amendment names the USPTO’s Detroit satellite office after Elijah McCoy.<sup>485</sup> Senator Stabenow explained that:

---

<sup>478</sup> Leahy-Smith America Invents Act, sec. 23, 125 Stat. at 336.

<sup>479</sup> *Id.*

<sup>480</sup> 157 CONG. REC. S957 (daily ed. Feb. 28, 2011); *see also* 157 CONG. REC. S1089, S1092–93 (daily ed. Mar. 2, 2011) (adoption of Bennet amendment). Senator Bennet’s amendment only provided that the USPTO “may” establish three satellite Offices. *See id.* In the House, this word was changed to “shall,” though the mandate was still made “subject to available resources.” *See* H.R. 124, 112th Cong., sec. 23 (2011); *see also* 157 CONG. REC. S1325 (daily ed. Mar. 7, 2011) (statements of Sens. Udall and Bennet) (advocating that a satellite USPTO office be located in Denver).

<sup>481</sup> *See* 157 CONG. REC. H4486 (daily ed. June 23, 2011).

<sup>482</sup> *Id.*

<sup>483</sup> *Id.*

<sup>484</sup> 157 CONG. REC. S1183–84 (daily ed. Mar. 3, 2011).

<sup>485</sup> *Id.* at S1183.

[Elijah McCoy's] parents escaped slavery and fled across the border to Canada. After training as an apprentice in Scotland, he came to Ypsilanti, Michigan and set up a home-based invention shop.

Over the course of his brilliant life, Elijah McCoy secured more than 50 patents, but he is best known for his inventions that revolutionized how our heavy-duty machinery, including locomotives, function today. In July of 1872, he invented the automatic lubricator, a device that kept steam engines working properly so trains could run faster and longer without stopping for service.

His invention was incredibly effective and many tried to copy his idea, but nobody could match McCoy's idea. Machinists started asking if the engines were using the "real McCoy" technology, and people still use that phrase today when they want the best quality product.<sup>486</sup>

### **G. AIA Section 25: Priority Examination for Important Technologies**

Section 25 of the AIA authorizes the Director to give priority in examination to patent applications for "technologies that are important to the national economy or national competitiveness."<sup>487</sup> Senator Robert Menendez offered the amendment adding it to the AIA in March 2011, describing it as "allow[ing] the Patent Office to prioritize patent applications that are vital to our national interests."<sup>488</sup>

### **H. AIA Section 26: Study of USPTO Implementation of the AIA**

Section 26 requires the USPTO to conduct a study on implementation of the AIA.<sup>489</sup> The study is to be submitted to Congress four years after enactment.<sup>490</sup> Section 26 was added to the bill by an amendment offered in the House Judiciary Committee in April 2011.<sup>491</sup>

### **I. AIA Section 27: Study on Gene Patents**

Section 27 of the AIA requires the Director to conduct a study on "effective ways to provide independent, confirming genetic diagnostic test activity

---

<sup>486</sup> *Id.* at S1183–84. The amendment was adopted immediately after it was offered. *See id.* at S1184; *see also* H.R. REP. NO. 112-98, at 56, 83 (2011).

<sup>487</sup> Leahy-Smith America Invents Act, Pub. L. No. 112-98, sec. 25, 125 Stat. 284, 337–38 (2011).

<sup>488</sup> 157 CONG. REC. S1052 (daily ed. Mar. 1, 2011). The amendment was adopted by unanimous consent the next day. *See* 157 CONG. REC. S1111–12 (daily ed. Mar. 2, 2011); *see also* H.R. REP. NO. 112-98, at 56, 83 (2001).

<sup>489</sup> Leahy-Smith America Invents Act, sec. 26, 125 Stat. at 338.

<sup>490</sup> *Id.*

<sup>491</sup> *See* H.R. REP. NO. 112-98, at 56 (2011).

where gene patents and exclusive licensing for primary genetic tests exist.”<sup>492</sup> The House floor managers’ amendment added section 27 in June 2011.<sup>493</sup> Representative Debbie Wasserman Schultz, the principal advocate of section 27, characterized it as authorizing a study “on ways to remove barriers for patient access to second opinions on genetic testing on patented genes.”<sup>494</sup> She stated that “[s]uch a study would address questions about the current effects such patents have on patient outcomes and how best to provide truly independent, confirmatory tests.”<sup>495</sup>

Representative Wasserman Schultz also stated that “the study’s focus on second opinion genetic testing is not intended to express any opinion by Congress regarding the validity of gene patents.”<sup>496</sup> Representative Lamar Smith and Senator Patrick Leahy made similar disclaimers about section 27 and its implications for the patentability of genes.<sup>497</sup>

### **J. AIA Section 28: Ombudsman Program**

Section 28 of the AIA requires the Director to establish a Patent Ombudsman Program that provides “support and services relating to patent filings to small business concerns and independent inventors.”<sup>498</sup> Senator Mark Kirk offered the amendment adding it to the AIA in March 2011.<sup>499</sup> He described the amendment as “seek[ing] to assist some of our greatest innovators by providing

---

<sup>492</sup> Leahy-Smith America Invents Act, sec. 27(a), 125 Stat. at 338.

<sup>493</sup> 157 CONG. REC. H4450 (daily ed. June 22, 2011).

<sup>494</sup> *Id.* at H4433.

<sup>495</sup> *Id.*

<sup>496</sup> *Id.*

<sup>497</sup> See 157 CONG. REC. S5440 (daily ed. Sept. 8, 2011) (statement of Sen. Leahy).

I want to be clear that one of the reasons I support section 27 is that nothing in it implies that “gene patents” are valid or invalid, nor that any particular claim in any particular patent is valid or invalid. In particular, this section has no bearing on the ongoing litigation in *Association for Molecular Pathology v. Myriad Genetics*.

*Id.* (citing *Ass’n for Molecular Pathology v. Myriad Genetics*, 653 F.3d 1329 (Fed. Cir. July 29, 2011)); see also 157 CONG. REC. E1182–83 (daily ed. June 23, 2011) (statement of Rep. Smith) (“Nothing in Section 27 shall be construed to reflect any expression by the Congress with respect to the patentability or non-patentability of genetic material or with respect to the validity or invalidity of patents on genetic material.”). Representative Smith also requested that specific additional information and analysis be included in the assessments required by the study. See *id.*

<sup>498</sup> Leahy-Smith America Invents Act, Pub. L. 112-29, sec. 28, 125 Stat. 284, 339 (2011).

<sup>499</sup> See 157 CONG. REC. S1092–93 (daily ed. Mar. 2, 2011) (adoption of Kirk amendment).

a fast lane within the U.S. Patent and Trademark Office for small businesses to receive information and assistance regarding their patent applications.”<sup>500</sup>

### **K. AIA Section 29: Study of the Diversity of Applicants**

Section 29 of the AIA requires the Director to “establish methods for studying the diversity of applicants . . . who are minorities, women, or veterans,” while barring the use of data produced by such a study to “provide any preferential treatment to patent applicants.”<sup>501</sup> Representative Gwen Moore offered the amendment adding it to the AIA on the House floor in June 2011.<sup>502</sup> Representative Moore explained the need for the amendment as follows:

Currently, the Patent and Trade Office only knows the name and general location of a patent applicant. In most cases, only the physical street address that the office collects is for the listed patent attorney on the application. Such limited information prevents us from fully understanding the nature and scope of the underrepresentation of minority communities in intellectual property.<sup>503</sup>

### **L. AIA Section 30: Sense of Congress Regarding Protecting Small Businesses**

Section 30 of the AIA is a sense of Congress regarding protecting small businesses.<sup>504</sup> Representative Sheila Jackson Lee offered the amendment adding it to the AIA on the House floor in June 2011.<sup>505</sup>

### **M. AIA Section 31: Study of International Patent Protection for Small Businesses**

Section 31 of the AIA requires the Director, in consultation with other agencies, to conduct a study of how the federal government “can best help small businesses with international patent protection,” and, in particular, whether the United States should subsidize international patent applications

---

<sup>500</sup> 157 CONG. REC. S1033 (daily ed. Mar. 1, 2011); *see also* 157 CONG. REC. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Kirk) (“This Ombudsman Program will help small firms navigate the bureaucracy of the patent system.”). The amendment was adopted by unanimous consent the next day. *See* 157 CONG. REC. S1092–93 (daily ed. Mar. 2, 2011); *see also* H. REP. NO. 112-98, at 56, 83 (2011).

<sup>501</sup> Leahy-Smith America Invents Act, sec. 29, 125 Stat. at 339.

<sup>502</sup> 157 CONG. REC. H4484 (daily ed. June 23, 2011).

<sup>503</sup> *Id.*

<sup>504</sup> Leahy-Smith America Invents Act, sec. 30, 125 Stat. at 339.

<sup>505</sup> 157 CONG. REC. H4484 (daily ed. June 23, 2011) (statement of Rep. Jackson Lee). Two other senses of Congress were added to the AIA in the House Judiciary Committee in April 2011. They appear as subsections (o) and (p) of section 3 of the AIA. Leahy-Smith America Invents Act, sec. 3(o)–(p), 125 Stat. at 293.

for small businesses.<sup>506</sup> Representative Gary Peters offered the amendment adding it to the AIA on the House floor in June 2011.<sup>507</sup>

### **N. AIA § 32: Pro Bono Program**

Section 32 of the AIA requires the Director to “work with and support intellectual property law associations across the country in the establishment of pro bono programs designed to assist financially under-resourced independent inventors and small businesses.”<sup>508</sup> It was added to the AIA by an amendment offered in the House Judiciary Committee in April 2011.<sup>509</sup>

### **O. AIA § 33: Ban on Patents Related to Human Cloning**

Section 33 of the AIA provides that “no patent may issue on a claim directed to or encompassing a human organism.”<sup>510</sup> The floor managers’ amendment added it to the AIA on the House floor in June 2011,<sup>511</sup> and it is thus not addressed in the 2011 Committee Report for the bill.

Representative Lamar Smith described section 33 when he introduced the floor managers’ amendment on June 22, 2011.<sup>512</sup> He noted that “[t]his language has been part of the [Commerce-Justice-State Department] appropriations legislation for years. It’s directed at preventing the [USPTO] from approving inventions related to human cloning.”<sup>513</sup>

On June 23, 2011, the day that the House floor managers’ amendment was adopted and the House passed the AIA,<sup>514</sup> Representative Smith also submitted for the Record an extension of remarks commenting at length on section 33.<sup>515</sup> Representative Smith reiterated that “[t]he types of patent claims subject to the prohibition are limited precisely to those that the Pat-

---

<sup>506</sup> *Id.* sec. 31, 125 Stat. at 339–40.

<sup>507</sup> *See* 157 CONG. REC. H4484 (daily ed. June 23, 2011). Representative Lamar Smith expressed disagreement with the study’s proposal that the Federal government pay small businesses’ foreign patent-filing fees, stating that he would “strongly recommend that the [USPTO] and [Small Business Association] determine that such a program should not be established.” *Id.* at H4487.

<sup>508</sup> Leahy-Smith America Invents Act, sec. 32, 125 Stat. at 340.

<sup>509</sup> *See* H. REP. NO. 112-98, at 56, 84 (2011).

<sup>510</sup> Leahy-Smith America Invents Act, sec. 33, 125 Stat. at 340.

<sup>511</sup> 157 CONG. REC. H4448–51 (daily ed. June 22, 2011). The House floor managers’ amendment was printed in the Record. *Id.* Representative Lamar Smith summarized the provisions of the amendment. *Id.* at H4451.

<sup>512</sup> *Id.*

<sup>513</sup> *Id.*

<sup>514</sup> 127 CONG. REC. H4480–81, H4505 (daily ed. June 23, 2011).

<sup>515</sup> 157 CONG. REC. E1182–85 (daily ed. June 23, 2011) (statement of Sen. Smith).

ent and Trademark Office, pursuant to its policies, has indicated may not be granted.”<sup>516</sup> Representative Smith also provided a very specific enumeration of things that section 33 should not affect:

[N]othing in this section should be construed to limit the ability of the [USPTO] to issue a patent containing claims directed to or encompassing:

1. any chemical compound or composition, whether obtained from animals or human beings or produced synthetically, and whether identical to or distinct from a chemical structure as found in an animal or human being, including but not limited to nucleic acids, polypeptides, proteins, antibodies and hormones;
2. cells, tissue, organs or other bodily components produced through human intervention, whether obtained from animals, human beings, or other sources; including but not limited to stem cells, stem cell derived tissues, stem cell lines, and viable synthetic organs;
3. methods for creating, modifying, or treating human organisms, including but not limited to methods for creating embryos through in vitro fertilization, methods of somatic cell nuclear transfer, medical or genetic therapies, methods for enhancing fertility, and methods for implanting embryos;
4. a nonhuman organism incorporating one or more genes taken from a human organism, including but not limited to a transgenic plant or animal, or animal models used for scientific research.<sup>517</sup>

Representative Chris Smith also commented on section 33 in an extension of remarks.<sup>518</sup> He characterized the provision as codifying the so-called Weldon amendment, which was offered by Representative Dave Weldon and first adopted in 2003 and which barred any use of USPTO funds to issue patents related to human cloning.<sup>519</sup> Representative Chris Smith also submitted various materials for printing in the Record, including Representative Weldon’s past statements regarding his amendment.<sup>520</sup>

---

<sup>516</sup> *Id.* at E1183 (citing U.S. PATENT & TRADEMARK OFFICE MANUAL OF PATENT EXAMINATION & PROCEDURE § 2105 (ed. 8 rev. 8 2010)).

<sup>517</sup> *Id.* Representative Lamar Smith also submitted for the Record a letter from James Rogan, Director of the USPTO, to Senator Ted Stevens, Chairman of the Senate Appropriations Committee, as well as a lengthy statement in support of section 33 from the Family Research Council, a social-conservative organization. *See id.* at E1184–85. The letter and the statement both described the history of USPTO’s policy against issuing patents related to human cloning. *Id.*

<sup>518</sup> 157 CONG. REC. E1177–80 (daily ed. June 23, 2011).

<sup>519</sup> *Id.* at E1177.

<sup>520</sup> *See id.* at E1178. Among other things, Representative Weldon’s 2003 speeches: (1) stated that his amendment “simply reaffirm[ed] current U.S. patent policy”; (2) confirmed, in response to a question from Representative Dave Obey, that the amendment “would not interfere in any way with any existing patents with respect to stem cells”; (3) quoted a 1998 hearing witness who testified with respect to the Weldon amendment that it would “not

### **P. AIA Section 34: Study of Patent Litigation**

Section 34 of the AIA requires the General Accounting Office to “conduct a study of the consequences of [patent] litigation by non-practicing entities.”<sup>521</sup> This provision was included in the House floor managers’ amendment that was adopted on June 23, 2011.<sup>522</sup>

During the Senate debates on the AIA in September, 2011, Senator Leahy submitted for the Record a letter from the Comptroller General explaining that parts of the section 34 study would require the GAO to collect data that does not exist or that is not reasonably available.<sup>523</sup> Senator Leahy effectively absolved the GAO of any obligation to collect such data, stating that:

I want to make clear my view that GAO is under no obligation to include or examine information on a subject for which there is either no existing data, or that data is not reasonably obtainable. Further, GAO is not required to study a quantity of data that it deems unreasonable.

In my view, GAO can satisfy its requirements under section 34 by compiling reasonably available information on the nature and impact of lawsuits brought by non-practicing entities under title 35 on the topics outlined in section 34(b). Where it deems necessary, GAO may use a smaller sample size of litigation data to fulfill this obligation. GAO should simply note any limitations on data or methodology in its report.<sup>524</sup>

### **Conclusion**

This concludes the first Article’s discussion of the legislative history of those provisions of the AIA that apply to an application before a patent is issued. The next Article will explore the legislative history of those sections of the AIA that concern post-grant review of patents, inter partes proceedings, supplemental examination, the section 18 business-method-patent review program, the new defense of prior commercial use, the partial repeal of the best-mode requirement, and other changes regarding virtual and false mark-

---

forbid funding research on embryonic stem cells, because a human embryo is an ‘organism’ but a stem cell clearly is not”; and (4) quoted a letter from USPTO Director Rogan which states that the USPTO “view[ed] the Weldon amendment as fully consistent with USPTO’s policy on the non-patentability of human life-forms.” *Id.* at E1178–79.

<sup>521</sup> Leahy-Smith America Invents Act, Pub. L. No. 112-29, sec. 34, 125 Stat. 284, 340 (2011).

<sup>522</sup> 157 CONG. REC. H4480–81 (daily ed. June 23, 2011); 157 CONG. REC. H4448–50 (daily ed. June 22, 2011).

<sup>523</sup> 157 CONG. REC. S5441 (daily ed. Sept. 8, 2011).

<sup>524</sup> *Id.* Of course, a floor statement cannot suspend a legal obligation, but a law cannot require an agency to do the impossible. Senator Leahy’s statement presumably offered the GAO some assurance that it will not receive a hostile reaction from Congress when it submits a patent-litigation study that does not satisfy all of section 34’s instructions.

ing, advice of counsel, court jurisdiction, USPTO funding, and the deadline for seeking a patent term extension.