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IBM Corporation Comments regarding “Changes to Implement the First Inventor to File Provisions of the Leahy-Smith America Invents Act”, 77 Fed. Reg. 43742 (July 26, 2012) and “Examination Guidelines for Implementing the First-Inventor-to-File Provisions of the Leahy-Smith America Invents Act,” 77 Fed. Reg. 43759 (July 26, 2012)

IBM thanks the United States Patent and Trademark Office (Office) for the opportunity to comment on the proposed rules (Rules) and examination guidelines (Guidelines) for implementing the first-inventor-to-file provisions of the Leahy-Smith America Invents Act (AIA).

We support the Office’s ongoing commitment to seek public input on AIA implementation, and for its extensive efforts in preparing comprehensive Rules and Guidelines for examiners and applicants. We agree with many aspects of the proposed Rules and Guidelines, but have concerns regarding certain provisions and seek clarification on others. Our comments below address a variety of subjects, including the “public availability” requirements for “on sale” and “public use” prior art, and the scope and nature of grace period disclosures.¹

The Scope of Prior Art

On Sale Prior Art Under 35 USC 102

The Office has requested public “comment on the extent to which public availability plays a role in ‘on sale’ prior art defined in 35 U.S.C. 102(a)(1).”² We believe prior art sales and offers for sale under the AIA are limited to those which are “available to the public” as described in footnote 29 of the Guidelines. This view is confirmed by the House Judiciary Committee Report, which states that “... the phrase ‘available to the public’ is added to clarify the broad scope of

¹ These comments reflect and incorporate in part *IBM Corporation Comments regarding implementation of the Leahy-Smith America Invents Act in the area of "Patents:" scope of prior art and correspondence between prior art and the grace period*, September 16, 2011.

² Guidelines, p. 43765.

relevant prior art, as well as to emphasize the fact that it must be publicly accessible.”³

Certain precedents of the Court of Appeals for the Federal Circuit (Federal Circuit) addressing the issue of public accessibility should be applicable to both uses and sales under the AIA. Applying these existing standards, where appropriate,⁴ will provide certainty to the patent community and reflect the AIA’s intended broad scope for prior art.

For example, a sale or use need not be enabling to be publicly available, and thus qualify as prior art. *See, e.g., In re Epstein*, 32 F.3d 1559, 1568 (Fed. Cir. 1994) (“Beyond this ‘in public use or on sale’ finding, there is no requirement for an enablement-type inquiry. *See J.A. LaPorte, Inc. v. Norfolk Dredging*, 787 F.2d 1577, 1583 (Fed. Cir. 1986) (‘Our precedent holds that the question is not whether the sale, even a third party sale, ‘discloses’ the invention at the time of the sale, but whether the sale relates to a device that embodies the invention.’)”); *see also Lockwood v. American Airlines*, 107 F.3d 1565, 1570 (Fed. Cir. 1997).

As another example, it is also well-settled that even an entire claim may be anticipated by an inherent disclosure: “Because inherency places subject matter in the public domain as well as an express disclosure, the inherent disclosure of the entire claimed subject matter anticipates as well as inherent disclosure of a single feature of the claimed subject matter.” *Schering Corp. v. Geneva Pharms., Inc.*, 339 F.3d 1373, 1379 (Fed. Cir. 2003); *see also SmithKline Beecham Corp. v. Apotex Corp.*, 403 F.3d 1331 (Fed. Cir. 2005).

We recommend the Office make explicit in the Notice of Final Rulemaking or Examiner Guidelines implementing first-inventor-to-file that the scope of “on sale” prior art under the AIA is consistent with current law describing “public accessibility,” including the specific instances noted above. We believe such definition provides clarity and certainty to the patent community and reflects the broad scope of prior art encompassed by the AIA.

“Secret” Sales

Given the broad scope of prior art, it may be easier to understand its boundaries by identifying what is not included. The AIA’s legislative history describes some activities that should not be included within the scope of prior art, because such activities would be costly and burdensome to discover:⁵

³ House Judiciary Committee Report on H.R. 1249 (H. Rep 112-98), p. 43.

⁴ We generally agree with the Office’s position applying the same public accessibility standard pre- and post-AIA for determining if a public use qualifies as prior art (Guidelines, p. 43764), subject to the requested clarifications *infra* in the next section “Secret” Sales. In addition, applying the same standards to sales and uses will promote uniformity and certainty.

⁵ *See* remarks of Sen Kyl, 157 Cong. Rec. S5320 (daily ed. Sept 6, 2011), explaining that the benefits of the new standard include reducing litigation costs and promoting efficiency for courts and the Office.

An inventor's confidential sale of his invention ... will no longer constitute private [sic, prior] 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.⁶

IBM believes that activities subject to affirmative obligations to maintain confidentiality should clearly be excluded from "on sale" prior art. For example, neither product testing by a customer nor sale to a customer subject to an obligation to maintain the invention in confidence should qualify as prior art. Nor should wholly internal commercial uses that are not publicly accessible. In other circumstances, the statutory requirement for public accessibility and the associated legislative history do not provide a clear demarcation between what should and should not be prior art in this context. For example, the Office has indicated it will apply current law on what constitutes public use,⁷ but the legislative history indicates that at least one Senator believes the Supreme Court "corset" case, *Egbert v. Lippman*,⁸ is overruled by the AIA.⁹

We suggest the Office include examples in the final Guidance to assist the patent community in determining which sales qualify as prior art and to explain what differences (if any) the Office will apply in evaluating public availability of uses vs. sales. Examples should clearly indicate that sales (and uses) subject to confidentiality restrictions will not constitute prior art, and also provide guidance regarding sales and uses that are not subject to confidentiality restrictions but may not be public, such as unrestricted, but private, uses and sales.

Overruling Metallizing Engineering

We agree with the Office that the AIA limits prior art to that which is available to the public. However, we also believe it is inconsistent with the purposes of the patent system to allow long-exploited trade secrets to be patented after years of secrecy. The Supreme Court early on explained why prolonging protection in this manner was inconsistent with the Constitutional goal of promoting the progress of the useful arts:

If an inventor should be permitted to hold back from the knowledge of the public the secrets of his invention; if he should for a long period of years retain the monopoly, and make, and sell his invention publicly, and thus gather the whole profits of it, relying upon his superior skill and knowledge of the structure; and then, and then only, when the danger of competition should force him to secure the exclusive right, he should be allowed to take out a patent, and thus exclude the public from any farther use than what should be derived under it during his fourteen years; it would

⁶ *Id.*

⁷ Guidelines, p. 43764.

⁸ 104 U.S. 333, 336 (1881).

⁹ See remarks of Sen. Kyl, 157 Cong. Rec. S1371 (daily ed. Mar. 8, 2011).

materially retard the progress of science and the useful arts, and give a premium to those who should be least prompt to communicate their discoveries.

Pennock v. Dialogue, 27 U.S. 1, 19 (1829) ; see also *Kendall v. Winsor*, 62 U.S. 322, 330 (1859) (citing *Pennock*).

The modern Supreme Court, recognizing the importance of preventing the patenting of a long-held trade secret, has cited these principles with approval: "As the holding of *Pennock* makes clear, the federal patent scheme creates a limited opportunity to obtain a property right in an idea. ... As Judge Learned Hand once put it: '[I]t is a condition upon the inventor's right to a patent that he shall not exploit his discovery competitively after it is ready for patenting; he must content himself with either secrecy or legal monopoly.'" *Bonito Boats v. Thunder Craft Boats*, 489 U.S. 141, 149 (1989) (quoting *Metallizing Engineering Co. v. Kenyon Bearing & Auto Parts Co.*, 153 F. 2d 516, 520 (CA2), cert. denied, 328 U.S. 840 (1946)).

The extent to which the principles set forth in these cases will be followed after the first-inventor-to-file provisions become effective is unclear. We suggest the Office monitor developments in the courts in this area and adjust rules and guidelines to prevent patenting of long-held trade secrets, if this proves consistent with case law.

Grace Period Exceptions to Prior Art Under 35 U.S.C. 102(b)(1) and 102(b)(2)

Grace Period and Prior Art Scope Should Be Equivalent

We strongly agree with the Office's intent to treat the term "disclosure" as used in 35 U.S.C. 102(b)(1) and 102(b)(2) as a generic expression including all documents and activities listed in 35 U.S.C. 102(a) as prior art.

The Office's approach is consistent with the House Judiciary Committee Report, which states that the AIA intends to "maintain[] ... 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."¹⁰ As a practical matter, a disparity between acts of inventors that can give rise to prior art and those that enjoy the grace period will cause confusion and could impede normal research and development activity. We believe the Office's proposed Guidelines will provide needed clarity for applicants and examiners, and ensure the grace period has its intended scope.

¹⁰ House Judiciary Committee Report on H.R. 1249 (H. Rep 112-98) at 43.

Inventor Disclosures

We read 35 U.S.C. 102(b)(1)(A) and 102(b)(2)(A) covering inventor disclosures as applying to any inventor disclosures regardless of the subject matter of the disclosure and its relationship to the claimed invention. Since this issue is not addressed in the Rules or Guidance, we understand the Office is not reading a subject matter limitation into these provisions, but we request confirmation from the Office, perhaps in the final Guidelines, particularly since the AIA grace period represents a significant departure from the pre-AIA grace period.

The Office discusses in the Guidelines (p. 43766) what it means for the disclosure to be by an inventor or joint inventor to qualify for the 102(b)(1)(A) or 102(b)(2)(A) exception. Given that any type of prior art may be included in the scope of the grace period, it is important for the Office to provide more detail on how the inventor requirement would apply to the various categories of prior art, such as where a company sells a product embodying an invention later claimed in a patent application assigned to that company.

Non-inventor Disclosures

The Office proposes to treat non-inventor disclosures as exceptions to prior art only if the subject matter of non-inventor disclosures is identical to the subject matter in prior inventor disclosures, under 35 U.S.C. 102(b)(1)(B) and 102(b)(2)(B).¹¹ Even “trivial” or “insubstantial” changes would render the grace period exceptions inapplicable. We do not think this requirement is consistent with the letter or spirit of the AIA.

The grace period provision in the AIA includes two separate sections that apply to non-inventor disclosures. See 102(b)(1)(B) and 102(b)(2)(B). If only intervening non-inventor disclosures containing identical subject matter are covered by this section, it is rendered effectively meaningless because the subject matter in inventor and intervening disclosures would almost always have some trivial differences. For example, an intervening disclosure may cover a product identical to that contained in a prior inventor disclosure, but add a feature such as size or color which has no effect on the functionality previously disclosed and later claimed by the inventor.

We are also concerned that the prohibition on trivial or insubstantial changes in subject matter could lead to requiring essentially identical disclosures. For example, if the intervening disclosure includes rewording which changes nothing of substance when compared with the inventor’s prior disclosure, that

¹¹ See, e.g., Guidelines p. 43767: “Even if the only differences between the subject matter in the prior art disclosure that is relied upon under 35 U.S.C. 102(a) and the subject matter publicly disclosed by the inventor before such prior art disclosure are mere insubstantial changes, or only trivial or obvious variations, the exception under 35 U.S.C. 102(b)(1)(B) does not apply.”

intervening disclosure should not be prior art to the application, but the strict requirement for identity of subject matter raises such concerns.¹²

We believe that the Office can easily apply a standard that comports with the text and spirit of the AIA's grace period by including within the prior art exceptions non-inventor disclosures containing trivial or insubstantial differences when compared with a prior inventor disclosure. Examiners applying prior art to patent applications routinely find 102 references which disclose all aspects of a claimed invention without using identical language or subject matter. In fact, it would be a rare case indeed if the language and subject matter were identical.

Examiners should also be able to easily identify references which add separable elements to a claimed invention. Thus, an intervening non-inventor disclosure covering the same elements as the prior inventor disclosure and also including a clearly separable addition that does not alter the nature or function of the overlapping material should be treated as qualifying for the grace period as to the overlapping material.

A related issue is how the Office will compare the subject matter in a prior inventor disclosure with an intervening non-inventor disclosure covering a different category of prior art. For example, where an affidavit or declaration is required under proposed rule 1.130, it is not clear how the Office will apply the requirement in section (c) to uses and sales to "describe the disclosure with sufficient detail and particularity to determine that the disclosure is a public disclosure of the subject matter on which the rejection is based." Clearly such situations can not be properly addressed by a requirement for exact identity in the two disclosures, and guidance on how the Office expects to compare various different categories of prior art, e.g., sales and publications, would be very helpful to the patent community.

The Office should clarify in rules and guidelines that the grace period may apply even though the document or other instance that comprises the non-inventor disclosure is not identical to the document or other instance that comprises the inventor disclosure. The Office's guidance should clarify that the applicable trigger for the grace period is whether the substance of the non-inventor disclosure and inventor disclosure are the same, using an analysis similar to traditional 102 prior art analysis where a trivial or insubstantial change should not detract from viewing the subject matter as the "same". Thus, the phrase "subject matter" in the grace period provisions of AIA 102 should be read

¹² We also object to the interpretation proposed by some which would include all intervening non-inventor disclosures including "obvious variants" of the prior inventor disclosure, within the scope of the exceptions in sections 102(b)(1)(B) and (b)(2)(B). This approach goes too far by treating the inventor disclosure essentially as a "priority" document, thus undermining the harmonizing aspects of the AIA's first-inventor-to-file provisions and steering inventors away from prompt filing of patent applications by making pre-filing disclosures preferable to filing patent applications, including provisional applications.

to mean the substance of the invention. The Office should also provide examples of how these provisions should be applied.

Requirement to Identify Claims and Subject Matter Dated After March 16, 2013

For applications filed on or after March 16, 2013, that claim priority to an application filed before that date, the proposed rules require an applicant to expressly state whether the application contains any claims having an effective filing date after March 16, 2013. It makes sense for the Office to collect this information because if the application contains any such claims, the first-inventor-to-file provisions of the AIA apply to all claims in the application. We note that the rules would not apply to an RCE, but we would like clarification from the Office regarding continuation and divisional applications having a new serial number. For example, if the applicant believes there is no new matter but one or more of the claims presented in the post-AIA application were not present in the priority application, does the Office require a statement to that effect? If the Office does require such a statement, it would protect the applicant if it can simultaneously assert that it does not waive, or preserves, its claim of priority to the pre-March 16, 2013 parent application(s).

We also have concerns regarding the requirement to identify applications containing “subject matter” not contained in the priority application. Does the Office intend to apply an “identity” test, where insubstantial variations must be reported? Or will the Office apply current standards regarding new matter under 35 U.S.C. 112 such that alterations incidental to translation or conversion from a provisional application will not trigger the requirement? Even if new matter is added to the description but no new claims are added, we would like to understand how the Office intends to use this information since the claims should still be examined under pre-AIA law. These requirements impose a significant burden on applicants, so if the Office has limited use for “subject matter” statements we suggest dropping such requirement when all claims have an effective filing date prior to March 16, 2013. If and when new claims having post-AIA effective dates are added, the required disclosure can be submitted alerting the examiner.

Furthermore, we believe the four month time limit (from filing of the application at issue) is unduly burdensome on applicants. Business needs, for example, may drive filing of a continuing application without much advance notice. If an applicant misses the four month deadline regarding identification of the existence of claims having an effective filing date after March 16, 2013, it would be subject to the more onerous requirement to identify with specificity written description support for the remaining claims in response to a Rule 1.105 request from the examiner.¹³ We recommend the Office extend this deadline to enable applicants to comply more reasonably.

¹³ Rules, p. 43745.

Requirement to File Certified Copies of Foreign Priority Applications

Proposed Rule 1.55 requires applicants to file certified copies of foreign applications relied on for priority claims. This new requirement is unnecessarily costly and burdensome for applicants. We do not understand why the Office is altering the current rule, which only requires such filings if an applicant relies on the foreign priority date to eliminate a prior art rejection. The requirement is made more onerous by the relatively strict timing requirements.

We suggest the Office return to the current rule, or at least relax the timing requirements and obtain, where available, any needed official foreign priority documents directly from patent offices in countries participating in the Priority Document Exchange program.

Requiring Applicant to Initiate Derivation Proceedings

Proposed Rule 1.130(f) states the “Office may require” applicants to initiate a derivation proceeding. It is unclear to us why an applicant should be required to do so. Under pre-AIA law, we understand an interference might be needed to determine who was first to invent, but under the AIA, the first to file is apparent and not in dispute. The mere fact that two applicants claim the same invention does not mean that there has been a derivation. In the vast majority of such situations, no derivation occurred. Applicants, not the Office, are in the best position to judge the evidence and decide if a derivation proceeding should be instituted. If the later-filing inventor chooses to amend or abandon overlapping claims, there is no need for a derivation proceeding. Given the potential burdens of pursuing a derivation proceeding on an applicant who may simply wish to concede the subject matter to the earlier filer, it is unclear why the Office would need to force derivation proceedings on an applicant at all.

Application of the Hilmer Doctrine

We assume the Office will continue to apply the Hilmer doctrine to applications otherwise subject to pre-AIA law, but request confirmation from the Office regarding continued application of that rule to pre-AIA applications.

Conclusion

IBM thanks the Office for providing the public an opportunity to submit comments on the proposed Rules and Guidance. We look forward to continuing to work with the Office on implementation of the Leahy-Smith America Invents Act.

Respectfully submitted,

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