



Robert P. Merges

Wilson, Sonsini, Goodrich & Rosati Professor
of Law

Co-Director, Berkeley Center for Law &
Technology

October 12, 2012

Mary Till

Legal Advisor

Office of Patent Legal Administration

USPTO

Via email: fitf_guidance@uspto.gov

CC: mary.till@uspto.gov

Re: Comments on “Examination Guidelines for Implementing the First-Inventor-to-File Provisions of the Leahy-Smith America Invents Act”

Dear Ms. Tsang-Foster,

After reviewing the above-named “Examination Guidelines”, Docket No.: PTO–P–2012–0024, 77 Fed. Reg. 43759 (July 26, 2012), I have the following comments.

1. Derivation Defense

On p. 43,761, the Guidelines state: “The situation in which an application names a person who is not the actual inventor as the inventor (pre-AIA 35 U.S.C. 102(f)) will be handled in a derivation proceeding under 35 U.S.C. 135, by a correction of inventorship under 37 CFR 1.48 to name the actual inventor, or under 35 U.S.C 101.” I agree that § 101 provides a statutory defense against one who derives an invention from another. In addition, I believe the USPTO should clarify that (1) this defense will specifically permit third parties, who obtain evidence of derivation, to invalidate a U.S. patent; and (2) that the “identity standard” for such derived inventions should follow the rule under pre-AIA caselaw – i.e., that an obvious variant of an invention, derived by A from a disclosure made by B, should be invalid under § 101. Otherwise, minor variations from what was disclosed by B may be claimed by the discloser, A, with no repercussions.

2. Meaning of “In Public Use” – AIA § 102(a)(1)

I agree with the statement in the Guidelines: “The phrase ‘in public use’ in AIA 35 U.S.C. 102(a)(1) is treated as having the same meaning as ‘in public use’ in pre-AIA 35 U.S.C. 102(b).” 43 Fed. Reg. at 43,764. It is generally understood, in patent law as elsewhere, that when Congress chooses to preserve legal language with an extensive body of interpretive case law behind it, that choice means that accepted case law interpretations are carried forward into the new legislative enactment.¹ This principle should have wide application in interpreting the AIA in light of the extensive caselaw under 1952 Act, in my view.

3. Meaning of “On Sale” – AIA § 102(a)(1)

On page 43,765, n. 29, the Guidelines argue that the phrase “on sale” under AIA § 102(a)(1) should be given a different meaning than this phrase has traditionally been given under § 102(b) of the 1952 Patent Act. The Guidelines give two reasons: (1) the addition of the phrase “or otherwise available to the public” in AIA § 102(a)(1); and (2) statements made in the legislative history to the AIA.

I believe this interpretation is a mistake. According to an extensive body of case law under the 1952 Act, both “public use” and “on sale” prior art categories include material that can be quite confidential, or at any rate essentially undiscoverable by members of the general public.² A consistent line of cases, for example, holds that confidential sales or offers places an invention “on sale” for purposes of novelty.³

There is a wrinkle involving on sale activity where what is sold is the output of an invented machine, or the end product of an invented process. These cases have distinguished between the inventor’s own activity and the activities of third parties. An inventor’s own on sale activity is prior art under these cases, whereas a third party’s is not.⁴

¹ *See, e.g.*, Microsoft Corp. v. i4i Ltd. P’ship., 131 S. Ct. 2238, 2245 (2011) (“[W]here Congress uses a common-law term in a statute, we assume the ‘term ... comes with a common law meaning, absent anything pointing another way.’”).

² *See, e.g.*, Buildex Inc. v. Kason Indus., Inc., 849 F.2d 1461, 1464 (Fed. Cir. 1988) (holding that a firm offer sent to prospective purchaser was an “on sale” event, despite the fact that the offer was marked “confidential”); In re Hall, 781 F.2d 897 (1986) (holding that a single copy of graduate thesis on file in one library in Freiburg, Germany invalidated patent claim); Egbert v. Lippmann, 104 U.S. 333 (1881) (holding that a single instance of claimed corset stay, in use in corset of inventor’s fiancé, is enough to invalidate patent under public use bar).

³ *See, e.g.*, Buildex Inc. v. Kason Indus., Inc., [supra note 30??] [849 F.2d 1461, 1464 (Fed. Cir. 1988) (holding that a firm offer sent to prospective purchaser was an “on sale” event, despite the fact that the offer was marked “confidential”)]. *See generally* Pfaff v. Wells Elecs., Inc., 525 U.S. 55 (1998) (no where mentioning that sale must be publicly available to trigger the on-sale bar).

⁴ *Compare* Metallizing Eng’g Co. v. Kenyon Bearing & Auto Parts Co., 153 F.2d 516 (2d Cir.1946) (Hand, J.) (holding that an inventor’s own sales of output from machine is an on sale event barring a patent on the machine), *with* W.L. Gore & Assocs., Inc. v. Garlock, Inc., 721 F.2d 1540 (1983) (holding that a third-party sale of tape from tape-making machine did not bar a patent to an inventor who filed more than one-year after that third-party sale). *See generally* Woodland Trust v. Flowertree Nursery, 148 F.3d 1368, 1370–71 (Fed. Cir. 1998):

[Fix formatting in this block quote:] Section 102(b), unlike § 102(a), is primarily concerned with the policy that encourages an inventor to enter the patent system promptly, while

In terms of the AIA, this means that an inventor’s confidential sale activity is a “disclosure” under AIA § 102(a), by virtue of the facts that (1) the phrase “on sale” in AIA § 102(a) implicitly incorporates prior case law interpreting this phrase, which includes prior cases on inventor’s-own sales; and (2) “disclosure” in AIA § 102(b) means “any legitimate prior art reference under AIA § 102(a),” which includes of course “on sale” prior art and therefore an inventor’s own confidential on sale prior art.⁵

By the same logic, third-party on sale activity is not “on sale” prior art under the traditional case law. This therefore does not qualify as prior art references under AIA § 102(a), and consequently these are not “disclosures” under § 102(b). To summarize the argument: the words used to define prior art categories in AIA § 102(a) implicitly incorporate a long history of case law interpreting those words; and the term “disclosure” in AIA § 102(b) is meant to be an omnibus word referring to all prior art references (as understood in light of case law) under AIA § 102(a).

a. Meaning of “Or Otherwise Available to the Public” under AIA § 102(a)(1)

With respect to the AIA language “or otherwise available to the public,” I believe that this phrase carries forward implicitly the traditional meaning of “disclose”, which includes of course the possibility of limited public disclosure. I do not believe that “available ... to the public” has the same meaning as “publicly disclose” under the AIA grace period provision, AIA § 102(b)(1)(B).

The best way to grasp this point is to read the new § 102 in the AIA:

§ 102(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;

recognizing a one-year period of public knowledge or use or commercial exploitation before the patent application must be filed. Thus an inventor’s own prior commercial use, albeit kept secret, may constitute a public use or sale under § 102(b), barring him from obtaining a patent. *See* Egbert v. Lippmann, 104 U.S. 333, 336 (1881) (holding that an inventor’s unobservable prior use was a public use).

So under § 102(b), *third party* prior use is not a bar when that prior use or knowledge is unavailable to the public. *See* W.L. Gore & Assocs., Inc. v. Garlock, Inc., 721 F.2d 1540, 1550 (Fed.Cir. 1983) (holding that a third-party secret commercial activity, more than one year before the patent application of another, is not a § 102(b) bar); *cf.* Baxter Int’l, Inc. v. COBE Labs., Inc., 88 F.3d 1054, 1058–59 (Fed. Cir.1996) (holding that a third-party prior use accessible to the public is a § 102(b) bar).

⁵ For more on the argument that “disclosure” in the AIA means “any relevant prior art reference,” see Robert P. Merges, Priority and Novelty Under the AIA, forthcoming Berkeley Tech. L. J. 2012.

As a matter of statutory construction, I read this in the following manner: A person shall be entitled to a patent unless (1) the claimed invention was [Category 1] patented, described in a printed publication, or [Category 2] in public use, on sale, or otherwise available to the public. The first occurrence of the word “or” in § 102(a)(1) sets up an opposition between Category 1 and Category 2. Thus I read the passage as having this structure: Person entitled to patent unless [1] [a] or [b] OR [2] [c][d] or [e].⁶

By contrast, the PTO implicitly interprets the phrase as having this structure: Person entitled to patent unless [a] or [b] or [c] or [d] or [e]. To achieve the structure suggested by the PTO, however, I believe the drafters would have written: A person is entitled to a patent unless ... the claimed invention was patented, or described in a printed publication, or in public use, or on sale, or otherwise available to the public. A less desirable alternative would have been: A person is entitled to a patent unless ... the claimed invention was patented, described in a printed publication, in public use, on sale, or otherwise available to the public. In any event, the drafters did not choose either alternative. Thus we must give significance to the placement of the word “or” in TWO places in the statute as enacted.

Thus from the outset, I understand the “otherwise available” subcategory to relate to, modify, and apply to ONLY what I call “Category 2” types of prior art in AIA § 102(a)(1). This matters because both types of prior art in what I call Category 2 (on sale and in public use) include, under established case law, what might be termed very limited or even secret “disclosures.” Confidential sales and non-revealing public uses are examples of this. This leads to a simple point: If both enumerated types of Category 2 prior art include very limited or even secret types of disclosures, then the omnibus phrase at the end of the Category 2 list – “otherwise available to the public” – must by implication include this possibility also. So “otherwise available to the public” should be interpreted consistently with “public use” under § 102(b) of the 1952 Act (and, for that matter, with the implicit meaning of “known or used” under 1952 Act § 102(a)). Which means: even extremely limited disclosures can make a prior art reference “available to the public” under AIA § 102(a)(1).

b. What About Legislative History?

First, it must be said at the outset that the AIA was the product of more than six years of drafting activity, hearings, and general discussion. There were many versions of most provisions. It is very dangerous to quote an isolated section of the legislative history to support an interpretation of the statute. And it is of course true that many scholars and some Supreme Court justices abjure the use of legislative history as an unreliable interpretative aid.

⁶ I recognize that my case would be stronger if the statute read: “patented, or described in a printed publication; or in public use, on sale, or otherwise available to the public.” But I believe that the first “or” in this preferred phraseology is optional (i.e., “A, B” is interchangeable in this limited instance with “A, or B”), and that it is preferable to imply this “or” than to completely ignore the placement and meaning of the two occurrences of “or” in the statute as enacted. I also recognize that a semicolon, as in my preferred alternative, would have sent a clearer signal that the two phrases (Category 1 and Category 2) were meant to be read as separate and distinct. But the drafters chose a comma, so we are left to infer that it was meant in this instance as a “category separator” and not as a simple list delimiter.

Second, while the Guidelines cite a Senate colloquy that seems to support the idea that completely nonpublic prior art categories were meant to be excluded from the AIA's prior art provision, there are contrary indications in the legislative history. The House Committee Report – a superior source of guidance on the meaning of the AIA when compared to a back and forth discussion between two lone legislators – says the following: “[The AIA grace period] will apply to all actions by the patent owner during the year prior to filing that would otherwise create § 102(a) prior art.” House Cmte Rep. 112-98 at 43. Because it is well known that a number of “actions” by the patent owner can be both far from openly public, yet still qualify as prior art under both sections 102(a) and 102(b) of the 1952 Act (for example, “known or used” activities that are in fact known to and knowable by very few people), this passage is certainly consistent with the notion that the enactment of the AIA was not meant to eliminate all types of prior art except those that are widely disseminated and completely available to the public at large. Indeed, if this had been Congress' intent then presumably it would not have carried forward the long-established terms “in public use” and “on sale,” and it would have written instead “in wide public use” and “widely available for sale.”

4. Conclusion

For these reasons, I would request that PTO reconsider its position with regards to the interpretation of the AIA, particularly with respect to the meaning of AIA § 102(a)(1). Existing case law should continue in force, including the availability of confidential sales and nonrevealing public uses as prior art events under the Patent Act.

Very truly yours,

Prof Robert P. Merges
UC Berkeley School of Law
(with Research Assistance from Puneet Kohli, Berkeley Law 2013)