



Intellectual Property Law Alert

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Martin J. Miller

513.369.4250
mmiller@porterwright.com

Holly D. Kozlowski

513.369.4224
hkozlowski@porterwright.com

James D. Liles

513-369-4209
jliles@porterwright.com

Melanie Martin-Jones

614-227-2116
mmartin-jones@porterwright.com

Richard M. Mescher

614-227-2026
rmescher@porterwright.com

Anne B. Pellot

513-369-4248
apellot@porterwright.com

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First-to-File Patent System Arrives March 16, 2013

With significant changes to law governing how the U.S. grants patents taking effect next month, Porter Wright recommends that all clients consider filing any contemplated patent applications by **March 15**. This includes filing non-provisional patent applications, and in some cases Patent Cooperation Treaty (PCT) patent applications, that are based upon any provisional or non-U.S. patent application filed since March 2012. Though there are some exceptions to this advice (as discussed further herein), waiting until after March 15 may be problematic.

In brief: For patent applications having *any claim* with an effective filing date after March 15, it will no longer be possible to overcome prior art by showing an earlier date of invention. Thus, the prior art for purposes of patentability will include: 1) third-party public disclosures of any kind, anywhere in the world, prior to your effective filing date; and 2) issued U.S. patents and published U.S. or PCT patent applications that were effectively filed before your effective filing date. In addition to not being able to “swear behind” a prior art reference by proving an earlier date of invention, the prior art date for patents and published patent applications may be as much as 18 months earlier than under current law (because of foreign priority claims, as explained below).

It is also important to note that you will not lose the benefit of any earlier provisional or non-U.S. patent application should you wait until after March 15 to file. Any claims that are adequately supported in the earlier filing will be entitled to that earlier filing date for purposes of patentability. However, if even one claim in your post-March 15 application is new — i.e., includes subject matter not disclosed in your earlier application — the new first-to-file rules will apply to all of your claims — and there will be no way to alter this scenario through actions such as deleting claims containing the new subject matter.

The following pages describe patent law changes in greater detail. Because each situation is unique, please **contact your representative at Porter Wright** with any questions or requests for specific recommendations about the best way to proceed.

Note: Given the anticipated volume of filings the first two weeks of March, we ask that you contact us as soon as possible if you anticipate filing any patent applications before this deadline.

Patentability Standard

To be patentable, an invention must be not only novel (new), but also unobvious.¹ Novelty and obviousness² are measured against the “prior art” — in essence, everything that came before the claimed invention. The upcoming changes significantly alter the determination of what is prior art (i.e., what “came before” the claimed invention).

The Old First-to-Invent System

Under the current U.S. patent law, the United States is the only country that awards patents to the first inventor rather than the first to file a patent application. As long as a patent application is filed within 12 months of any public use, commercialization or publication of the invention,³ the first inventor is entitled to a patent over later inventors — including those who were the first to file a patent application. Thus, under current law an applicant can “swear behind” a prior art reference by proving a date of invention that is earlier than the effective date of the prior art reference (e.g., the filing date of published patent application date or the publication date of an article).

Of course, even under present U.S. patent law, it is preferable to have an early filing date to ensure that patentability is not negated by a public disclosure (by anyone) more than 12 months before your filing date. Proving an earlier date of invention also can be difficult, and in some cases can lead to expensive interference proceedings by which the U.S. Patent and Trademark Office (USPTO) determines the first inventor when two applications claim the same invention.

The New First-to-File System

The Leahy-Smith America Invents Act (“AIA”) made numerous changes to U.S. patent law, most of which have already gone into effect. But the most significant and fundamental change — the conversion to a first-to-file patent system — becomes effective March 16. Though this change will more closely align U.S. patent law with that of the rest of the world, there will still be some fundamental differences — including preservation of the 12-month grace period.

Prior Art Under First-to-File

Under the AIA, patents will be awarded to the first inventor to file a patent application.⁴ For all patent applications that include any claim with an effective filing date after March 15, 2013, the prior art for purposes of patentability (for novelty as well as obviousness) for *all* of the claims — including those with a pre-March 16 effective filing date — will comprise:

1. subject matter that was patented, described in a printed publication, in public use, on sale, or otherwise available to the public, anywhere in the world, before the effective filing date of the claimed invention; and
2. subject matter described in an issued U.S. patent or published U.S. patent application that names another inventor and was effectively filed before the effective filing date of the claimed invention.

Category 1 prior art will encompass information that was publicly available anywhere in the world before the effective filing date of the claimed invention. Thus, in contrast to current law, the prior art will include subject matter that was in public use or on sale *anywhere in the world*, rather than being limited to the U.S. Though this change will not impact the vast majority

¹ There are additional requirements for patentability that are not based on the prior art. For example, the invention must be subject matter eligible (e.g., cannot be an abstract idea or a law of nature), and the patent application must include a written description of the invention that is sufficiently detailed to enable one skilled in the art to understand and practice the invention without undue experimentation. These additional requirements are not affected by the transition to a first-to-file patent system. At the same time, these additional requirements should not be overlooked in a rush to file a patent application by March 15.

² The tests for novelty and obviousness will largely remain the same. The only notable difference under the new law is that obviousness will be determined as of just before the effective filing date, rather than as of the date of invention under current law.

³ The 12-month filing deadline is commonly referred to as the “grace period.” Most other countries do not provide a grace period, and require a patent application to be filed before any public disclosure of the invention.

⁴ Some commentators have insisted on describing the new system as one based on the “first-inventor-to-file” rather than “first-to-file” to distinguish the new U.S. system from those of other countries, including the preservation of the 12-month grace period and the fact that the first inventor to file must still be an inventor rather than one who derived the invention from someone else. However, though only a handful provide a grace period, most other countries similarly prohibit the patenting of an invention obtained or derived from another.

of applications, it does represent one of several expansions of prior art under the AIA.

Category 2 prior art encompasses previously filed U.S. and PCT⁵ patent applications that are published or issued after the effective filing date of the claimed invention. As discussed below, category 2 prior art represents a significant expansion of the prior art as compared to current law.

Though the above prior art framework under first-to-file is in some ways simpler and more predictable than under the current first-to-invent system, the exceptions to the definition of prior art complicate matters.

Grace Period and Related Exceptions to the Definition of Prior Art

Under the new law, inventors will still have 12 months to file a patent application following any public disclosure of their invention (e.g., through public use, publication or sale). However, this grace period generally will apply only to prior public disclosures by the inventor or someone who obtained the disclosed subject matter, directly or indirectly, from the inventor. Specifically, category 1 prior art does not include a disclosure made within one year of the effective filing date of the claimed invention if:

- A. the disclosure was made by the inventor or by someone who obtained the disclosed subject matter from the inventor; or
- B. the disclosed subject matter had, before such disclosure, been publicly disclosed by the inventor or someone who obtained the disclosed subject matter from the inventor.

Exception B, as described above, means that a public disclosure by a third party before the inventor's filing date will not qualify as prior art if the inventor made an even earlier public disclosure of the same subject matter in the third-party disclosure. (Of course the earlier public disclosure by the inventor must not have been more than one year before the inventor's effective filing date.) This same exception also applies to disclosures appearing in issued U.S. patents and published U.S. and PCT patent applications filed before the inventor's effective filing date. Though it might seem appealing to adopt a policy of publicly disclosing inventions as early as possible, before a patent application is filed, to take advantage of this prior art exception, such an approach generally would be unwise. Not only will such public disclosures prevent patenting in most other countries, which have no grace period, competitors will be free to exploit the disclosed invention until a patent is granted.

In addition, it is unclear how exception B will be interpreted and applied by courts and the USPTO. In its recently published examination guidelines for implementation of first-to-file, the USPTO indicated it will apply the provision narrowly so that this prior art exception will only apply subject matter in the third-party disclosure that is the same as subject matter in the inventor's prior public disclosure. For this additional reason, pre-filing public disclosures of an invention will almost always be ill advised.

For category 2 prior art, the new law will also exclude disclosures appearing in previously filed U.S. patents and published U.S. and PCT patent applications if the disclosed subject matter was obtained directly or indirectly from the inventor, or the disclosed subject matter and the claimed invention were commonly owned as of the effective filing date of the claimed invention. This exception is actually somewhat broader than the current law, as it excludes commonly owned previously filed patent applications for both novelty and obviousness purposes (current law only excludes for obviousness). In addition, common ownership need only exist as of the effective filing date rather than the date of invention (as under current law).

Partial Harmonization With Patent Laws of Other Countries and the Effective Date of Competitor's Patent Applications Claiming Foreign Priority

Though the new first-to-file system will partially harmonize U.S. patent law with that of most other countries, the AIA creates some important distinctions. For example, as noted above, the second inventor to file a patent application directed to subject matter described in an earlier-filed application by another may be entitled to a patent if that inventor publicly disclosed their invention before the earlier application was filed. In most other countries, neither inventor would be able to obtain a patent in such a scenario.⁶

⁵ Technically, this applies only to PCT applications that designate the U.S. However, it is very rare for a PCT application not to designate the U.S.

⁶ This feature has led some to characterize the AIA as awarding patents to the "first inventor to publish or file."

More significantly, a U.S. or PCT patent application filed by another will be prior art as of its earliest filing date — which will include any applicable foreign priority filing date for the relevant subject matter. For example, a PCT application filed on May 1, 2013, which claims priority to an earlier application filed in Japan on May 1, 2012, will be prior art as of May 1, 2012 with respect to any subject matter that was also disclosed in the earlier Japanese patent application. Under current law, the prior art date would be the date the PCT application is published, or approximately Nov. 1, 2013 (or May 1, 2013, if the PCT application is published in English). This change alone means that many U.S. and PCT patent applications filed by non-U.S. applicants will be deemed prior art as much as 12 to 18 months earlier than under current law (with no opportunity to swear behind such prior art by showing an earlier date of invention).

In addition, previously filed U.S. and PCT patent applications that are published or issued after the effective filing date of the claimed invention will be prior art for both novelty and obviousness purposes. In many other countries, on the other hand, such earlier filed applications may be used only for assessing novelty.

Effective Filing Dates and Which Rules Apply

As noted previously, the new first-to-file law will apply to a patent application that, at any time, 1) contains a claim having an effective filing date after March 15, 2013; or 2) claims priority to an earlier application that at any time included a claim having an effective filing date after March 15, 2013. In other words, once an application is subject to first-to-file, it is there for good — as are any subsequent applications that claim priority therefrom.

Consider, for example, a non-provisional application filed June 1, 2013, which claims priority to a U.S. provisional or foreign patent application filed May 30, 2012. If each and every claim of that non-provisional application is fully supported (i.e., sufficiently described and enabled) by the earlier provisional/foreign patent application, the non-provisional application will be examined under the current first-to-invent system. On the other hand, if even one claim in the non-provisional application includes new subject matter that was not adequately described in the earlier provisional/foreign application, all of the claims of the non-provisional application will be examined under the new first-to-file system.⁷

As if the new law will not complicate matters enough, there is one additional quirk to mention. For applications that at any time contain a claim having an effective filing date *before* March 16, 2013 and a claim having an effective filing date *after* March 16, 2013 (or that at any time claim priority to an earlier application having such mixed priority), a secret prior invention *in the U.S.* by another who has not abandoned, suppressed or concealed their invention may negate patentability (current 35 U.S.C. § 102(g)). Such secret prior invention under 35 U.S.C. § 102(g) does not commonly arise under the current law, and the AIA also limits its applicability only to the question of novelty. Nevertheless, this quirk may, in some instances, provide an incentive to file two nearly identical patent applications — one on or before March 15, and one after March 15 (with no priority claim to a pre-March 16 application).

Should I file a Patent Application by March 15 to Avoid First-to-File?

Each situation is unique and we can therefore only provide general guidelines for you to consider.

A provisional or non-U.S. patent application was filed in the past year:

If you have filed a provisional or non-U.S. patent application since March 14, 2012, you should consider filing either a U.S. non-provisional or PCT patent application on or before March 15, 2013. Though that may not be necessary to avoid first-to-file if you do not intend to add additional subject matter in the non-provisional or PCT application, that often is not the case. On the other hand, avoiding first-to-file generally is not a good reason to file a non-provisional or PCT application prematurely, such as before you have completed development work. Similarly, avoiding first-to-file is no reason to file a patent application that is incomplete.

New Applications for Inventions Ready for Patenting:

In the case of any new applications you are contemplating filing in the near future, particularly those that have been

⁷ Please note, however, that any claims that were sufficiently described and enabled by the earlier provisional/foreign patent application would still be entitled to the benefit of the filing date of the provisional/foreign patent application. The only change is that the prior art framework under first-to-file would be applied to all the claims.



developed to the point of being ready for filing, you should consider filing such applications by March 15. For applicants outside of the U.S., such applications need not be filed in the U.S. or as a PCT patent application to avoid first-to-file, provided that the application adequately describes the subject matter that is eventually claimed in a U.S. patent application. Again, each situation is different so it is impossible to give definitive advice that can apply to all instances.

Intentionally Waiting Until After March 15 to file?

Under current U.S. patent law, the secret commercial use or secret offer for sale of an invention by the inventor (or their assignee) more than 12 months before filing a patent application bars patentability.⁸ Most, including the USPTO, believe that the AIA overturns this precedent, and will allow the patenting of an invention that was secretly and commercially exploited by the inventor (or their assignee) more than 12 months before the filing date. If this interpretation is upheld by the courts, this may provide a reason for waiting until after March 15, 2013, to file a patent application for such an invention.

Beyond March 15, 2013

Even under the first-to-invent system, it was always best to have the earliest possible filing date for your patent application. For new patent applications filed after March 15, an early filing date will be even more important as it will no longer be possible to overcome certain prior art by showing an earlier date of invention. Though pre-filing public disclosures of an invention may help in limited situations, it comes at the expense of foreign patent rights. Therefore, for patent applications to be filed after March 15, we generally recommend filing a patent application as soon as reasonably possible (and prior to any public disclosure), taking advantage of provisional patent applications.⁹

⁸ *Metallizing Engineering Co. v. Kenyon Bearing and Auto Parts*, 153 F.2d 516 (2d Cir. 1946).

⁹ Provisional patent applications are not examined for patentability. As long as a non-provisional patent application (U.S. or PCT) is filed within 12 months of the provisional filing date, the provisional application will provide an early effective filing date for subject matter adequately disclosed in the provisional application. Multiple provisional applications may be filed within the 12-month period as the invention is further developed and refined. A provisional application may also provide an early prior art date with respect to competitor's patents.