

Company Perspectives, Procedures And Best Practices In View of the AIA

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OUTLINE

1. MONITORING/THIRD PARTY SUBMISSIONS
2. FIRST INVENTOR TO FILE LAW
3. OWNERSHIP AND ASSIGNMENT
4. IMPACT ON CORPORATE RIGHTS
TRANSFER AGREEMENTS
5. SHOWING PRIOR INVENTION, 130 and 131
DECLARATIONS, DERIVATION PETITIONS,
AND DERIVATION

PATENT MONITORING, AND THIRD PARTY PRE-ISSUANCE SUBMISSIONS

- THE AIA PROVIDES FOR THE FIRST TIME A SUBSTANTIVE RIGHT TO THIRD PARTIES, TO PREVENT INVALID U.S. PATENT CLAIMS FROM ISSUING
- SIMILAR PROVISIONS HAVE RECENTLY BECOME AVAILABLE, AND WEB ACCESSIBLE, IN OTHER JURISDICTIONS
- ***THE ABILITY TO EASILY AND FREELY POLICE EXAMINATION OF COMPETITORS APPLICATIONS IS A STRONG INCENTIVE FOR VIGOROUS MONITORING***

HOW TO MONITOR

- FREE AND PAID SERVICES PROVIDE ALERTS LISTING RESULTS OF SPECIFIED SEARCH QUERIES RUN AGAINST VARIOUS PATENT DATABASES
- ALTERNATIVELY DETERMINE A SEARCH QUERY AND RUN IT PERIODICALLY ON SELECTED IPDLS (USPTO PATENT, USPTO PGP, WIPO PCT)
- REVIEW RESULTS FOR RELEVANCE TO CORPORATE IP AND COMMERCIALIZATION

REASONS TO MONITOR

- **FILE THIRD PARTY SUBMISSION TO AVOID FACING QUESTIONABLE CLAIMS**
- **AVOID COST OF LITIGATION**
- **DESIGN AROUND**
- **CONCEIVE IMPROVEMENTS**
- **TIMELY COPY/CHALLENGE DERIVED AND INTERFERING CLAIMS (REGARDLESS OF LANGUAGE)**

USPTO THIRD PARTY PRE ISSUANCE SUBMISSIONS NEW 35 USC 122(e)

- AVAILABLE FOR ALL APPLICATIONS, AS OF 9/16/2012
- THIRD PARTY CAN SUBMIT – “printed publication”
- THIRD PARTY MUST INCLUDE – “**concise description ... relevance of each ... document**”
- WHEN – Within the later of: 6 months after application publication and final rejection [limited by rule to not later than **first rejection**], but no later than the date of notice of allowance
- HOW TO SUBMIT: **USE EFS TO FILE ONLINE**

USPTO THIRD PARTY PRE ISSUANCE SUBMISSIONS NEW RULE 1.290

- UNAVAILABLE TO THE PATENT APPLICANT
- **NO FEE FOR A FIRST SUBMISSION BY ANY THIRD PARTY IN AN APPLICATION IF SUBMISSION CONTAINS NOT MORE THAN 3 DOCUMENTS**
- PTO WILL SCREEN SUBMISSIONS, IN CAMERA, AND RELEASE THEM TO THE IFW, ONLY IF THE SUBMISSION COMPLIES WITH REGULATORY REQUIREMENTS

WIPO THIRD PARTY OBSERVATIONS

- AVAILABLE FOR ALL PCT APPLICATIONS
- WHEN YOU CAN SUBMIT – Up to **28 months** from the application's priority date
- WHAT YOU MUST INCLUDE – List of up to 10 citations and brief indication of relevance to novelty or inventive step of the claimed invention. You may include copies of the documents
- Submissions and any patent applicant observations will be forwarded to the ISA, IPEA, and DOs.
- HOW TO SUBMIT: VIA ePCT public services, ONLINE

EPO THIRD PARTY OBSERVATIONS

- AVAILABLE FOR ALL EPO APPLICATION AS OF 8/1/2011
 - WHEN YOU CAN SUBMIT – After publication during pendency of any EPO proceeding on the EP application or EP patent.
 - WHAT YOU MUST INCLUDE – Observations restricted to the substantive requirements of the EPC, e.g. Articles 52-57 EPC, and prior art citations.
- FILING – VIA online form at <http://tpo.epo.org/tpo/app/form/>

FIRST INVENTOR TO FILE OR DISCLOSE NOVELTY

- 102(a) AND (d) - PRIOR ART
- 102(b) AND (c) - *EXCEPTIONS*
- EFFECTIVE DATE: Applies to any patent/application that claims priority to an application or is an application that ever contained an invention claim with an effective filing date on or after March 16, 2013.

AIA PRIOR ART

- 102(a) (1) - PUBLIC DISCLOSURE (PATENTED, PRINTED PUBLICATION, IN PUBLIC USE, ON SALE, OR “*OTHERWISE AVIALABLE TO THE PUBLIC*”), BEFORE INVENTOR FILED
- 102(a) (2) AND (d) - ANOTHER’S U.S. (AND PCT) PATENT PUBLICATION AS OF ITS 119/120 DATE, BEFORE INVENTOR FILED

102(b)(1) (GRACE PERIOD) *EXCEPTIONS FROM* PRIOR ART

FOR A 102(a)(1) DISCLOSURE WITHIN 1
YEAR OF INVENTOR'S FILING DATE:

- 102(b)(1)(A) – ***INVENTOR ORIGINATED DISCLOSURE***
- 102(b)(1)(B) - INVENTOR ORIGINATED ***PUBLIC*** DISCLOSURE OCCURRED BEFORE THIRD PARTY DISCLOSURE

102(b)(2) (EARLIER FILED PATENT) *EXCEPTIONS* FROM PRIOR ART

FOR A 102(a)(2) U.S. PATENT PUBLICATION:

- 102(b)(2)(A) – ***INVENTOR ORIGINATED***
DISCLOSURE
- 102(b)(2)(B) - INVENTOR ORIGINATED
PUBLIC DISCLOSURE OCCURRED
BEFORE U.S. PATENT PUBLICATION'S
119/120 DATE

102(b)(2)(C) (EARLIER FILED PATENT) *EXCEPTIONS* FROM PRIOR ART

FOR A 102(a)(2) U.S. PATENT PUBLICATION:

➤ 102(b)(2)(C) – CLAIMED INVENTION, **AS
*OF ITS EFFECTIVE FILING DATE***, CO-
OWNED WITH THE U.S. PATENT
PUBLICATION

102(c) (JRA) *EXCEPTIONS* FROM PRIOR ART

JRA – JOINT RESEARCH AGREEMENT
If a JRA was “in effect on or before the effective filing date of the claimed invention” then patent applications of the JRA parties (in the field of the JRA) will not be prior art as of their 119/120 priority or actual filing dates.

INTERPRETATIONS OF 102(a)(1) PRIOR ART PROVISIONS

*102(a)(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;”*

102(a)(1) “or otherwise available to the public”

- PTO COMMENT: “*The legislative history of the AIA indicates that the inclusion of this clause in AIA 35 U.S.C. 102(a)(1) should be viewed as indicating that AIA 35 U.S.C. 102(a)(1) **does not cover non-public uses or nonpublic offers for sale.** See 157 Cong. Rec. S.1370 (Mar. 8, 2011)” 77 FR 43765 (proposed examination guidelines concerning the first-inventor-to-file)*
- **OPEN LEGAL ISSUE, AWAITING CASE LAW**

INTERPRETATIONS OF 102(b) EXCEPTIONS TO PRIOR ART PROVISIONS

- *102(b)(1)(A)* THE DISCLOSURE IS NOT 102 PRIOR ART IF “***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”
- (and 1 year filing time limit met)

INTERPRETATIONS OF 102(b) EXCEPTIONS TO PRIOR ART PROVISIONS

PTO COMMENT: “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.*” 77 FR 43767

INTERPRETATIONS OF 102(b) EXCEPTIONS TO PRIOR ART PROVISIONS

- AIPLA COMMENT *IN RESPONSE TO* PTO COMMENT: PTO POSITION “would completely undermine the intent of Congress,”
- AIPLA SUGGESTION: “AIPLA suggests that the Office resolve these issues by interpreting the phrase “subject matter” to mean that material from the third-party disclosure which the Office has identified to justify the rejection.”

SIMILAR ISSUES WERE DECIDE BY CASE LAW LONG AGO

➤CCPA ON 131 DECLARATIONS: “The question, then, is whether the rule of *Stryker* ought to be extended to a situation where the Rule 131 showing is not fully commensurate with the reference but renders the claimed invention obvious. We think *Stryker* is controlling in this situation as well,” *In re Spiller* (CCPA 1974).

INTERPRETATIONS OF 102(b) EXCEPTIONS TO PRIOR ART PROVISIONS

- CONCLUSION: UNDER PTO INTERPRETATION, ANY PUBLIC DISCLOSURE BEFORE APPLICATION FILING HAS A SIGNIFICANT RISK OF DEFEATING PATENT CLAIMS
- PRE FILING DISCLOSURE: ***BAD IDEA***

102(g)/135/291 – EFFECTIVE FILING DATE CARVE OUT FOR INTERFERENCES

- **102(g) DEFINES ACTUAL FIRST TO INVENT ACTS TO BE PRIOR ART**
- **THE AIA MAKES OLD 102(g)/135/291 ALSO APPLY TO ANY POST AIA APPLICATION HAVING A PRE AIA EFFECTIVE FILING DATE CLAIM**

102(g)/135/291 – CARVE OUT FOR INTERFERENCES

THIS CARVE OUT ALLOWS THE PTO AND COURTS TO CONTINUE TO APPLY FIRST TO INVENT LAW TO INVALIDATE CLAIMS IN A POST AIA APPLICATION OR PATENT THAT HAVE A CLAIM SUPPORTED BY A PRE AIA APPLICATION

35 USC 103 OBVIOUSNESS ESSENTIALLY UNCHANGED

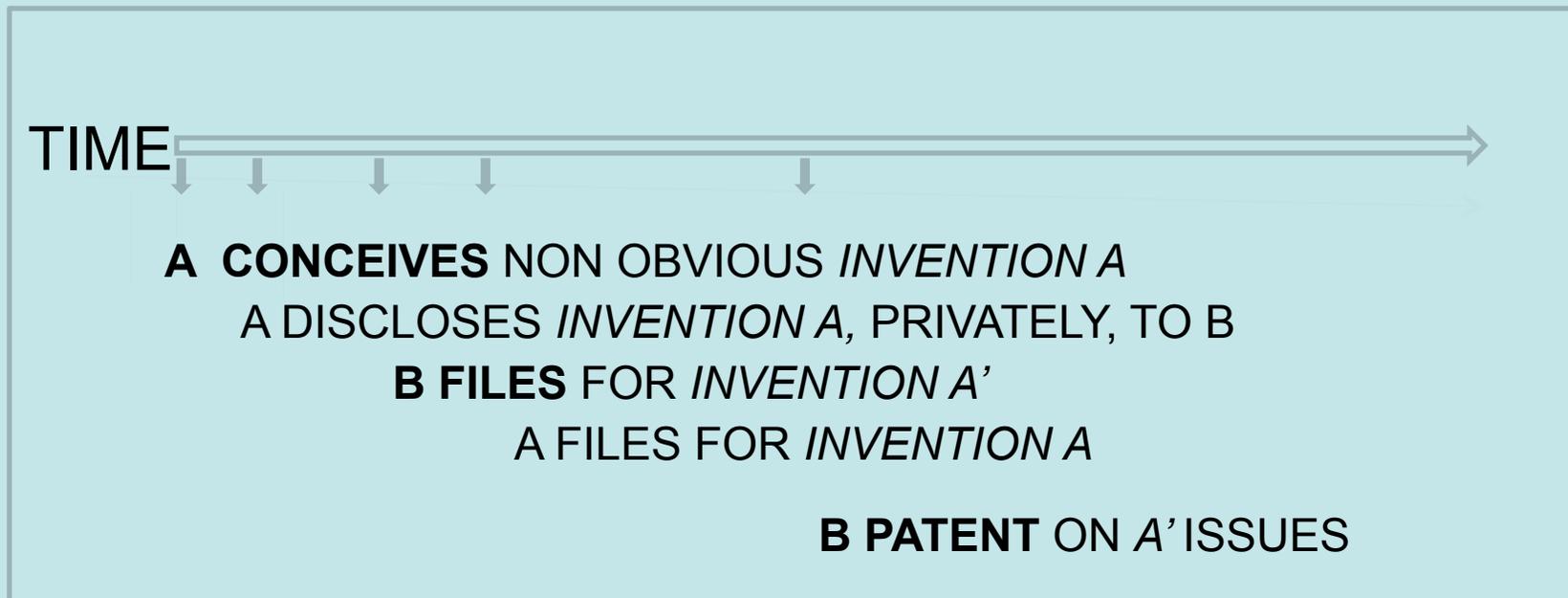
➤ 35 USC 103: whether “claimed invention as a whole would have been obvious before the *effective filing date* of the claimed invention”

➤ RESETS OBVIOUSNESS
DETERMINATION TO ***EFFECTIVE FILING
DATE*** OF CLAIMED INVENTION

102(f) (YES, IT'S GONE, UNDER THE AIA)

“DERIVATION PATENTS” - PATENTING
OBVIOUS VARIATIONS OF NON PUBLIC
INVENTIONS, WITHOUT AUTHORIZATION
FROM THE INVENTOR

DERIVATION PATENT EXAMPLE - TIME LINE



DERIVATION PATENT ISSUES

- B'S PATENT MAY BLOCK A FROM PRACTICING *INVENTION A*
- B'S PATENT MAY PRECLUDE A FROM PATENTING *INVENTION A*
- SUFFICIENCY OF PROOFS, TIMING, 130 DECLARATIONS, DERIVATION PETITIONS
- CORRESPONDING FOREIGN LAW ISSUES

WHAT ARE THE BEST PRACTICES TO DEAL WITH THE POTENTIAL FOR DERIVATION RIGHTS?

- THIS IS AN OWNERSHIP AND RIGHTS TRANSFER LEGAL ISSUE
- REQUIRES AN UNDERSTANDING OF OWNERSHIP AND ASSIGNMENT LAW
- AND CORPORATE PRACTICES

PATENT OWNERSHIP AND ASSIGNMENT SUMMARY

- In the U.S. an inventor owns “the product of [his] original thought” *United States v. Dubilier Condenser Corp.* (1933).
- Interests in patents are assignable, but an assignment must be in writing. 35 USC 261; *Sky Technologies LLC v. SAP AG* (Fed. Cir. 2009)

PATENT OWNERSHIP AND ASSIGNMENT SUMMARY

- An “inventor must expressly grant his rights in an invention to his employer if the employer is to obtain those rights” via assignment. *Stanford Univ. v. Roche* (2011).
- A mere agreement or promise to assign before “an invention [comes] into being,” is not an automatic assignment; does not convey legal title. *DDB Technologies, L.L.C. v. Mlb Advanced Media, L.P.* (Fed. Cir. 2008).

PATENT OWNERSHIP AND ASSIGNMENT SUMMARY

- Post start date employment agreements may fail, for lack of consideration. Cf. *Preston v. Marathon Oil* (Fed. Cir. 2012) (looking to state law to determine if continued at will employment is sufficient consideration).
- There is also an “implied-in-fact contract to assign patent rights” legal theory. *Teets v. Chromalloy Gas Turbine Corp* (Fed. Cir. 1996)

PATENT OWNERSHIP AND ASSIGNMENT SUMMARY

- “If the [employment] contract expressly grants rights in future inventions [sic; ***automatic assignment***], ‘no further act [is] required once an invention [comes] into being’” *DDB, supra, quoting FilmTec (Fed. Cir. 1991)*.
- State law (U.S. and non U.S.) generally governs ownership and construction of assignments. *Akazawa v. Link New Technology (Fed. Cir. 2008)*; *Euclid Chem. Co. v. Vector Corrosion Techs (Fed. Cir. 2009)*.

PATENT OWNERSHIP AND ASSIGNMENT SUMMARY

- However, “automatic assignment is ... treated as a matter of federal law” *DDB, supra*.
- You cannot assign what you do not own [legal title to]. *Abraxis Bioscience v. Navinta LLC*, (Fed. Cir. 2011)(en banc)
- "recording ... assignment [in the USPTO] creates a presumption of validity” *SIRF Technology v. ITC and Broadcom*, (Fed. Cir. 2010)

PATENT OWNERSHIP AND ASSIGNMENT SUMMARY

FOREIGN LAW CONSIDERATIONS:

- EPC Article 72 “assignment ... require[s] the signature of the **parties**....”)
- EPO BOA – You cannot obtain **priority**, unless you own the priority right, **before filing**, the EP application. T62/05; T 788/05
- UK - You cannot obtain **priority**, unless you own the priority right, **before filing**, the PCT application. *Edwards Lifesciences AG v. Cook Biotech Inc* (Patents Court, 2009)

PATENT OWNERSHIP AND ASSIGNMENT SUMMARY

- UK *Edwards* case – Foreign law issues:
- If the priority and PCT applicants differ, there may be no right of priority, *unless* that right was timely transferred.
- The priority right may be *unitary* in applicant entity. Later application by a different entity may require a pre-existing transfer of the priority right to the PCT applicant, *from all applicants of the priority application*.

➤ Attribution: Helpful discussions with attorneys from Harrison Goddard Foote, London

CORPORATE PRACTICE

AGREEMENTS AFFECTING IP RIGHTS

- EMPLOYMENT OFFER LETTERS
- FORM EMPLOYMENT AGREEMENTS
- FORM INVENTION DISCLOSURES
- FORM PATENT ASSIGNMENTS
- FORM NON DISCLOSURE AGREEMENTS (NDAs)
- FORM JOINT RESEARCH AGREEMENTS (JRAs)

EMPLOYMENT OFFERS

- DO NOT WAIT UNTIL AFTER AN EMPLOYEE AGREES TO, OR ACTUAL BEGINS, EMPLOYMENT, TO CLARIFY YOUR OFFER
- LACK OF CONSIDERATION
- PUT YOUR TERMS OF EMPLOYMENT, IP TERMS IN PARTICULAR, IN A FORM EMPLOYMENT OFFER

EMPLOYMENT AGREEMENT ASSIGNMENT CLAUSES

- INCLUDE *AUTOMATIC ASSIGNMENT* CLAUSE FOR INVENTIONS
- INCLUDE ALL OTHER PATENT ASSIGNMENT FORM CLAUSES (RIGHTS AND DUTIES, TO ASSIGNEE AND ITS SUCCESSORS IN INTEREST)
- DUAL SIGNATURES (FOREIGN RIGHTS)
- AFTER EMPLOYMENT BEGINS, ADDITIONAL CONSIDERATION OR “AS A CONDITION OF CONTINUED EMPLOYMENT”

EMPLOYMENT AGREEMENT DERIVATION CLAUSE

- THE GOAL IS TO AVOID PATENT DEFEATING PRIOR ART WHILE CAPTURING RIGHTS TO ALL INVENTIONS OBVIOUS IN VIEW OF CORPORATE INVENTIONS
- INCLUDE AUTOMATIC ASSIGNMENT OF DERIVATION RIGHTS

EMPLOYMENT AGREEMENT DERIVATION CLAUSE

- CAUTION – NO CASE LAW UNDER AIA ON AUTOMATIC ASSIGNMENT OF DERIVATION RIGHTS
- SEVERABILITY PROVISION – SEPARATE CLAUSE
- EXPLANATION OF PROVISION (AKA PROMPTED BY THE AIA)
- CHOICE OF LAW PROVISION

EMPLOYMENT AGREEMENT DERIVATION CLAUSE

- DEFINE DERIVATION RIGHTS IN THE CLAUSE
- EXAMPLE: “ALL INVENTIONS THAT WOULD HAVE BEEN OBVIOUS IN VIEW OF ALL INVENTIONS CONCEIVED BY ME AND DISCLOSED TO ME DURING THE COURSE OF MY EMPLOYMENT, NOT KNOWN PUBLICLY AT THE TIME MY EMPLOYMENT TERMINATES, WHEREIN OBVIOUSNESS IS EVALUATED AT THE TIME MY EMPLOYMENT TERMINATES.”

AUTOMATIC ASSIGNMENT OF *PATENT DISCLOSURE* CLAUSE

- THE GOAL OF THIS KIND OF PROVISION IS TO AVOID PATENT DEFEATING PATENT PRIOR ART DISCLOSURES
- A PATENT THAT IS PRIOR ART TO YOUR FILED APPLICATION BASED UPON ITS FILING DATE, MAY MAKE YOUR CLAIMS UNPATENTABLE
- BUT IF YOU OWN IT, THEN IT IS NOT PRIOR ART BASED UPON ITS FILING DATE
- MAY BE INEFFECTIVE WHEN YOU ACQUIRE ONLY A PARTIAL INTEREST (E.G., MULTIPLE INVENTORS)

INVENTION DISCLOSURE FORMS

- INCLUDE ASSIGNMENT OF DISCLOSED INVENTION
- INCLUDE ASSIGNMENT OF OBVIOUS VARIATIONS OF DISCLOSED INVENTION (DERIVATION CLAUSE)

EFFECT OF NDA

- DO NDAs HAVE THE SAME EFFECT UNDER THE AIA, AS UNDER PRIOR LAW?
- OLD LAW, 35 USC 102(a) “know or used by others”
- CASE LAW: By “known or used by others ...the legislature meant knowledge and use existing in a *manner accessible to the public.*” *Gayler v. Wilder*, (1850); see also *In re Schlittler*, (CCPA 1956).
- NEW LAW, 35 USC 102(a)(1) “otherwise available to the public...”

EFFECT OF NDA

- NDA IS CONTRACT THAT MAKES NDA DISCLOSURE **NOT** “AVAILABLE TO THE PUBLIC”
- NDA DISCLOSURES APPEAR TO NOT QUALIFY AS PRIOR ART UNDER NEW 102(a)

NDA DERIVATION ISSUES

- SAME ISSUES AS FOR EMPLOYMENT AGREEMENTS
- ALL OF ANOTHER'S PATENT DISCLOSURE MAY NOT HAVE ORIGINATED FROM YOU (ORIGINAL INVENTOR)
- ALL RIGHTS IN A PATENT APPLICATION NAMING THE PERSON TO WHOM YOU DISCLOSED MAY NOT BE IN THAT PERSON

DERIVATION CLAUSE LIMITS

➤ NDA including agreement of manufacturer to not "duplicate, produce, manufacture or otherwise commercially exploit . . . product[s] ***derived from*** or based on" designer's designs, insufficient to prevent manufacturer from competing with designer using a design around. *Contour Design, Inc. v. Chance Mold Steel Company Ltd.*, (1st Cir. 2012).

➤ NDA'S *DERIVATION CLAUSE* WAS INEFFECTIVE TO PROTECT AGAINST *COMPETITION*

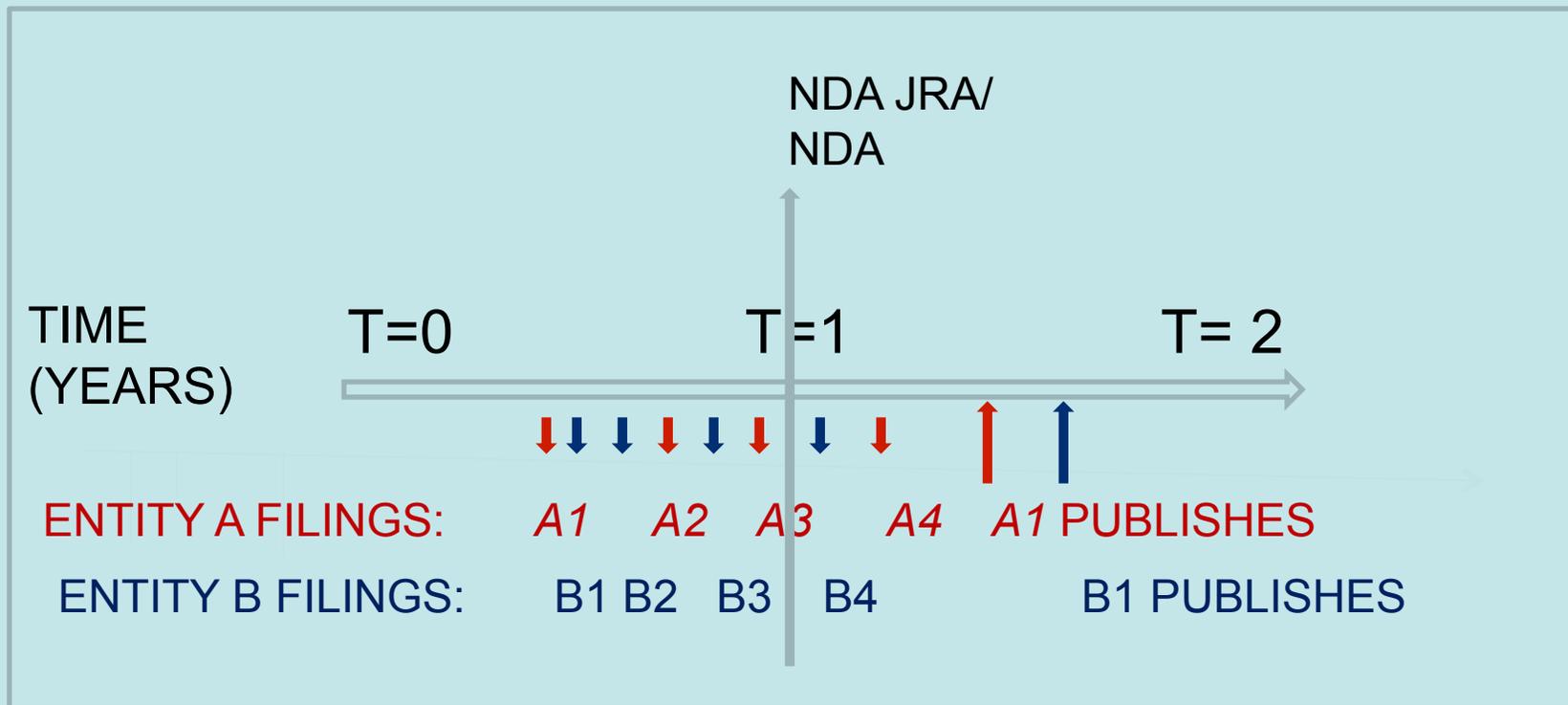
JOINT RESEARCH AGREEMENTS

- JRA DISCLOSURES, UNDER 102(c), TREATED AS IF COMMONLY OWNED (EXCEPTS UNPUBLISHED PATENT ART OF THE PARTIES)
- AIA CHANGES THE JRA EXCLUSION FROM DATE THE INVENTION MADE TO DATE THE CLAIMED INVENTION IS FILED
- CONCEIVED BUT UNFILED INVENTIONS EXISTING BEFORE THE JRA BENEFIT FROM JRA EXCLUSIONS FROM PRIOR ART, EVEN THOUGH FILED AFTER THE JRA EXISTS

JRA/NDA AGREEMENTS

- AFTER A JRA IS IN EFFECT, UNPUBLISHED PATENT APPLICATIONS OF THE PARTIES TO THE AGREEMENT WILL NOT BE PRIOR ART TO LATER FILED INVENTIONS
- ASSUMING THE JRA INCLUDES NDA PROVISIONS, DISCLOSURE UNDER THE JRA/NDA IS NOT “AVAILABLE TO THE PUBLIC” – NOT 102(a)(1) PRIOR ART.

NDA/JRA COMPARISON



NDA AT T=1: A1, A2, A3 EVENTUALLY PRIOR ART TO B4

JRA/NDA AT T=1: A1, A2, A3 WILL NOT BE PRIOR ART TO B4

NDA/JRA PRACTICES

- NDA DISCLOSURES MAY MOTIVATE A FOLLOW ON JRA/NDA
- PARTIES UNPUBLISHED APPLICATIONS DISCLOSE CLOSELY RELATED INVENTIONS
- NDA/JRA WILL “EXCEPT” THOSE EXISTING UNPUBLISHED APPLICATIONS FOR AFTER FILED INVENTIONS

NDA/JRA PRACTICES

- REMEMBER THE JRA SUBSTANTIVE REQUIREMENTS:
- 35 USC 100(h) (“written contract, grant, or cooperative agreement entered into by 2 or more persons or entities ***for the performance of experimental, developmental, or research work in the field of the claimed invention***”)

NDA/JRA PRACTICES

- JRA UNPUBLISHED PATENT EXEMPTION MAY ALLOW ONE JRA PARTNER TO “BOX IN” THE DISCLOSED IP OF THE OTHER JRA PARTNER
- DEGRADING THE VALUE OF THE PARTNER’S IP
- OUTSTANDING ISSUES OF DERIVATION LAW

JRA/NDA “BOX IN”

- **SMALL STARTUP SIGNS JRA WITH BIG MANUFACTURER**
- **SMALL DISCLOSES INVENTIONS**
- **BIG FILES A LARGE NUMBER OF APPLICATIONS FOR INVENTION SIMILAR TO SMALL'S**
- **BIG THERE AFTER LOSES INTEREST IN JOINT RESEARCH AND GENERALLY IGNORES SMALL**

NDA/JRA PRACTICES

- CONSIDER CLAUSES TO PROTECT RIGHTS OF DISCLOSER
- SPECIFYING OWNERSHIP OF DERIVED INVENTIONS
- COMMERCIALIZATION RIGHTS/LIMITATIONS
- MAINTAIN AN ACCURATE DISCLOSURE LOG

SHOWING PRIOR INVENTION – 130 AND 131 DECLARATIONS

- SEE 77 FR 43742 (2012) – PROPOSED RULES TO IMPLEMENT AIA FIRST INVENTOR TO FILE PROVISIONS
- RULE 1.130 – APPLICABLE TO POST AIA
- RULE 1.131 APPLICABLE TO PRE AIA

131 DECLARATIONS SHOWING PRIOR DATE OF INVENTION

- **RULE 1.131(e) - TRANSITIONAL PROCEDURE FOR PRE AIA EFFECTIVE FILING DATE CLAIMS IN POST AIA APPLICATIONS**
- **RULE 1.131(e) LIMITS APPLICABILITY OF ANTEDATING FOR SUCH A CLAIM TO ONLY 102(g) REJECTIONS**

130(a)-(e) DECLARATIONS SHOWING PRIOR DISCLOSURE BY INVENTOR

- **RULE 1.130 – PROVING PRE-FILING DATE DISCLOSURE UPON WHICH A REJECTION IS BASED, IS AN EXCEPTION UNDER 102**
- **PRIOR PUBLIC DISCLOSURE BY THE INVENTOR**
- **DISCLOSURE ORIGINATED FROM THE INVENTOR**

130(a)-(e) SHOWINGS TRACK REQUIREMENTS FOR EXCEPTIONS IN 102

- inventor “is in fact the inventor of the subject matter of the disclosure”
- Communication “of the disclosure to the [disclosing] party”
- “date of the [the inventor’s] earlier disclosure of the subject matter” and proof of the disclosed subject matter “with sufficient detail and particularity”

130(a)-(e) BURDEN OF PROOF AND PERSUASION

- "satisfactory showing" – PTO GUIDANCE IN THE FR
- WHERE DISCLOSURE IS A MULTI AUTHOR PUBLICATION - MPEP § 2132.01; *See In re Katz (CCPA 1982); In re DeBaun (CCPA 1982)*.
- UNEQUIVOCAL ASSERTION FROM INVENTOR
- REASONABLE EXPLANTION WHY PUBLICATION NAMES NON INVENTOR AUTHORS

130(a)-(e) BURDEN OF PROOF AND PERSUASION

- RULE 130 DOES NOT REQUIRE CORROBORATION. HOWEVER, A PETITION TO INSTITUTE A DERIVATION PROCEEDING, ***DOES REQUIRE CORROBORATION***. 37 CFR 42.405(c).
- CONSEQUENTLY, CORPORATED RECORDS OF DISCLOSURES SHOULD BE MAINTAINED AND CORROBORATED BY A NON INVENTOR

RULE 1.77(b)(6) - MOOTING 130(a)-(e) DECLARATIONS

- PROPOSED 1.77(b)(6):
- “The specification should include the following sections in order: ... (6) Statement regarding prior disclosures by the inventor or a joint inventor.”
- AVOID REJECTIONS, COST, AND DELAY

PTO COMMENTS ON PROPOSED RULE 1.77(b)(6)

- 77 FR 43746: “If the information provided by the applicant in this section of the specification is sufficient to comply with what is required in a § 1.130 affidavit or declaration regarding a prior disclosure (discussed below), ***then applicant would not need to provide anything further.***”
- AVOID REJECTION AND REQUIREMENT FOR A DECLARATION IN RESPONSE THERETO

1.130(a)-(e) - OPEN LEGAL QUESTION OF SUBSTANTIVE LAW

- HOW CLOSE DOES THE INVENTOR'S PRE FILING DISCLOSURE, THE RESULTING PUBLIC DISCLOSURE APPLIED AS PRIOR ART, AND THE CLAIMED INVENTION, HAVE TO BE, FOR THE PUBLIC DISCLOSURE TO BE EXCEPTED FROM PRIOR ART?
- CCPA ADDRESSED THE CORRESPONDING SITUATION FOR 131 DECLARATIONS

1.130(a)-(e) - OPEN LEGAL QUESTION OF SUBSTANTIVE LAW

➤CCPA ON 131 DECLARATIONS: “The question, then, is whether the rule of *Stryker* ought to be extended to a situation where the Rule 131 showing is not fully commensurate with the reference but renders the claimed invention obvious. We think *Stryker* is controlling in this situation as well,” *In re Spiller* (CCPA 1974).

1.130(a)-(e) - OPEN LEGAL QUESTION OF SUBSTANTIVE LAW

PTO COMMENT: EXACT CORRESPONDENCE

REQUIRED: “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) [and (2)(B)] does not apply.” 77 FR 43767, 69

1.130(f) – WHEN A DERIVATION PETITION WILL BE REQUIRED

“The Office may require the applicant to file a petition for a derivation proceeding pursuant to § 42.401 *et seq.* of this title if the rejection is based upon a U.S. patent or U.S. patent application publication of a patented or pending application naming another inventor and the patent or pending application claims an invention *that is the same or substantially the same as the applicant’s claimed invention.*”

LEGAL BASIS FOR PTO TO REQUIRE A DERIVATION PETITION IS UNCLEAR

- 102(f) -DERIVED PATENT PRECLUSION WAS REMOVED
- OBVIOUSNESS-TYPE DOUBLE PATENTING IS LIMITED TO COMMON OWNERSHIP
- 101 – “Whoever invents ... may obtain a patent therefor”

LEGAL BASIS FOR PTO TO REQUIRE A DERIVATION PETITION IS UNCLEAR

- IF THE INVENTOR EXCEPTS FROM 102 THE APPLIED PATENT DISCLOSURE, WITH A 1.130 DECLARATION, AND THE CLAIMS ARE NOT IDENTICAL, WHY *REQUIRE* A DERIVATION PETITION?
- IF A PATENT IS NOT A STATUTORY IMPEDIMENT TO ISSUANCE OF AN APPLICATION, WHY SHOULD THE PTO CARE?

RESPONSE TO A REQUIREMENT TO FILE A DERIVATION PETITION

- FILE THE PETITION
- TRAVERSE THE REQUIREMENT
- AMENDING THE CLAIMS TO AVOID THE REJECTION
- FILE BACKUP APPLICATIONS WITH CLAIMS THAT DO NOT DEFINE THE “*SAME OR SUBSTANTIALLY THE SAME*” INVENTION

WHETHER TO FILE A DERIVATION PETITION

- WHETHER TO FILE A PETITION FOR A DERIVATION PROCEEDING REQUIRES KNOWING THE NEW LAW OF DERIVATION EMBODIED IN NEW 35 USC 135 AND APPLYING THE LAW TO THE FACTS
- NEW 135 BUILDS ON PRE-EXISTING LAW OF DERIVATION AND BORROWS TERMS FROM THE PRE AIA 135(b) BARS TO INTERFERENCES

THE NEW INVENTION DERIVATION LAW

- 135 – DERIVATION PROCEEDINGS - USPTO
- 291 – DERIVED PATENTS – CIVIL ACTION
- NEW 135/291 FOR DERIVATIONS “REPLACE”
OLD 135/291 FOR INTERFERENCES

MEANING OF DERIVED

- 102(f) was a loss of rights provision, not a prior art provision, until *OddzOn Products, Inc. v. Just Toys, Inc.*, (Fed. Cir. 1997)
- *In Oddzon*, court was forced to conclude that a “resulting obvious invention” of “subject matter *derived* from another” was unpatentable to the deriver, based upon 102(f).
- Because 102(f) is repealed, *OddzOn*’s conclusion that obviousness applies to derivation, is uncertain.

ELEMENTS OF DERIVATION

➤ "To show derivation, the party asserting invalidity must prove both *prior conception of the invention* by another and *communication of that conception* to the patentee." *Gambro Lundia AB v. Baxter Healthcare Corp.* (Fed. Cir. 1997)(quoting from *Price v. Symsek* (Fed. Cir. 1993))

ELEMENTS OF DERIVATION

- The conception must be a “*prior, complete conception of the claimed subject matter.*” *Hedgewick v. Akers* (CCPA 1974) and cases cited therein.
- “Communication of a *complete conception* must be sufficient to *enable one of ordinary skill in the art* to construct and successfully operate the invention.” *Hedgewick, supra.*

BURDEN OF PROOF TWEAKED BY STATUTE

- New 135(b) requires “parties to provide sufficient evidence to prove *and rebut* a claim of derivation.”
- Legislative history suggests that addition of “and rebut” requires respondent to submit proof of conception, or the like.

135(a) SUBSTANTIVE BASIS FOR DERIVATION PETITION

- "inventor named in an earlier application *derived the claimed invention* from an inventor named in the petitioner's application"
- "*without authorization*, the earlier application claiming such invention was filed."

135(a) DERIVATION PETITION REQUIREMENTS

- Must be "set forth with particularity the basis for finding" derivation; "supported by substantial evidence"; "made under oath"
- Rule 42.405 also requires the petition to include a claim construction, and showings which "if unrebutted, would support a determination of derivation")

135(a) DERIVATION PETITION REQUIREMENTS

- Must be "filed only 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 application's claim to the invention"

135(a) INTERPRETATION

“same or substantially the same”

➤ Petitioner’s claim must be “*the same or substantially the same* as the earlier application’s claim to the invention” [sic]

➤ “*the same or substantially the same*”
APPEARS IN THE PRE AIA 135(b) LATE
COPYING BAR TO INTERFERENCES

135(a) INTERPRETATION

“same or substantially the same”

- *Ryan v. Young* (BPAI 2008)(non precedential informative opinion)(panel consisting of McKelvey, Torczon, and Lane)
- RYAN ADDRESSED WHETHER 135(b) BARRED COPIED CLAIMS BASED UPON AN APPLICATION PUBLICATION OF DIFFERENT CLAIMS. THE COPIED CLAIMS WERE IDENTICAL TO *AMENDED VERSIONS* OF THE PUBLISHED CLAIMS.

135(a) INTERPRETATION

“same or substantially the same”

➤ *Ryan*: “Between the extremes of (1) no amendment to the published claims prior [sic; to] issuance of a patent and (2) amendments that all would agree are major and substantial (e.g., to avoid the prior art), there are other possible amendments. How should we treat those amendments? In our view, an ***amendment which adds a non-material limitation to a published claim should keep the § 135(b)(2) bar alive, whereas an amendment which is material should not.*** We therefore interpret § 135(b)(2) to bar a claim only if the “the claim of an application [which is] published” ultimately (1) issues as published or (2) issues with no material changes.”

135(a) INTERPRETATION

“same or substantially the same”

➤ RULE 42.401 – “*Same or substantially the same means* patentably indistinct.”

➤ PTO COMMENT: “The final rule makes clear that in determining whether a petitioner has at least one claim that is the same or substantially the same as a respondent’s claimed invention (§ 42.405), **the petitioner must show that *the respondent’s claim is anticipated by or obvious over the petitioner’s claim.***” [sic] 77 FR 56072

135(a) INTERPRETATION

“the first publication”

- MUST BE "filed only within the 1-year period beginning on the date of *the first publication*"
- PTO COMMENT: “the first publication of a claim may be the publication by the USPTO of an application for patent, a U.S. patent, *or a WIPO publication* of an international application designating the United States” **REGARDLESS OF PUBLICATION LANGUAGE.** 77 FR 56073

135(a) INTERPRETATION

“the first publication of a claim”

- EXCLUDES PUBLICATION OF PETITIONER’S CLAIMS
- PTO COMMENT: “While the statute’s use of the phrase “a claim” is ambiguous inasmuch as it could include the petitioner’s claim as a trigger, such a broad construction could violate due process.” 77 FR 56070

135(a) INTERPRETATION

“the 1-year period”

PTO COMMENTS: “The time period for filing a derivation petition includes the one year anniversary date of the date of publication. ... If the one-year period expires on a Saturday, Sunday, or Federal holiday within the District of Columbia, the petition may be filed on the next succeeding business day. 35 U.S.C. 21(b).” 77 FR 56073

REGULATORY REQUIREMENT TO SHOW DERIVATION

PTO RULE REQUIREMENT: “Section 42.405(b)(3) (i) requires a petitioner to show, for each of the respondent’s claims, why the claimed invention is the same or substantially the same as (*i.e.*, patentably indistinct from) the **invention *disclosed to the respondent.***”

77 FR 56072

PTO ACTION ON A 135(a) DERIVATION PETITION

➤ IF YOUR PETITION MEETS THE PTO REQUIREMENTS THE DIRECTOR OR THE PTAB “MAY” DECLARE A DERIVATION PROCEEDING

➤ DIRECTOR OR THE PTAB WILL GENERALLY NOT DECLARE A DERIVATION PROCEEDING IF YOUR CLAIMS ARE NOT OTHERWISE ALLOWABLE. 77 FR 56069, CITING *BRENNER V. MANSON*, N.12 (1966)

PTO ACTION ON A 135(a) DERIVATION PETITION

- IF YOUR PETITION MEETS THE PTO REQUIREMENTS THE DIRECTOR OR THE PTAB “MAY” ALSO:
- DEFER ACTION ON THE PETITION OR GRANT PETITION AND STAY THE PROCEEDING
- ALLOW THE TARGET APPLICATION TO ISSUE AND OTHER PTO PROCEEDINGS INVOLVING THE TARGET PATENT TO CONCLUDE

291 - DERIVED PATENTS

- 35 USC 291 PROVIDES FOR A CIVIL ACTION FOR A PATENTEE TO CHALLENGE ANOTHER PATENTEE'S RIGHT TO ALLEGEDLY DERIVED CLAIMS
- HOWEVER, THE CONDITIONS REQUIRED FOR THE RIGHT TO A CIVIL ACTION ARE SO STRINGENT THAT THIS PROVISION WILL RARELY BE AVAILABLE

291(a) - SUBSTANTIVE CONDITIONS

➤ “The owner of a patent may have relief by civil action against the owner of another patent that claims the same invention and has an earlier effective filing date, if the invention claimed in such other patent was derived from the inventor of the invention claimed in the patent owned by the person seeking relief under this section.”

291(b) – TIME BAR

➤ 291(b) “An action under this section may be filed only before the end of the *1-year period* beginning on the date of 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.”

291 –LIMITATIONS ON AVAILABILITY

- THE PATENTS MUST CLAIM ***THE SAME INVENTION***
- THE DERIVER'S PATENT MUST HAVE AN EARLIER EFFECTIVE FILING DATE
- CIVIL ACTION MUST BE FILED ***WITHIN 1 YEAR OF ISSUANCE OF DERIVER'S PATENT***
- CONCLUSION: 291 NOT LIKELY TO BE AVAILABLE

ALTERNATIVE REMEDY TO A 291 CIVIL ACTION

➤ REISSUE APPLICATION + DERIVATION
PETITION IS AN EFFECTIVE ALTERNATIVE

“Consistent with 35 U.S.C. 135(a), as amended, § 42.403 provides that an applicant for patent may file a petition to institute a derivation proceeding in the Office. Further, as provided in § 42.401, the definition of ‘applicant’ includes a reissue applicant.” 77 FR 56079

BEST PRACTICES IN VIEW OF DERIVATION LAW

MAINTAIN CORPORATE DISCLOSURE RECORDS

- UPDATE INVENTION DISCLOSURES WITH INVENTOR PRE FILING DISCLOSURES
- HAVE A NON INVENTOR CORROBORATE AND MAINTAIN CUSTODY OF CORPORATE CONCEPTION AND DISCLOSURES RECORDS

THE END THANK YOU!

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APPENDIX I – MODEL DERIVATION ASSIGNMENT CLAUSES

➤ **AUTOMATIC ASSIGNMENT OF DERIVED RIGHTS CLAUSE:** I HEREBY ASSIGN TO [COMPANY] ALL MY RIGHTS TO ANY INVENTIONS THAT WOULD HAVE BEEN ANTICIPATED UNDER 35 USC 102 OR LEGALLY OBVIOUS UNDER 35 USC 103, AT THE TIME MY EMPLOYMENT WITH [COMPANY] TERMINATED, WHEREIN, FOR PURPOSES OF DETERMINING LEGAL OBVIOUSNESS UNDER 35 USC 103 OF SAID ANY INVENTIONS, ALL INVENTIONS CONCEIVED BY ME AND DISCLOSED TO ME BY ANYONE, UNDER CONFIDENCE DUE TO MY EMPLOYMENT BY [COMPANY], DURING THE TERM OF MY EMPLOYMENT WITH [COMPANY], IN ADDITION TO ALL PRIOR ART AVAILABLE UNDER 35 USC 102 AT THE TIME MY EMPLOYMENT WITH [COMPANY] TERMINATED, ARE DEEMED TO BE PRIOR ART AVAILABLE UNDER 35 USC 102.

➤ **AUTOMATIC ASSIGNMENT OF PATENT DISCLOSURE CLAUSE:** I HEREBY ASSIGN TO [COMPANY] ALL MY RIGHTS TO ANY PATENT AND ANY PUBLISHED PATENT APPLICATION CONTAINING DISCLOSURE OF ANY INVENTION (1) THAT WAS NOT PUBLICLY KNOWN AT THE TIME MY EMPLOYMENT WITH [COMPANY] TERMINATED AND THAT (2) WOULD MAKE AN INVENTION CONCEIVED BY ME OR DISCLOSED TO ME, UNDER CONFIDENCE, DURING THE TERM OF MY EMPLOYMENT WITH [COMPANY], ANTICIPATED UNDER 35 USC 102 OR LEGALLY OBVIOUS UNDER 35 USC 103, WHEREIN, FOR PURPOSES OF DETERMINING LEGAL OBVIOUSNESS UNDER 35 USC 103 OF SAID ANY PATENT AND ANY PUBLISHED PATENT APPLICATION, ALL INVENTIONS CONCEIVED BY ME AND DISCLOSED TO ME, UNDER CONFIDENCE DUE TO MY EMPLOYMENT BY [COMPANY], BY ANYONE DURING THE TERM OF MY EMPLOYMENT WITH [COMPANY], IN ADDITION TO ALL PRIOR ART AVAILABLE UNDER 35 USC 102 AT THE TIME MY EMPLOYMENT WITH [COMPANY] TERMINATED, ARE DEEMED TO BE PRIOR ART AVAILABLE UNDER 35 USC 102.

APPENDIX II – LIST OF SELECTED AUTHORITIES

- PUBLIC LAW 112–29—SEPT. 16, 2011 "LEAHY–SMITH AMERICA INVENTS ACT", 125 STAT. 284 (9/16/2012) referred to as the "AIA"
- 37 CFR Part 42, Changes to Implement Derivation Proceedings; Final Rule 77 FR 56068 (9/11/2012)
- 37 CFR Part 42, Office Patent Trial Practice Guide; Rule 77 FR 48756 (8/14/2012)
- 37 CFR Part 42, Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents; Final Rule 77 FR 48680 (8/14/2012)
- Changes To Implement Miscellaneous Post Patent Provisions of the Leahy-Smith America Invents Act, ACTION: Final rule. 77 FR 46615 (8/6/2012)
- 37 CFR Parts 1 and 41, Changes To Implement the Preissuance Submissions by Third Parties Provision of the Leahy-Smith America Invents Act; Final Rule 77 FR 42150 (7/17/2012)
- 37 CFR Part 1, Changes To Implement the First Inventor To File Provisions of the Leahy-Smith America Invents Act, ACTION: Notice of proposed rulemaking 77 FR 43742 (7/26/2012)
- 37 CFR Part 1, Examination Guidelines for Implementing the First-Inventor-to-File Provisions of the Leahy-Smith America Invents Act, ACTION: Request for comments 77 FR 43759 (7/26/2012)
- Matal, "A Guide to the Legislative History of the America Invents Act:" Parts I and II, 21 Federal Circuit Bar Journal 436 (2012); electronic copy at: <http://ssrn.com/abstract=2088887>
- AIPLA response to the USPTO Notice of Proposed Rulemaking entitled "Changes To Implement the First Inventor to File Provisions of the Leahy-Smith American Invents Act," 77 Fed. Reg. 43742, published on July 26, 2012 and in response to the Request for Comments on the "Examination Guidelines for Implementing the First Inventor to File Provisions of the Leahy-Smith America Invents Act," 77 Fed. Reg. 43759, published on July 26, 2012, posted by the USPTO at: http://www.uspto.gov/patents/law/comments/aipla_20121005.pdf