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November 17, 2011

Via Electronic Mail: aia_implementation@uspto.gov

The Honorable David J. Kappos
Under Secretary of Commerce for Intellectual Property
and Director of the United States Patent and Trademark Office
Mail Stop Comments - Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Attn: Janet Gongola, Patent Reform Coordinator

**Re: American Bar Association Section of Intellectual Property Law
Pre-Rulemaking Comments on the Implementation of the
America Invents Act**

Dear Under Secretary Kappos:

I am writing on behalf of the American Bar Association Section of Intellectual Property Law (the "Section") to provide comments in response to the request of the United States Patent and Trademark Office ("the Office") for pre-rulemaking comments on the America Invents Act. These comments have not been approved by the American Bar Association's House of Delegates or Board of Governors and should not be considered to be views of the American Bar Association.

Let me begin by again congratulating the Office and the Obama Administration on its steadfast support for the enactment of the America Invents Act. It represents a singularly important achievement for the Office, the Department of Commerce, and the Obama Administration. The task ahead for supporters of these patent reforms, including notably the Section, is to assure that the promise of the reform is realized in implementation. We, thus, commend the Office for its early and proactive planning for implementation and the continuing hard work in implementing this important and historic law.

The Section offers the following pre-rulemaking comments on what we believe to be important issues relating to implementation:

I. 35 U.S.C. § 102(a)(1) Qualification Criteria for Prior Art Subject Matter

The Section supports implementation of §102(a)(1) in a manner that is consistent with the plain meaning of the terminal limiting phrase, “or otherwise available to the public” appearing in new §102(a)(1) of title 35, United States Code, and with the relevant and confirmatory legislative history. Section 102(a)(1) imposes an overarching requirement for public accessibility. This “public accessibility” standard has developed through Federal Circuit jurisprudence. See *In re Lister*, 583 F.3d 1225 (Fed. Cir. 2009). To this end, the Section was an early supporter of provisions found in H.R. 2795 (109th Congress), which explicitly provided (see p. 5, line 18 through p. 6, line 17) that subject matter would be regarded as publicly known for the purposes qualifying as prior art only when it becomes *reasonably and effectively accessible*, either through its use or through its disclosure by other means where: (A) reasonable accessibility requires that the subject matter *can be accessed* by persons of ordinary skill in the art to which the subject matter pertains without resort to undue efforts and (B) effective accessibility requires that its content *can be comprehended* by persons of ordinary skill in the art to which the subject matter pertains without resort to undue efforts. While Congress ultimately elected not to burden title 35 with an extensive definition of public availability, the Section’s view is that does not diminish the clarity of the congressional intent to produce a transparent prior art standard keyed to public availability of any subject matter that might qualify under §102(a)(1) as prior art.

II. Grace Period

As the Office implements the “grace period” provisions of the AIA, the Section supports:

1. The “grace period” should apply to all the inventor’s work that is publicly disclosed during the grace period, *e.g.*, the term “obtained” should be construed to encompass subject matter obtained from the inventor either legitimately or illegitimately.
2. The term “disclosed,” which now appears in new §103 as the exclusive means by which subject matter can qualify as prior art, must, therefore, encompass all means and methods by which a disclosure might be accomplished, *e.g.*, through a patent filing, through a description in a document, and through display or other use.
3. The terms “directly or indirectly” are adverbs modifying the adjectival prepositional phrase “from the inventor or a joint inventor” and, therefore, must be given a broad construction to encompass any indirect means through which the subject matter disclosed might have become available to the public under §102(a)(1).
4. The various occurrences of the words “subject matter” in the statute need to be given a consistent meaning. The term “subject matter” at each occurrence in the statute continues to exclude variations or extensions of such subject matter, including subject matter that might qualify as being different in merely obvious ways or other insubstantial changes. This construction of the term

5. This same principle applies to the so-called “first public disclosure” provisions in §102(b)(1) and §102(b)(2) in which a subsequent public disclosure or patent-filing disclosure of the subject matter that an inventor had earlier publicly disclosed is disqualified as prior art. However, variations, refinements and extensions of such subject matter, if they are publicly disclosed before the inventor seeks a patent, cannot be excepted from the prior art under §102(b)(1)(B).

III. Supplemental Examination

The requirements regarding the form and content of a request for supplemental examination should facilitate the use of this remedial proceeding before the Office. Thus, it should require information that would match the requirements imposed for a patentee-filed request for *ex parte* reexamination. The Central Reexamination Unit (CRU) should be the PTO body that evaluates requests for supplemental examination because of its experience and familiarity with the “substantial new question of patentability” standard. The definition of “material fraud” in 35 U.S.C. § 257(e) should be defined carefully and with a suitable threshold, *i.e.*, a threshold that reflects the language of the statute requiring a separate finding of the materiality of a fraud before a referral may be made. At a minimum, if the suspected fraudulent activity does not meet both the materiality and intent elements for inequitable conduct, as articulated by the courts (*see Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276 (Fed. Cir. 2011) (en banc)), then the Office should not consider the activity to constitute a material fraud.

IV. Inter-Parties Review

Under § 314 of the IPR section of the statute, the Director may not authorize an *inter partes* review unless the Director determines that “there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” Leahy-Smith America Invents Act, H.R. 1249, 112th Cong. § 6(a) (2011). Given that the *inter partes* review may occur at any time during the patent term other than the 9 month period following grant for petitioning for Post Grant Review and the pendency of any such review, the standard should be sufficiently high to reflect the vested property right of the patent owner, which should not be placed into the proceeding in the absence of allegations materially higher than the substantial new question of patentability.

Merger should not be permitted between *inter partes* review and *ex parte* reexamination. As noted above, the standard for initiating *ex parte* reexamination (substantial new question of patentability) is lower, and *ex parte* reexamination remains in the hands of the Central Reexamination Unit (unlike IPR which will be a Board proceeding). It would be unfair to allow requesters to "back door" additional rejections through a much more liberal *ex parte* reexamination portal.

V. Relation of Inter-Parties Review to Other Proceedings or Actions

Section 315(d) of the IPR portion of the statute would appear to permit a suspension of an *ex parte* reexamination proceeding in favor of an ongoing *inter partes* review proceeding. In the interests of administrative efficiency, § 315(d) encourages the PTO to stay any *ex parte* reexamination request filed during an ongoing *inter partes* review proceeding. Such a stay would not exceed the statutory period for an *inter partes* review. A patentee should not have to deal with two independent proceedings within the Office. For this same reason, the AIA precludes simultaneous post-grant review and *inter partes* review proceedings.

Under § 315(e)(1), the petitioner in *inter partes* review will be estopped from requesting or maintaining a subsequent PTO proceeding on any ground that was raised or reasonably could have been raised in the IPR. Given that anonymous requests for *ex parte* reexamination are permitted, this begs the question of how the PTO will ensure compliance with the estoppel provision. The PTO may want to consider the promulgation of rules to prevent or deter abuse of the system in this fashion.

The Office may limit *inter partes* review filings in the first four years based on FY 2011 numbers. If a petitioner comes to the Office as an active defendant in an ongoing litigation, that petitioner will have 12 months to initiate IPR. If the petition is denied based on an exceeded quota for the year, the delay may effectively preclude the petitioner from seeking to initiate IPR altogether. The PTO should consider rulemaking to address this potential dilemma.

VI. Sealing of Materials

Under § 316(a)(1), the PTO is directed to promulgate rules allowing for the filing of motions to seal, alluding to the fact that the entire petition could be kept under seal. In the interest of maintaining a complete and understandable file history for public notice purposes, motions to seal should be granted only to protect truly sensitive information; parties should be required to redact sensitive information rather than seeking to seal entire documents where possible.

VII. Derivation Proceedings – Period for Filing

The deadline for petitioning to institute a derivation proceeding under § 135(a) is the following: "Any such petition may 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...."¹

This provision as drafted with a reference to "the earlier application," knowing that such a reference is not entirely free from ambiguity. Since the intent is that the petitioner in a derivation action would be the patent applicant for which the "earlier application" would constitute §102(a)(2) prior art, absent the §102(b)(2)(A) exception, the clear intent that should be reflected in any rulemaking is that the "earlier application" should be any application that meets such §102 criteria and would qualify, unless excepted, as prior art.

The next issue that arises is whether the 1-year would run from the petitioner publication date or the earlier application's publication date. The Section submits that 1-year should run from the earlier application's publication date. It appears clear from the new statute that only applicant-applicant derivation proceedings are contemplated, absent a determination by the Office to first issue an earlier application (the putative "prior art" application as a patent before initiating the derivation proceeding. Given, however, that there may be exceptions to this rule (an application issues in less than one year from publication), the Office should clarify that one-year period begins to run from the earlier application's (putative "prior art" application's) publication of a claim to the same patentable invention that is being claimed in the application of the petitioner.

VIII. Derivation Proceedings – Standard for Initiating Proceedings

Section 135(a) authorizes the Director to institute derivation proceedings whenever the Director determines that the "standards are met," and Section 135(b) directs him to "prescribe regulations setting forth standards for the conduct of derivation proceedings." Leahy-Smith America Invents Act, H.R. 1249, 112th Cong. § 3(i) (2011). Both provisions are silent as to what the standards are, however. The current legal standard for derivation in interference proceedings requires that every element in a claimed invention be conveyed to the alleged deriver in order for a claim of derivation to succeed. In order to avoid creating a loophole in the derivation provisions, the Office, while affirming that the pre-AIA interference standard will apply to derivation proceedings, should provide a specifically sanctioned pathway for dealing with the situation where "non-conveyed" elements of a claimed method or system are elements that were known in the prior art are elements of the claimed invention of the "earlier application." Absent a pathway for contesting derivation in this setting, an alleged deriver could escape an allegation of derivation by claiming the entire method or system, and then opposing the allegation of derivation by maintaining that the entire invention was never conveyed to the alleged deriver. Therefore, the regulations should provide that a sufficient basis for instituting a derivation proceeding will arise when the petitioner (*e.g.*, through a continuation-in-part application) has added disclosure sufficient to incorporate such prior art elements and that makes a claim to entitlement to benefit of the "earlier application" on the ground it is entitled to be named as an inventor or a joint inventor of the "earlier application," and, thus, is properly entitled to a claim for benefit under §120

¹ Leahy-Smith America Invents Act, H.R. 1249, 112th Cong. § 3(i) (2011).

of the “earlier application.” Such a procedure is consistent with the provisions in §135(b) under which the Office is given express authority to correct inventor naming, *i.e.*, “In appropriate circumstances, the Patent Trial and Appeal Board may correct the naming of the inventor in any application or patent at issue.”

The Section looks forward to working with the Office as it implements the AIA. If you should have any questions or we can be of further assistance, please do not hesitate to contact us.

Sincerely,

A handwritten signature in cursive script that reads "Bob Armitage".

Robert A. Armitage
Section Chairperson
American Bar Association
Section of Intellectual Property Law