Patent Reform Act of 2010: Problems and Pitfalls

Jay H. Anderson
Counsel
Wiggin and Dana LLP
New Haven, CT

The latest version of the proposed Patent Reform Act of 2010 was released on March 4, 2010 in the form of a Manager's Amendment to S. 515.[1] The proposed changes to U.S. patent law include new conditions for patentability under a "First Inventor to File" (FITF) system; a new post-grant review procedure in addition to inter partes reexamination (renamed "inter partes review"); and removal of § 112 best mode as a basis for attacking validity. These three changes can have unintended consequences and present problems for practitioners.

I. FIRST INVENTOR TO FILE (FITF)

The proposed new § 102(a)(1) sets far-reaching conditions for novelty: A claimed invention cannot be patented if it was patented, described in a printed publication, in public use, on sale, or "otherwise available to the public" before the effective filing date of the application.[2] This new section makes no distinction between a disclosure by the inventor and a disclosure by anyone else, nor any distinction between disclosures in this country and disclosures made elsewhere. The term "otherwise available to the public" is not explained; it may apply to descriptions that do not appear in print. If so, a purely verbal description of the invention, made to a single listener, could destroy novelty.

A claimed invention also cannot be patented under the new § 102(a)(2) if it was described in a patent or published application "naming another inventor" and based on an application with an earlier effective filing date.[3] The term "naming another inventor" seems to refer to any inventive entity different from that of the claimed invention.

Exceptions to these conditions are given in the new § 102(b); this section retains a one-year grace period before the effective filing date of the invention.[4] During this one-year period, a disclosure by the inventor will not be prior art; a disclosure by another will also not be prior art, provided the inventor made a previous public disclosure. (But if that previous disclosure by the inventor was

---

[1] Patent Reform Act of 2010, S. 515, 111th Cong. (Amendment GRA10134) § 1 *et seq.* (2010).
[2] S. 515, § 2(b)(1); *compare* 35 U.S.C. §§ 102(a), 102(b) (2006).
[3] S. 515, § 2(b)(1); *compare* 35 U.S.C. § 102(e) (2006).
[4] S. 515, § 2(b)(1).

more than a year before the effective filing date, the inventor has created his own bar to patentability.)

In this FITF system, priority of invention is no longer relevant, but priority of disclosure often becomes critical. Consider this sequence of events:[5] (1) Inventor A invents; (2) Inventor B purportedly invents the same thing later; (3) B discloses; (4) A discloses; (5) B files an application within one year of his/her disclosure; (6) A files an application. A's disclosure will not be prior art for B, because of B's earlier disclosure. However, B's disclosure will be prior art for A, and A thus will not obtain a patent.[6]

Suppose the order of filings were reversed, with A being first to file: B's earlier disclosure would still be prior art for A, and A still would not obtain a patent. (In this case, when A's earlier application is eventually published, that publication will be prior art for B.)

In both of these sequences of events, the first inventor (inventor A), who is the only actual inventor under current law, fails to obtain a patent due to an earlier disclosure by B. Neither being first to invent (FTI) nor first to file (FTF) is helpful to A. Instead of FITF, it would be accurate to call this proposed system first-to-disclose (FTD).[7] An unintended consequence of adopting FTD is that it maximizes opportunity to game the patenting system.

Inventor A's best strategy to nullify B's opportunity to patent would be to make his own public disclosure soon after inventing. This would, of course, unfortunately prevent A from obtaining a patent in "absolute novelty" countries. Under these circumstances, a good overall strategy, preserving patentability in the U.S. and elsewhere, would be to: (1) file a provisional application; (2) make a public disclosure as soon as possible thereafter; (3) file a non-provisional application, or convert the provisional application, within one year.[8]

The proposed FITF system, and indeed the term "first inventor to file," raises questions of logic and policy. There can be no dispute that for every invention, there is an inventor. Someone has to be first to make an invention, and that person deserves the title of "inventor." The term "first inventor" is redundant, while "second inventor" is an inherent contradiction.[9] The definition of "inventor" in § 100(f) of the Patent Reform Act is not helpful: "The term 'inventor' means the individual ... who invented or discovered the subject matter of the invention."[10] This merely states in a circular fashion that "an inventor is

---

[5] D. Crouch, *First to Disclose: A Caveat to the Patent Reform Act of 2010,* Patent Law Blog (Patently-O), *at* http://www.patentlyo.com (March 8, 2010).
[6] D. Crouch, *First to Disclose,* comment by Dennis Crouch.
[7] D. Crouch, *First to Disclose,* comment by Brad Pedersen.
[8] *Id.*
[9] Dale L. Carlson, *Scrap the Patent Reform Bill,* Nat'l L.J., March 15, 2010, *available at* http://www.wiggin.com.
[10] S. 515, § 2(a).

one who invents" with no attempt to clarify what actually is meant by "inventor", much less "first inventor."

In an attempt to make room for a "second inventor," the Patent Reform Act changes the wording, prescribed in § 115, of the inventor's oath.[11] Instead of the present "I believe I am the original and first inventor", the new oath is worded "I believe I am the original inventor." The words "and first" have been removed. One may wonder how the "original" inventor may be other than the "first" inventor. If an individual making this oath is not both the "first" and "original" inventor, one should ask whether rewarding that individual promotes the public policy underlying the patent statutes, namely to promote the progress of the useful arts.[12]

The public policy behind the present FTI system is familiar but bears repeating: Reward the person who is the true – first *and* original – inventor (absent abandonment, concealment or suppression), since that reward will motivate disclosure of the invention, thus facilitating the patent statutes' goal to promote the useful arts. The argument in favor of a FTF system primarily focuses on harmonization with other countries.[13] The proposed FITF system, in abandoning priority of invention and replacing it with priority of disclosure, seems to comport with neither policy.

II. POST-GRANT REVIEWS

The Patent Reform Act provides for a new post-grant review process (§ 321 *et seq.*), by which a non-owner of a patent may seek to have one or more claims canceled as unpatentable.[14] A petition for this post-grant review must be filed not later than nine months after the grant of the patent. The petition may based on any ground that could be raised under § 282(b)(2) or § 282(b)(3) – that is, any ground relating to invalidity of a claim. Patents, printed publications, and other evidence (including expert opinions) may be included in the petition. The standard for instituting a review process is whether the petition "demonstrate[s] that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable."[15] The "substantial new question of patentability" standard has

---

[11] S. 515, § 2(a); *compare* 35 U.S.C. § 115 (2006).

[12] *See* D. Simon, *The First-to-File Provisions of the Patent Reform Act of 2005 Violate the Constitution's Intellectual Property Clause,* Social Science Research Network, *at* http://papers.ssrn.com/sol3/papers.cfm?abstract_id=841404 (November 10, 2005), p. 11 (quoting *A.F. Stoddard & Co. v. Dann,* 564 F.2d 556, 562 (D.C. Cir. 1977)).

[13] D. Simon, *The First-to-File Provisions,* p. 2.

[14] S. 515, § 5(d).

[15] *Id.*

been discarded.[16] The review is conducted by a newly formed Patent Trial and Appeal Board (PTAB).

The Patent Reform Act also retains the inter partes reexamination process, renaming it "inter partes review" (§ 311 *et seq.*). A non-owner of a patent may petition to have one or more claims canceled as unpatentable. However, this petition can be filed only after nine months after the patent grant or after termination of the new post-grant review, whichever is later. Unlike the new post-grant review, inter partes review is limited to grounds that could be raised under § 102 or § 103, and then only on the basis of prior art patents or printed publications. The standard for instituting a review is whether the petition "shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition."[17] This standard replaces the "substantial new question of patentability" standard in existing inter partes reexaminations.[18] As in the new post-grant review process, the review is conducted by the Patent Trial and Appeal Board.

These two procedures have several similarities but also have confusing differences. The new post-grant review has a broader scope, since it permits challenge to a patent based on any invalidity ground under § 282(b)(2) or § 282(b)(3), as opposed to being limited to grounds that could be raised under § 102 or § 103. The new post-grant review also gives the petitioner more latitude in presenting evidence. The standards for instituting review appear different, and confusingly so. Comparing "more likely than not that at least 1 of the claims ... is unpatentable" and "a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims" leads one to wonder if they indeed differ, and if so to what extent.[19] Absent future litigation, no one can know for certain.

A petitioner clearly is permitted to seek an inter partes review after termination of a post-grant review. However, it is not clear that any new ground, not already covered in the post-grant review, could be raised. Furthermore, the post-grant review estoppel provisions state (§ 325(d)(1)) that a post-grant review petitioner may not maintain a proceeding before the PTO "with respect to a claim on any ground that the petitioner raised or reasonably could have raised during a post-grant review".[20] Since inter partes review is a "proceeding" and the available grounds are narrower than in post-grant review, it is not clear that inter partes review could go forward.

---

[16] S. McKeown, *Post-Grant Review Changes to S.515,* Patents Post Grant Blog, *at* http://www.patentspostgrant.com (March 5, 2010).
[17] S. 515, § 5(a).
[18] 37 C.F.R. § 1.923 (2008).
[19] S. McKeown, *Post-Grant Review Changes to S.515.*
[20] S. 515, § 5(d).

There is no ready explanation why two post-grant procedures, both conducted by the PTAB and having the same general purpose, should be implemented to operate side by side (or one after the other) when a single procedure might suffice.

III. BEST MODE

The Patent Reform Act singles out one requirement of § 112 – the best mode requirement – as having no prospective weight in framing an invalidity defense to patent infringement: "[F]ailure to disclose the best mode shall not be a basis on which any claim of a patent may be canceled or held invalid or otherwise unenforceable."[21] Best mode is still a requirement under § 112 for a valid patent, but a patent's validity cannot be attacked if the best mode is not disclosed.

This change presents a public policy problem, and potentially an ethical pitfall for the practitioner. If a specification lists several embodiments, and the inventor has found that only one promises commercial success, the inventor may choose to hide that fact.[22] If the inventor insists on obscuring the best mode, that aspect of the disclosure will be missing, and the quality of the teaching in the patent suffers. Effectively, the inventor claims to have made progress in the useful arts, but then refuses to point the way. One skilled in the art, wishing to practice the invention, would be forced to undertake experiments to discover the best mode. Here is an ethical dilemma for the practitioner: When preparing the specification the practitioner has an obligation to the client, but also has an ongoing duty of good faith in dealing with the PTO.[23] It might indeed be in the client's interest to keep aspects of the invention to himself, but the public interest—the public's interest in a complete and useful teaching—is not well served.

IV. CONCLUSION

Enactment of the provisions relating to FITF, post-grant review, and best mode will negatively affect the U.S. patent system, and is not in the public interest. Abandonment of the FTI system may reduce the incentive to invent, and may also raise Constitutional issues. A new post-grant review process, in addition to the existing inter partes review, may introduce confusion and uncertainty. Reducing the effectiveness of the best mode requirement will degrade the quality of patents. None of these results will be helpful to the future of our patent system or our profession.

---

[21] S. 515, § 15(a).
[22] Dale L. Carlson, *Scrap the Patent Reform Bill.*
[23] 37 C.F.R. § 10.85(a)(3)(2008); 37 C.F.R. § 1.56 (2008).