

## Landmark Changes to U.S. Patent System Almost Here

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### First-inventor-to-file provisions of the America Invents Act take effect March 16

Ready or not, it's almost here: As we have been communicating for a while now, the United States will officially shift to a first-inventor-to-file (FITF) system on March 16, 2013 (the transition date). This fundamental change will award patents to the first inventor to file at the U.S. Patent & Trademark Office (USPTO) rather than award patents to the first inventor, which is the case under the current first-to-invent (FTI) system. Other notable changes include the scope of applicable prior art and the availability of derivation proceedings at the USPTO. This alert reviews some of the more salient aspects of these changes to assist our clients in their continuing assessment of how these changes may affect both their short- and long-term patent filing strategies.



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### THE TRANSITION PERIOD

The system change presents a unique issue in how to determine whether a particular patent application is subject to the old system or the new system. Most new applications filed on or after the transition date will be subject to the new FITF system, and existing applications will still generally be subject to the old FTI system. However, new applications filed on or after the transition date that have a priority claim that "straddles" the transition date by claiming priority to an application filed prior to the transition date will generally be subject to the old FTI system.

These "transition" applications must contain claims with an effective filing date before the transition date to be subject to the old FTI system. If a transition application contains or at any time contained a claim with an effective filing date on or after the transition date, then the transition application and all of its claims will permanently become subject to the new FITF system. This remains true even if claims with effective filing dates under the new system are later canceled. Clients should be aware of this permanent effect when prosecuting continuation applications and may wish to consider taking proactive steps to ensure that the chain of priority for applications intended to be prosecuted under the old system does not include applications intended to be prosecuted under the new system.

The final USPTO rules for implementing the new FITF system, published Feb. 14, 2013, specify additional requirements for transition applications. If a transition application contains, or contained at any time, a claim with an effective filing date after the transition date, the USPTO would generally require the applicant to provide a statement to that effect within certain time frames. This statement is intended to inform the USPTO as to whether a particular transition application is subject to the new FITF system. There are a few exceptions where a statement is not required, such as:

- When an applicant reasonably believes that a transition application does not, and did not at any time, contain a claim with an effective filing date on or after the transition date;
- If a transition application only claims subject matter disclosed in an earlier application; or
- If a transition application only claims priority to an application subject to the new FITF system.

### CHANGED SCOPE OF PRIOR ART

The patent statutes defining prior art have changed dramatically. Prior art under the new FITF system is now in large part defined under 35 U.S.C. § 102(a). This statute defines prior art with reference to the effective filing date of the claimed inventions in the applications, not the dates of invention. It is no longer possible to swear behind a prior art reference because the date of invention is no longer pertinent. This represents a potential vast expansion of the scope of prior art available against applications under the new system.

Under the new FITF system, prior art generally includes disclosures available to the public anywhere in the world before the effective filing date of the application, including patents, published applications, non-patent printed publications, evidence of public use, evidence of being on sale, or other disclosure that is “otherwise available to the public.”

There is no longer any distinction between U.S. and foreign documents and activities under the new system for purposes of defining prior art. Accordingly, it is possible that applications subject to the new FITF system having foreign priority dates may avoid certain prior art references that could not have been previously avoided under the old FTI system. In this limited regard, the scope of prior art under the new system may actually be smaller than the old system.

In addition to the changed scope of prior art outlined above, the FITF system also provides for several grace period exceptions that will prevent certain types of disclosure from being considered prior art despite the fact they would otherwise qualify as such. One class of exceptions applies to all types of disclosures while another applies only to patent publications.

### **Grace Period Exceptions Related to All Types of Disclosures**

Several exceptions now exist under 35 U.S.C. § 102(b)(1) as to what may be considered prior art, including a one-year grace period for disclosures by an inventor, disclosures of subject matter obtained from an inventor, or third-party disclosures of the same subject matter as an inventor’s previous public disclosures.

In particular, the following disclosures may be excluded from prior art if they are made within the grace period:

- Inventor-based public disclosures (i.e., disclosures made by an inventor or made by another person who directly or indirectly obtained the subject matter of the disclosure from the inventor); and
- Third-party intervening public disclosures made after an inventor-based public disclosure. Under the final USPTO rules, an affidavit or declaration may be required in order for applicants to avail themselves of these exceptions.

The final USPTO rules clarified that in the case of a third-party intervening disclosure, the intervening disclosure and the inventor-based disclosure do not have to be in the same manner and do not have to be verbatim. For example, the inventor-based disclosure could be in a slide presentation at a scientific meeting and the intervening disclosure could be in a published journal, and the intervening disclosure may be excluded from being prior art. Moreover, the intervening disclosure may be excluded from being prior art if the intervening disclosure is a more general description of the inventor-based disclosure.

While the grace period under the new system has similarities to the grace period under the old system, applicants should be cautious in relying upon the grace period instead of filing an application. It is likely that the statute and final rules related to the grace period will be the subject of future litigation, which may affect how the statute and final rules are practically applied.

### **Exceptions Related to U.S. Patents, U.S. Published Applications, & PCT Published Applications**

New exceptions now exist under 35 U.S.C. § 102(b)(2) as it relates to U.S. patents, U.S. published applications, and PCT published applications designating the U.S., including third-party patents or applications having disclosures of subject matter obtained from the inventor, or third-party patents or applications of the same subject matter as the inventor’s previous public disclosures.

In particular, the following may be excluded as prior art:

- Third-party U.S. patents, U.S. published applications, or PCT published applications that include subject matter directly or indirectly obtained from an inventor; and
- Third-party intervening U.S. patents, U.S. published applications, or PCT published applications made after an inventor-based public disclosure.

There is no grace period requirement for these exceptions. Similar to the grace period exceptions discussed previously, an affidavit or declaration may be required in order for applicants to avail themselves of these exceptions.

## **DERIVATION PROCEEDINGS**

Under the new system, it no longer matters who the first inventor is, but rather who the first inventor to file is. Accordingly, interference proceedings under the old FTI system will be replaced by derivation proceedings as of the transition date for applications subject to the new FITF system. Derivation proceedings are trial proceedings conducted at the Patent Trial and Appeal Board (PTAB) of the USPTO and are intended to “ensure that the first person to file the application is actually a true inventor.”

A derivation proceeding will determine who is the true inventor, rather than who is the first inventor. Derivation proceedings must be filed within one year of the publication of the claim that is the same or substantially the same as the claim in question. Although it is too early to be certain, it appears that derivation proceedings will be difficult and burdensome for a petitioner to prevail in, at least when compared to interference proceedings under the old system. Accordingly, applicants will want to avoid the possibility of having to rely on derivation proceedings to obtain patent rights in their inventions by filing applications before any disclosures are made, even under non-disclosure agreements.

## **CONCLUSION**

The implementation of the new FITF system on March 16, 2013 represents a fundamental shift in the nature of the U.S. patent system. As a reminder, filing applications as quickly as possible may be advisable to preserve maximum rights, and should also be considered before interactions with third parties. The filing of provisional applications may be useful in this regard as long as the provisional applications have sufficient disclosure to support claims in later-filed non-provisional applications. Non-disclosure or confidentiality agreements should continue to be used when sharing information with third parties, bearing in mind their limitations under the new system, which that stresses filing priority, not inventor priority. In case a grace period or other prior art exception needs to be invoked during patent prosecution, communications with third parties and documentation of any public disclosures should be tracked and recorded.

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