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The Committee deserves high praise for moving forward with patent reform initiatives left unfinished by the Leahy-Smith America Invents Act – and particular praise for its process over the past five months, notably the publication of two discussion draft bills that have provided a diverse spectrum of interests within the patent community the opportunity to offer input and commentary. H.R. 3309, the subject of today’s hearing, was introduced just six months after the AIA came fully into effect on March 16. Today’s hearing builds on the AIA’s historic reforms with a dual focus. Sections 3-6 of H.R. 3309 lay out what would be significant changes to the manner in which patent infringement actions are litigated, while section 9 offers (among other provisions) a set of enhancements to the AIA’s core provisions.

Any legislative effort aimed at improving the plight of the litigants in patent infringement lawsuits, and by far the most important piece of unfinished “patent reform” business otherwise, lies in enhancing the capabilities of the United States Patent and Trademark Office. The efforts of the Office to enhance the quality of patent examination, and build capabilities needed to meet the new demands that the AIA has imposed on the Office, are disrupted because user fee collections are not reliably available to the Office, *e.g.*, on account of sequestration. While I offer no suggestions or solutions for the Committee to consider, permanently fixing the issues with financing of USPTO operations can reduce the patent litigation burden arising when issuing questionable patents gives rise to non-meritorious claims of infringement.

A second opportunity for the Committee to secure needed improvements in the legal ecosystem in which patents are litigated lies in completing the unfinished reform agenda from the AIA, including the remaining recommendations of the National Academies from its seminal 2004 report on the patent system. H.R. 3309’s laudable efforts in this respect are found in section 9 of the Act. The Committee should consider additional improvements to the operation of the U.S. patent system that could be achieved through further reforms. These additional reforms might include:

1. Codifying an exception to patent infringement for experimental uses of the patented invention.
2. Completing the transparency of the patent examining process under the AIA by removing the election to exempt a patent filing from the mandatory publication of pending patent applications at 18 months from the original patent filing date.
3. Completing the AIA’s repeal of the “best mode” requirement, consistent with the National Academies’ recommendation that patentability criteria should be objective and that our patent laws should reflect international “best practices.”
4. Confirming the AIA’s repeal of the “loss of right to patent” provisions in § 102(a)(1) of the new patent code, as well as the enactment of an overarching requirement for public accessibility to limit the subject matter that can qualify as prior art.

As to patent litigation reform as such, a clear consensus exists across the patent community today that meritorious patents should be more easily, inexpensively and predictably enforced – and patents lacking merit should be more easily, inexpensively and predictably eliminated. Sections 3-6 of H.R. 3309 contain provisions that provide a starting point for redressing the sad state of affairs that exists under current U.S. patent law and practice – enforcement of a valid patent, or pursuit of a winning defensive to a manifestly invalid patent, can each be an economically irrational choice on account of the delays, costs and unpredictability of doing so under the rules and procedures defining the conduct of patent litigation.

H.R. 3309 contains specific provisions that would enhance pleading requirements, shift liability for attorney’s fees, reign in discovery, and offer relief to customers sued for patent infringement who may have no practical ability to defend themselves against patent infringement charges. These are topics that should highlight any comprehensive patent reform effort. As with all attempts to achieve well-crafted measures worth of broad support, the devil in forging litigation improvements lies in the details. Today’s hearing holds the promise of being an essential step forward to identify the specific parameters that might define a broad reform consensus, permit H.R. 3309 to be further refined by the Committee, and set the foundation for another piece of historic legislation enhancing our Nation’s patent system.

## Robert A. Armitage

Robert A. Armitage is a consultant on IP Strategy & Policy. He was born in Port Huron, Michigan, and received a Bachelor of Arts degree in physics and mathematics in 1970 from Albion College. He received a master's degree in physics from the University of Michigan in 1971 and a Juris Doctor from the University of Michigan Law School in 1973. Armitage served for a decade as senior vice president and general counsel for Eli Lilly and Company, prior to which he was Lilly's vice president and general patent counsel. Before joining Lilly in 1999, Armitage was chief intellectual property counsel for The Upjohn Company from 1983 to 1993 and a partner at Vinson & Elkins LLP from 1993 to 1999, where he led the firm's Washington-based IP practice. Armitage is a past president of the American Intellectual Property Law Association and the Association of Corporate Patent Counsel. He is also a past chair of the Section of Intellectual Property Law of the American Bar Association, the National Council of Intellectual Property Law Associations, the intellectual property committee of the National Association of Manufacturers, the Fellows of the American Intellectual Property Law Association, the patent committee of the Pharmaceutical Research and Manufacturers of America and the Intellectual Property Law Section of the State Bar of Michigan. He has served as an adjunct professor of law at George Washington University, a member of the board of directors of Human Genome Sciences, Inc., and president of the board of directors of the Hospice of Southwest Michigan, Inc. He has also served as a member of the board of directors of both Intellectual Property Owners (IPO) and the National Inventors Hall of Fame Foundation (NIHFF). Mr. Armitage currently serves as a member of the U.S. Department of State's Advisory Committee on International Economic Policy. In 2004, the American Intellectual Property Law Association awarded Armitage its highest recognition for lifetime achievement in intellectual property, the AIPLA Excellence Award. In 2008, the New Jersey Intellectual Property Law Association awarded Armitage its Jefferson Medal, an award recognizing exceptional contributions to the field of intellectual property. More recently, Armitage was inducted into the IP Hall of Fame in recognition of his decades-long advocacy of legislation to modernize the U.S. patent system and, in 2013, Managing Intellectual Property Magazine presented Mr. Armitage with its Outstanding Achievement in IP Award, recognizing the role he played in the efforts to enact the America Invents Act, which made the most sweeping changes to U.S. patent law in the past 175 years.

Statement of  
Robert A. Armitage

Before

The United States House of Representatives

Committee on the Judiciary

On

“H.R. 3309, Improving the Patent System to Promote  
American Innovation and Competitiveness”

10:00 a.m.  
October 29, 2012  
2141 Rayburn House Office Building

Chairman Goodlatte, Ranking Member Conyers, and Members of the Committee:

Mr. Chairman and Ranking Member Conyers, my name is Robert Armitage. I am pleased to have this opportunity to testify on H.R. 3309, a bill “To amend title 35, United States Code, and the Leahy-Smith America Invents Act to make improvements and technical corrections, and for other purposes.”

### ***Background – Reforms Finished, Reforms Unfinished***

My last appearance before the Judiciary Committee was on May 16 of last year, as part of an oversight hearing on the implementation of the AIA.<sup>1</sup> In my appearance before the committee, I emphasized the enormous debt of gratitude the patent community owes to this Committee and its Subcommittee on Intellectual Property, Competition, and the Internet, for its prodigious efforts in the 112<sup>th</sup> Congress that led to the enactment of the AIA. It is difficult to find the words fully adequate to describe the overall importance of this seminal contribution to our patent laws.<sup>2</sup>

The Committee’s patent work in the 112<sup>th</sup> Congress was completed with the enactment of an important and useful set of technical corrections to the AIA.<sup>3</sup> The corrections bill has simplified the AIA-related work remaining for this Congress. It has set the stage for dealing with a host of substantive reform topics that have now found their way into H.R. 3309.

It was only on March 16 of this year that the AIA was fully implemented as the law of the land. Given the relentless work of the Committee and its staff dealing with

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<sup>1</sup> See <http://judiciary.house.gov/hearings/Hearings%202012/Armitage%2005162012.pdf>.

<sup>2</sup> See Robert A. Armitage, *Understanding the America Invents Act and Its Implications for Patenting*, AIPLA Q.J. 40:1, 133 (2012) [[http://www.uspto.gov/aia\\_implementation/armitage\\_pdf.pdf](http://www.uspto.gov/aia_implementation/armitage_pdf.pdf)]

“The America Invents Act has made many significant changes to the patenting landscape in the United States. It is a giant step toward a more transparent patent system, where a person skilled in the technology of a particular patent and knowledgeable in patent law can review a patent, reference only publicly accessible sources of information, and make a complete and accurate assessment of the validity of the patent. At its core, the AIA seeks a more objective patent law, where subjective issues like an inventor’s contemplations or a patent applicant’s intent bear no relevance to any issue of validity or enforceability of the patent. It is a patent law that, in many situations, may require no discovery of the inventor to determine if a claimed invention is patentable.

“Congress took bold steps to reach these goals. The ‘loss of right to patent’ provisions were all repealed. The ‘best mode’ requirement was made a functional dead letter. All references to ‘deceptive intention’ were stripped from the patent law. A new ‘supplemental examination’ procedure was instituted to address any error or omission in the original examination of a patent and bar the defense of patent unenforceability once the procedure has run to completion. Finally and most dramatically, it concisely limited ‘prior art’ on which the novelty and non-obviousness of a claimed invention was to be assessed. Nothing can qualify as prior art absent representing a prior public disclosure or an earlier patent filing naming another inventor that subsequently became publicly accessible—casting aside 175 years of a more complicated, subjective, and uncertain standard for patenting.

“Thus, without question, *transparent, objective, predictable* and *simple* are four words that should come to describe the hallmarks of the new patent law arising from this historic legislative achievement. Those four words suggest a fifth that appears to be equally apt. *Remarkable.*”

<sup>3</sup> Pub. Law 112-274, 126 STAT. 2456 (Jan. 13, 2013), Leahy-Smith America Invents Technical Corrections.

reforms to the patent system, work that has continued almost without interruption over the past eight years, it would be understandable if the Committee determined that 2013 should be a time of rest and repose, rather than a time for pursuing a concerted agenda of further reforms.

However, the work of bringing much needed reforms to U.S. patent law is unfinished business. That this Committee has decided to return in earnest to the subject of patent reform is encouraging to those of us who believe that the U.S. patent system as a whole needs to operate much better than it does today to serve the interests of innovators and for innovation to drive the creation of new products, new services, new industries and new jobs.

Given its work over the past several years, this Committee has a sobering understanding of the challenge presented by any effort at perfecting and enacting meaningful reforms to something as ancient and complex as the U.S. patent system. I, for one, applaud the Committee and the Committee staff for their efforts in reaching out to the competing interests that must be balanced in crafting changes to the patent laws and addressing forthrightly the difficulties that are inevitable in forging progressive and meaningful compromises.

### ***Patent Litigation – Taking Too Long, Costing Too Much, Too Much Unpredictability***

At its core, a patent system is a property rights system. When the enforcement of those rights takes too long, costs too much, and ultimate success on the merits is far too unpredictable, these delays, costs and uncertainties can undermine, if not eliminate, any economic rationale for seeking patents.

If patents are sought, these litigation deficiencies can render patent rights effectively unenforceable, especially against an accused infringer determined to make a patent infringement action as expensive and protracted as possible. Patents that might have been a foundation for investment in the development of new technology either do not exist or, if they have been obtained, fail to operate as a basis for securing the capital that might be needed to get an invention to market.

The situation is, of course, no better when the tables are turned and it is an accused infringer, not the patent owner, who faces an untenable situation in the courts. If the only way to establish an infringement allegation is without merit requires an excessively prolonged, unreasonably expensive and at best uncertain litigation path, surrender – rather than vindication – can be the only economically sensible patent forward. Abandoning investments already in the ground because an effective defense to a patent infringement charge would be uneconomic, or paying needless tribute under a patent lacking in any inventive merit, runs contrary to the constitutional mandate that patents exist to promote progress in the useful arts.

As a forty-year patent practitioner, I have come to the conclusion that patents as property rights demand patenting processes and standards that are as transparent,

objective, predictable and simple as possible. These attributes define a patent system capable of being efficiently and effectively administered by the United States Patent and Trademark Office. The same attributes are the hallmark of a patent system that – when patents are litigated – enables the patent litigation to proceed to conclusion relatively rapidly, relatively inexpensively and with highly predictable outcomes.

If the above description accurately sets out the requisites for how a well-functioning patent system would operate, then it is far too soon to put boldness aside in addressing the unmet reform needs of the U.S. patent system. Even in the aftermath of the AIA, profound reform measures need to remain on the legislative table. And, of course, a certain persistence is needed. Patent reform involves many constituencies with diverse interests and perspectives. The devil in crafting workable reforms – that achieve their intended consequences – often lies in the complex details of a complex law.

### ***H.R. 3309 – Discussion Drafts Have Helped to Define a Multi-Part Reform Agenda***

The Committee process leading the H.R. 3309 has encouraged a much-needed discourse on what the focus of further patent reforms in this Congress should be. The Chairman’s May 23 and September 6 “Discussion Drafts” have put the patent community to work,<sup>4</sup> especially on the topic of patent litigation reform. The Committee’s process has assured that a broad spectrum of inputs have been available – and will continue to be available – for the hard work ahead of augmenting and refining H.R. 3309 as the current bill as it moves through the Committee.

While H.R. 3309 is focused to a significant degree on addressing patent litigation issues, as with many issues in life, an ounce of prevention is truly worth of pound of cure. If I were limited to making just one plea to the Committee on how best to deal with patent litigation reform it would be to return to what I believe to be the critical foundational issue for the U.S. patent system – the operation of the United States Patent and Trademark Office.

### **1. USPTO Financing – Overarching Priority for Patent Reform**

In spite of significant work in the last Congress – and vital contributions made by members of this Committee – issues with the financing of the United States Patent and Trademark Office remain unresolved. I do not wish to overwork the Benjamin Franklin adage, but an ounce of prevention in the USPTO would easily leverage into a kiloton of cure when it comes to patent litigation reform issues.

The story is a sad and recurrent one when it comes to the USPTO financing during the two-year period post-enactment of the AIA. In the aftermath of the AIA, the USPTO began an impressive effort at building the new capabilities that it would need to meet its new responsibilities under the AIA. Its efforts not only included enhancing its human resources, but an upgrading of its infrastructure, especially its IT infrastructure.

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<sup>4</sup> See [http://judiciary.house.gov/news/2013/05232013\\_5.html](http://judiciary.house.gov/news/2013/05232013_5.html) linking to the text of the bill at <http://judiciary.house.gov/news/2013/05232013%20-%20Patent%20Discussion%20Draft.pdf>.

These efforts were integral to assuring that a complete, prompt, and high quality work product by the Office becomes a consistent norm.

With the Office's inability during the just-ended fiscal year to access all of the fees collected from the users of its services, momentum has been lost, opportunities have been squandered, and realization of much needed capabilities has been deferred.

Coming in the immediate aftermath of the enactment of the AIA, this was the most unfortunate time imaginable to endure yet another chapter in the continuing story of a USPTO that is inconsistently resourced and, more tragically, left unable to deliver on long-range plans to upgrade its operations.

If H.R. 3309 is to reach its promise as a full-throated reform of the U.S. patent system – and to specifically target issues with patent litigation brought based on patents perceived to have little or no merit – then nothing should be prioritized higher on the Committee's patent reform agenda than finding the mechanism that would assure that user fees are consistently made available to the Office.

## **2. National Academies' Recommendations – Completing the Work**

In the same sense that a high-functioning USPTO would go a long way towards addressing concerns over patent litigation, I would urge the Committee to consider other structural reforms to the patenting process that have not yet found their way into H.R. 3309. Section 9 of H.R. 3309 focuses on a number of laudable steps towards further transparency, predictability, and simplicity in the operation of the U.S. patent system.<sup>5</sup>

That said, there are several additional measures that are ripe for Committee consideration. In the main, these measures would bolster or otherwise complement H.R. 3309 reforms. In each case, these added measures that would require relatively concise and targeted changes to Title 35. They include the following four items:<sup>6</sup>

- *Enact an exception to patent infringement for “research uses” of a patented invention.* Two National Academies reports have recommended a statutory clarification of the common law doctrine permitting research on a patented invention to be undertaken in order to better understand how an invention works and its properties and characteristics. The codification would be directly responsive to recent concerns expressed by the Supreme Court that granting patent rights can be in conflict with the ability to conduct basic research into

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<sup>5</sup> I would be remiss not to note *en passant* that § 6(d) of H.R. that provides protection of licensees in the case of bankrupt licensors. This should protect those who have invested in a new technology in part on reliance on their legal rights to do so. It is another laudable component of the bill that, as best I can tell, has generated neither concerns nor controversy.

<sup>6</sup> Appendix A to this testimony is contains a more complete discussion of these four items and the rationale for including them as part of a comprehensive package of patent reforms. The appendix contains other possible improvements to the U.S. patent system that would be relatively more complicated to include in the current legislative process, but that may merit consideration as the next Congress looks for opportunities to continuously improve the patenting process.

important new discoveries. Finally, it would eliminate the potential for assertions of patent rights were a competitor were doing nothing more than seeking to understand a patented invention in order to development alternatives to it or improvements of it.<sup>7</sup>

- *Remove the exception to mandatory publication of pending patent applications at 18-months after the initial patent filing.* This exception had a policy justification under the old first-to-invent standard of pre-AIA patent law. That policy justification applying to first-to-invent patents is turned on its head in the post-AIA, first-inventor-to-file world. Under pre-AIA law, an inventor's patent application, once published, could be effectively hijacked by someone claiming (falsely or not) to be the "first inventor." Under the AIA, the publication of pending patent applications at the 18-month mark does just the opposite. For first-inventor-to-file patents, the publication guarantees the first inventor to file for a patent the right to a patent the published invention (if otherwise patentable) and bars anyone else from securing a patent on the same or similar subject matter. Moreover, the inability to publish a pending patent application in a timely manner means that it may be unavailable for the USPTO to cite as "prior art" against other pending patent applications, *e.g.*, the later-made patent filings of an inventor's competitors. When that happens the Office may be obliged to issue a competitor's conflicting patent that ultimately cannot be sustained as valid. Thus, there is a double benefit from mandatory publication of pending patent applications under the first-inventor-to-file law. It solidifies protection for the inventor whose application publishes and allows the USPTO's examination of later-filed patent applications of competing inventors to be more complete and more accurate.
- *Complete the repeal of the "best mode" requirement.* The "best mode" requirement was eliminated from U.S. patent law in all but a formal sense under the AIA. Congress eliminated this requirement in determinations of patent validity given its inherently subjective nature and the lack of any supportable policy justification for its continuation in the patent law. Two separate recommendations of the National Academies urged its elimination. However, in the process leading to the final enactment of the AIA, the requirement was allowed to remain formally in the statute. The anomaly of leaving it in the statute, but eliminating its impact otherwise, has not only been ridiculed by patent commentators, but remains an unnecessary impediment to the United States taking a leadership role in international patent harmonization designed to

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<sup>7</sup> A "research use" exemption could be readily enacted by adding a 35 U.S.C. § 271(j):

"(j) EXPERIMENTAL USE. —The acts described in subsections (a) and (g) shall not extend to making or using a claimed invention for experimental purposes in order to discern or discover—

"(1) the patentability or validity of the claimed invention and the scope of protection afforded thereunder;

"(2) features, properties, inherent characteristics or advantages of the claimed invention;

"(3) methods of making or using the claimed invention and improvement thereto; and

"(4) alternatives to the claimed inventions, improvements thereto or substitutes therefor."

showcase U.S. patent law as the “best practices” model for the rest of the world to follow.

- *Confirm congressional intent in enacting the AIA that prior art used to determine whether inventions are new and non-obvious can consist of – and only of – publicly accessible subject matter or patent filings that thereafter become public accessible.* Some commentators have simply ignored the House Report on H.R. 1249 (112<sup>th</sup> Congress) which indicates that the words that follow “in public use or on sale,” namely the phrase “or otherwise available to the public,” create an overarching requirement for public accessibility in order for subject matter to become “prior art” to a claimed invention. The contrary contention is that the words, “in public use ... or otherwise available to the public” should be construed to mean both public and *nonpublic* uses. As bizarre as this possibility sounds, a needless (albeit essentially meritless) controversy over this important new provision in the AIA now exists that could be fully put to rest with a simple amendment to the AIA, *i.e.*, by deleting the words “in public use or on sale” from § 102(a)(1) of the patent statute.

When the AIA was being considered, these reforms were supported by leading proponents of patent reform, the American Intellectual Property Law Association, the Intellectual Property Law Section of the American Bar Association and the Coalition for 21<sup>st</sup> Century Patent Reform. Given that H.R. 3309 will be another major effort at improvements to the U.S. patent system, it would be unfortunate if these items were not given due consideration as part of the current reform effort.

### **3. Topics That May be Neither Ready Nor Ripe for Committee Consideration**

There are other desirable reforms consistent with the aims of H.R. 3309 that merit some brief discussion, but do not appear ripe for action as part of the current reform process – given that it is hopefully set to move swiftly through to completion. First, it remains highly desirable for Congress to address the prior user defense found in 35 U.S.C. § 273. I last testified before this Committee on the issue of the need to expand prior user defense on February 1, 2012<sup>8</sup> before this Committee. I concluded my testimony with a plea to my colleagues in the non-governmental sector to develop the needed consensus on the desirability of moving forward with efforts to see them enacted.

No consensus on this issue has yet emerged, at least to my knowledge. In discussions that have taken place since the 2012 hearing, there remain reservations within the university community on the wisdom of providing a more complete and effective “prior user rights” provision. Given the existing law enacted as part of the AIA was the result of a carefully crafted compromise in which the university community was represented and participated, it remains premature to make the needed changes to 35 U.S.C. § 273 described in my 2012 testimony.<sup>9</sup>

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<sup>8</sup> See <http://judiciary.house.gov/hearings/Hearings%202012/Armitage%2002012012.pdf>.

<sup>9</sup> Section 3(b)(2)(B) contains an amendment striking § 273(f) and § 273(g) from title 35. These provisions were added to title 35 as part of the American Inventors Protection Act of 1999, not the AIA. Unless the

One additional AIA-related issue merits some mention, but again is unripe for consideration by the Committee given the lack of any consensus on a path forward. Part of the move to the first-inventor-to-file system produced unprecedented concessions to the university community to preserve patentability in situations where the inventor has published on an invention before seeking a patent on the published invention.

As a result of these and other inventor-friendly features of the AIA, inventors seeking patents under the AIA's first-inventor-to-file provisions – at least relative to inventor's who sought patents under the first-to-invent provisions of the pre-AIA U.S. patent law – enjoy unprecedented advantages when publishing on an invention before beginning the patenting process. As examples, the pre-AIA “grace period” available to inventors is fully preserved under the AIA's new provisions on “prior art” and the former risk that an inventor publishing on an invention before seeking a patent could forfeit patent rights to a rival inventor, spurred by the publication into seeking its own patent, was eliminated from the patent law.

Nonetheless, proposals have emerged that would unwisely expand these protections. In general, these overly expansive proposals would provide that the inventor who publishes on an invention would have advantages in later seeking a patent over an inventor who actually makes a prompt patent filing on the same subject matter. These proposals, thus, effectively impose a penalty on making a patent filing and a reward for delaying the start of the patenting process.

Imposing a penalty on the patent applicant vis-à-vis the inventor who delays coming to the USPTO to seek a patent in an invention is simply bad patent policy. The public faces a far longer period of uncertainty over the scope of patents. The validity of patents becomes less certain because validity will depend on the documentation provided to the USPTO concerning when and under what circumstances an alleged “publication” of the invention took place. (In contrast, documentation that a patent filing has taken place in the USPTO is much more categorical.) The potential for mischief in the case of publications allegedly made outside the United States exists.

It would be highly desirable to find a measure way to address university concerns. While the give and take with the university community may at some future point avoid the current impasse, other needed reforms set out in H.R. 3309 should not be delayed for consideration of reform measures that are not yet good to go.<sup>10</sup>

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inclusion of these provisions proves to be non-controversial and do not pose any obstacles to the movement of the bill through Congress, it might be preferable to delay their consideration until a broader consensus exists on the more fundamental changes to § 273 that are warranted by good patent policy and global competitiveness considerations.

<sup>10</sup> The allegedly problematic provisions of the AIA are the so-called “subparagraph (B)” provisions – 35 U.S.C. § 102(b)(1)(B) and 35 U.S.C. § 102(b)(2)(B). While they can operate to preserve the right to secure a valid patent on subject matter that the inventor has publicly disclosed, they do not insulate the inventor from the patentability-defeating impact of the disclosure of similar work of other inventors who make their own public disclosures before the inventor seeks a patent. In order to secure more categorical protection that publishing-before-filing inventors are seeking, it would be necessary to treat the public

#### 4. Commentary on AIA-Related Provisions in H.R. 3309

As to § 9 of H.R. 3309, several reforms would be made to existing U.S. patent law or practice. For most of the § 9 proposals, I would urge enactment in their current form, subject to possible suggestions from others that might further improve them. For two of the § 9 proposals, I might suggest that the proposed reforms do not go far enough – and would urge the Committee to be open to more sweeping possibilities for improving the patent law.

One of the § 9 proposals, however, appears to me to reopen an intricate compromise that was reached in the final stages of the congressional consideration of the AIA, *i.e.*, AIA § 18 dealing with one of the several new post-issuance review procedures that was created under the AIA. As noted below, if this compromise is to be reopened, a more expansive look at the extent of available post-issuance review procedures is warranted, particularly in light of the experience with these new procedures in the year since their initiation.

With this preface, let me offer a few specific perspectives that the Committee might find useful.

- *§ 9(a), repeal of the right of a patent applicant to pursue as civil action to secure a patent.* Notwithstanding any controversy over this change in the patent statute, on balance, the benefits to the few patent applicants who would seek this relief does not seem to me at least to justify the disproportionate burden placed upon the Office to build and maintain the capability to try these cases. It seems particularly unnecessary to maintain the civil action right for the first-inventor-to-file patents with far more transparent, objective, predictable and simple standards for patentability to administer.
- *§ 9(b), correction of legislative error, i.e., the errant inclusion of a judicial “or reasonably could have been raised” estoppel for post-grant review proceedings.* This legislative error greatly undermines the effectiveness of the PGR process as a mean for rapidly addressing questionable patents immediately upon issuance. It should be corrected and correction should be a priority in any patent reform bill enacted in this Congress

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disclosure of an invention by the inventor as tantamount to a provisional patent filing on the inventor’s published subject matter. Doing so would allow the inventor to make its nonprovisional patent filings on the published invention before the end of the one-year “grace period” from the date of publication, but the treat effective filing date of the nonprovisional patent filings as the year-earlier publication date. If the 2011 compromise on this issue is revisited by Congress, there could be a path forward to compromise that would involve repeal of the complex and complicated subparagraph (B) provisions and substitution of a relative brief and clear “tantamount to a provisional patent filing” provision treating an inventor’s publications as the equivalent of an actual filing for a patent. This would, thus, afford the publishing inventor no special advantage over the inventor who had made actual patent filing instead of making the public disclosure, but instead offer complete parity between publication and provisional patent filing on the disclosed subject matter.

- *§ 9(c), use of infringement standard for construing claims in deciding their validity under inter partes review and post-grant review.* The USPTO’s decision to use a broader construction for claims than would apply when the claims are asserted in a patent infringement action is grossly unfair to patent owners and untenable in the context of a contested determination of patent validity in which the role of the USPTO is the adjudicator, not the examiner (in the sense of patent examination). It operates contrary to the intention of Congress in enacting the provision and the expectation of the proponents of the new inter partes review and post-grant review provisions in advocating their adoption. Had provisions mandating the current USPTO claim construction been in the AIA, the bill might never have become law. A legislative fix seems ripe and necessary given the USPTO’s total non-responsiveness to requests for administrative reconsideration.
- *§ 9(d), codification of the principles of the judge-made law of “double patenting” for first-inventor-to-file patents.* This codification significantly reforms the law of double patenting, while capturing all of the judge-made law’s principles that bar timewise extension and/or separate enforcement of patents with highly similar claims owned by the same or related parties. Its clarity alone makes it an important patent litigation reform measure.
- *§ 9(e), modification to AIA § 18 (transitional program for covered business method patents).* AIA § 18 creates a special procedure for challenging the validity of “covered business method patents” (CBMPs) that was enacted together with AIA § 6, creating the new “inter partes review” and “post-grant review” proceedings in Chapters 31 and 32, respectively, of title 35, United States Code.. These three types of post-issuance procedures were enacted together to produce an integrated and finely balanced set of new post-issuance proceedings in the USPTO. They were the result of a carefully negotiated set of compromises on the contentious issue of when and under what conditions the validity of an issued U.S. patent could be challenged back in the USPTO. Self-evidently, any substantive change to AIA § 18 would unsettle this compromise.<sup>11</sup> As one of the long-time proponents for making the Chapter 32 PGR procedures part of U.S. patent law, I believe that it is premature to reopen the 2011 compromise by taking up amendments that could change material aspects of the most controversial aspect of the compromise, the AIA § 18 provisions.<sup>12</sup> If the proponents of AIA

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<sup>11</sup> H.R. 3309 attempts to correct a drafting error in the AIA that limited the permissible scope of CBMP proceedings. The attempted correction is found in § 9(e)(2)(B). The correction would allow prior art patent filings naming other inventors to be considered in the CBMP proceedings, *e.g.*, patents and published patent applications as set out under pre-AIA § 102(e). However, the proposed correction should be revised to read “subsection (a) or (e) of section 102” rather than “subsection (a), (d), or (e) of section 102”. Pre-AIA § 102(d), because it is best understood as a “loss of right to patent” provision rather than a prior art provisions. To the extent the amendment corrects a drafting error in the AIA, there should be no principled objection to proceeding with this aspect of § 9(e) of H.R. 3309.

<sup>12</sup> As best I can tell, the USPTO’s implementing regulations defining the nature of CBMP-eligible inventions remain highly controversial, as does the *Versata* decision. See *SAP America, Inc. v. Versata Dev. Group, Inc.*, CBM2012–00001, Paper 36 (January 9, 2013). Under § 9(e)(2)(A) of H.R. 3309, the

§ 18 insist that Congress revisit the CBMP-related provisions of the AIA, the Committee should do so in the context of a balanced and holistic look at the operation of all three “post-issuance review” chapters enacted together under the AIA.<sup>13</sup>

- § 9(f), *clarification of limits on patent term adjustment*. These USPTO-proposed amendments appear on their face to be unobjectionable. With the advent of first-inventor-to-file patents and the ability of patent applicants to secure prompt action by the USPTO to get patents issued through the Prioritized Patent Examination Program, the original policy justification for Patent Term Adjustment, never strong to begin with, has now all but evaporated. If the USPTO were willing to grant Prioritized Patent Examination to any patent applicant meeting the current qualifications, the Committee ought to consider whether the time has come to retire the PTA statute in its entirety – most especially for first-inventor-to-file patents.
- § 9(g), *clarification of federal interest in patent-related claims*. The section provides an appropriate clarification of the federal interest the adjudication of causes of action involving rights granted under the patent law. It represents a useful effort at securing consistency in the interpretation of patent rights.

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decision would be deemed controlling. Thus, § 9(e) would be correctly viewed by some as substantively reopening the compromise that led to the enactment of AIA § 18.

<sup>13</sup> The AIA § 18 CBMP procedure carried with it the least policy justification of any post-issuance review procedure enacted under the AIA. No substantial policy justification for applying the CBMP provisions to the first-inventor-to-file patents exists, given that all these patents will be subject to an immediate (and more comprehensive) post-grant review procedure. Similarly, for newly issued first-to-invent patents, the same policy considerations that dictate tight time limits on the availability of PGR proceedings should constrain the availability of the CBMP proceedings. This would require limiting the ability to seek a CBM proceedings to the same nine-month window after any new patent issues. Finally, the eight-year “sunset” provision for requesting CBMP proceedings otherwise remains an unjustifiably long period for a provision that was touted as “transitional” by its proponents. (A three-year transition would have been adequate and, again, it is difficult to identify any justification for a “transition” period beyond five years.) Any reopening of CBMP provisions of AIA § 18 provisions should address the desirability of imposing more appropriate constraints on § 18 – *i.e.*, not the lifting of the § 18 “sunset” in § 9(e)(1)(B), but further constraining the availability of the CBMP procedure. In a similar vein, if AIA § 18 is reopened to reconsider its merits, I would urge that the Committee take up the issue of whether the new IPR procedures should be barred for all patents issued under the first-inventor-to-file rules (PGR is available for such patents and public policy considerations would encouraged its use by barring later resort to IPR) and, additionally, barred for any patent where the same issue could be (or is being) raised in an ongoing patent validity determination in the courts. The Committee has the ability to reconsider the IPR provisions in the AIA in light of actual experience with the administration of IPR proceedings by the USPTO. For example, 80% of IPR requests represent potentially wasteful and duplicative litigation – because precisely the same patent validity issues that are considered during the IPR could be fully and fairly resolved in concurrent district court proceedings involving the same patent. At a time when USPTO resources will be needed to handle a growing number of potentially more important and more impactful PGR proceedings, the Committee might well conclude that both § 18 CBMP and Chapter 31 IPR procedures merit a lesser priority and a lesser emphasis. Alternatively, as to proposed changes to AIA § 18, the Committee might conclude that sleeping dogs should be allowed to lie – and the 2011 compromise on CBMP, IPR and PGR should be allowed to remain undisturbed absent some compelling justification for moving forward with a holistic reassessment of their operation and impact on the patent system.

- § 9(h), *technical amendments*. While each of these amendments is technical in nature, the amendments in paragraph (2), relating the inventor’s oath or declaration requirement in 35 U.S.C. § 115, seem unnecessary. The paragraph (2) amendments, at best, complicate compliance with the requirement under § 115 and undo reforms that were intended under the AIA. The Committee should consider an alternative technical amendment that would eliminate the requirement for an oath or declaration for all assignee-filed patent applications and otherwise provide the USPTO authority to require such statements only where the agency finds it necessary or desirable to require the additional paperwork.<sup>14</sup> Doing so would clearly obviate the need for the amendment in paragraph (2) and represent a reduction in clearly needless paperwork in connection with patent filings, particularly in comparison with the additional burden that would be imposed under paragraph (2).

Even without consideration of the remaining substantive provisions of H.R. 3309 found in § 3 through § 6, the Committee’s efforts in § 9, especially if augmented with additional measures that could be included to complete the work of the AIA described above, would constitute a major set of improvements to the U.S. patent system.

## **5. Patent Litigation Rules and Procedures – The Need for Concerted Action**

By far the lengthiest and most complex portions of H.R. 3309 are those that relate most directly to the conduct of patent litigation in the courts. First and foremost, there is virtually no dissent from any constituency in the patent community that patent litigation must work better for both the patent owner and the accused patent infringer. As my testimony will elaborate, patent litigation concerns are not technology-specific concerns. They do not have a plaintiff-specific character or represent a defendant-centric issue.

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<sup>14</sup> A more comprehensive reform could be realized if, under 35 U.S.C. § 115(a), second sentence, the current statutory provision were modified to add the italicized language (and remove the word “shall”), as follows: “Except for an application filed under section 118 or as otherwise provided in this section, each individual who is the inventor or a joint inventor of a claimed invention in an application for patent *shall* may be required by the Director to execute an oath or declaration in connection with the application.” The reference to “section 118” would eliminate any inventor oath/declaration requirement in the case of patent filings by an assignee of the inventor named in the application as the inventor. The AIA for the first time permitted the patent owner to seek a patent in cases where the inventor has assigned the right to seek a patent. At the same time, the AIA reduced the requirement of the inventor to file a separate oath or declaration to a mere formality –the actual filing of the oath/declaration need not take place until after the examination of the patent application is completely finished. Whatever merit might exist for continuing this now unnecessary paperwork in connection with patent filings clearly does not exist where the patent owner (assignee) is the patent applicant and a separate assignment of the invention (and, thus, the right to patent the invention) will be filed by the patent owner during the course of the patenting process. Simply limiting the applicability of the § 115 requirement to inventor-applicants would, first, obviate the need for the § 9(h)(2) amendment and otherwise limit paperwork that is wholly superfluous to the patent examination process. Moreover, it would serve to further harmonize U.S. patenting practices with “best practices” outside the United States.

As difficult as it may prove to forge a consensus on needed litigation reforms among competing interests within the patent community, it is essential that the stakeholders of all stripes come together and face the facts: there is an urgent need to work constructively to find measures that will make a dramatic difference in the ability to secure a timely and complete remedy for infringement of a valid patent and rapidly and inexpensively eliminate the specter of liability for an invalid one.

My hope is that H.R. 3309 will mark the starting point for an effort that must continue to an effective set of responses to these patent enforcement issues. Absent resolution, the concerns over the existing patent litigation rules and procedures – producing litigation consequences that often bedevil both plaintiffs and defendants alike – seem certain to doom the broad public support for the patent system. In part, it is public support that forms the underpinning for the patent system’s effectiveness as an engine for investment into the development of new technology.

Let me offer with a real-world example from my own experience of what I believe is at the core of the frustration in which patents are enforced today in the United States. It is an important example for several reasons. The patent at issue was not a “business method” or “software patent” or a patent in the financial services sector. It was not a patent owned by a so-called “patent troll” or a “patent aggregator.” Indeed, the litigation involved a patent whose pedigree could hardly have been more impeccable. The enforcement of the asserted patent was in the hands of a sophisticated biopharmaceutical research corporation and the patent’s named inventors included Nobel Laureate scientists.

The patent litigation spanned eight years from the original complaint to the final disposition on appeal by the Federal Circuit. At the mid-point in the litigation, a jury sustained the patent as not invalid and awarded damages for patent infringement in the tens of millions of dollars. However, as the appellate court would later confirm, the patent was wholly without merit.

The patent’s meritless character was no secret. After the jury verdict finding the meritless patent “not valid” and infringed, the patent litigation became the subject of a quite pointed editorial that appeared in *Nature Biotechnology*:<sup>15</sup>

Here’s an idea. If your company is looking for a bit of extra income to support its research and clinical programs and you’ve gone to all your usual sources of financing and still come up short, why not trawl around to find a piece of intellectual property (IP) from three prominent academic centers that stakes a claim to virtually every therapeutic approach under the sun modulating a pivotal pathway in biology—say one central to inflammation, cancer and osteoporosis, for starters—and then license it exclusively. It

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<sup>15</sup> *Nature Biotechnology* 24, 593 (2006), “A License to Print Money?” available at <http://www.nature.com/nbt/journal/v24/n6/full/nbt0606-593.html>.

doesn't really matter whether the IP is related to your company's R&D interests; the important thing is that the patent is broad enough to make tens (perhaps hundreds) of drug companies subservient to your license. Simply send out 50 or so letters to your (former) friends and counterparts at companies around the nation informing them that they are infringing your patent and ask for an appropriately exorbitant level of remuneration. Sit tight and wait for the money to roll in.

Though it may seem far-fetched, this situation is essentially what has transpired in the case of US Patent No. 6,410,516. This is one of a family of patents covering methods of treating human disease by regulating nuclear factor (NF)- $\kappa$ B, exclusively licensed in 1991 from the Massachusetts Institute of Technology, the Whitehead Institute for Biomedical Research and Harvard University by Cambridge, Massachusetts-based biotech Ariad Pharmaceuticals. Four years ago, to test its patent's mettle, Ariad filed suit in the US District Court in Massachusetts, accusing Indianapolis-based pharma giant Eli Lilly of patent infringement.

On May 4, a federal jury in Boston ruled Ariad's patent to be both valid and infringed by two Lilly drugs, small molecule Evista (raloxifene) and recombinant protein Xigris (drotrecogin alfa), currently marketed for use in osteoporosis and septic shock, respectively. The jury awarded Ariad ~\$65 million in back royalties and a healthy 2.3% royalty on future US sales of the two drugs until the patent's expiration in 2019. The sum should cover Ariad's operating losses in 2005..., if not its legal fees.

The decision has sent shock waves through the industry not least because Ariad's patent, and similar method-of-treatment patents like it, could fence off whole swaths of biology, preventing other innovators from developing medicines because they may trespass (however tangentially) upon the patented pathway(s). Ariad's patent is particularly worrisome because NF- $\kappa$ B regulates the expression of more than 175 other genes and is involved in the mechanism of >200 marketed compounds, including aspirin, antibiotics and such biotech drugs as Velcade (bortezomib), Enbrel (etanercept) and Kineret (anakinra). To make matters worse, NF- $\kappa$ B is involved in virtually every disease you can think of, including cancer, arthritis,

chronic inflammation, asthma, neurodegenerative disease and heart disease. Almost no therapeutic indication is safe from its clutches.

Indeed, the IP lawyers appear to have gone to extraordinary lengths to ensure that anything that comes within so much as a whiff of NF- $\kappa$ B will be drawn into the '516' patent's black hole. As one industry insider puts, the patent's claims—an eye-popping 203 of them in all—are a “relentless paving machine, spreading hot asphalt on everything in sight and spraying lane markers for the toll booths.” No wonder the patent took 16 years of prosecution at the US Patent and Trademark Office (USPTO) before eventually issuing.

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Patents are supposed to encourage invention, commercialization, disclosure and societal benefit in return for a limited market monopoly. They were never intended as a means for a single company to hold the rest of the industry to ransom. The courts must now act swiftly to invalidate this patent. And, more importantly, they must provide clearer guidance to the industry and USPTO as to the proper scope of patentable subject matter. Let's hope patent '516' goes down in flames. The sooner, the better.

The day the patent issued – June 25, 2002 – was the day that Eli Lilly and Company was sued for patent infringement. I recall that day well, because I learned of the lawsuit while traveling in Boston. An analyst from Lilly's investor relations group wanted an immediate assessment of this litigation in order to respond to investors who were calling Lilly attempting to assess the seriousness of this lawsuit – and the potential for others just like it that the company might face in the future.

I took me a relatively small amount of time – hours, not days or weeks – to get enough facts together to conclude that the infringement allegations were utterly without merit – if Lilly were to competently defend the action, there was almost no prospect the Lilly would be found liable.

That response from me was categorical and public – the patent should never have issued; there was essential no prospect that the validity of the patent would be upheld; and Lilly would ultimately have no liability. Even after the patent owner was successful in securing a multi-million dollar jury judgment against Lilly, I was no less adamant that the patent was utterly without any legal merit and Lilly would prevail.<sup>16</sup>

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<sup>16</sup> See <http://www.cafepharm.com/boards/showthread.php?t=94198>, misquoting a statement that I had made to the press following the jury verdict: “The likelihood of this decision being upheld is so low, so

Eventually the entire Federal Circuit weighed into the issue of the patent's validity. There was no suspense. The only point of contention among the appellate judges was which requirement in the patent statute was the correct one to use to invalidate the patent.

What should this saga tell the Committee about patent reform? I would submit there are several learning points:

- There is no substitute for a patent examination system that – even in the face of 16 years of effort to secure meritless patent claims – persists in refusing to issue a patent that, if challenged, could not be sustained as valid. That did not happen here. After 16 years of patent examiners who would just say “no,” the patent owner finally found a patent examiner who would say “yes” to over 200 hopelessly invalid patent claims. *One entirely meritless patent is one good reason that patent reform measures – including litigation reform proposals – should start by giving careful consideration to the issue of USPTO financing and the ability of a properly financed USPTO to deliver on long-term commitments to enhancing its capabilities.*
- The issues with patent litigation are not confined to “patent trolls;” any reform issues to be addressed are not unique with “patent assertion entities. The plaintiffs in this case were an esteemed university (Harvard), a renowned research institute (Whitehead Institute) and a sophisticated biopharmaceutical research organization (Ariad Pharmaceuticals, Inc.). *Legislative reforms should be targeted to a practice, not a person.*
- None of the needed litigation-related reforms are unique to any technology. Nothing in the patent at issue in the Lilly lawsuit related to computers, software, business methods, tax preparation methods, or financial services. Rather, this was a patent relating to a profoundly important discovery in the area of biomedical research. *Legislative reforms should not be drafted as though they were writing to a technology sector, but to issues that can plague a patent litigant across technologies.*
- However, lengthy and expensive Lilly's defense might have been in this litigation, the situation would have been far worse if the plaintiff had brought the same patent infringement claims against Lilly's “customers” – individual prescribing physicians, medical clinics, or even patients using the medicine, all of whom would have carried the same liability for infringement as Lilly had the patent been valid. Whatever pressure might have existed for Lilly to have settled this litigation would have been profoundly more intense had Lilly's market for its accused products been impaired by customer lawsuits. *Reforms should reduce the prospect that either side to a patent infringement lawsuit can induce a resolution*

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close to zero, that I'm more worried about the next asteroid wiping out Western civilization,' Robert Armitage, Lilly's general counsel, said in an interview.”

*simply by making it uneconomic for its adversary to pursue a legitimate remedy or mount a meritorious defense.*

- This infringement lawsuit was no picnic for the plaintiffs. In addition to losing a lawsuit on a patent that the plaintiffs may have mistakenly believed could be successfully enforced, they faced the distraction of the litigation and the waste of corporate resources that could have been put to productive investments into new medicines. An early and decisive decision invalidating the patent would have better served plaintiffs than a prolonged, multi-million dollar futile effort at assertion. *Actions taken by Congress should assure that the AIA's post-grant review procedure becomes a viable option in fact, that is used to efficiently and effectively cancel newly issued patents that lack merit.*
- The number of concurrent and meritless patents lawsuits faced by a company does matter. Most Lilly-sized companies may be willing and able to address one meritless patent lawsuit at a time. Fewer would have the ability to exhibit the same behavior if there were multiple such meritless lawsuits brought each year. And, at some point, quantity alone would be enough to drive companies to compromise, rather than fight, patent infringement claims, even those lacking much, if any, discernable merit. The hallmark of a completely broken patent system would be if patent litigation were to support a business model in which meritless allegations of infringement would be enough to produce economically attractive settlement offers from the accused infringer, solely because the costs, delays and uncertainties in seeking to invalidate the patent in court make defending against the patent an act of economic irrationality. *A collection of individual litigation-related reform measures, able to work synergistically, may be required to assure that the integrity of the patent system is not called into question because litigation assertion potential, not inventive merit, has become the yardstick for measuring the economic value of a patent.*

In light of the Lilly experience, I would like to offer a few observations on the topics addressed in § 3-§ 6 of H.R. 3309:

- *Greater Pleading Specificity.* What is good for the goose, is good for the gander. Both plaintiffs and defendants in patent infringement litigation would reap benefits from much greater pleading specificity by their litigation adversary. One on hand, it is critical to understand the nature of the allegations of infringement. On the other hand, it is vital to understand the defenses to validity and infringement and their basis. Greater specificity in pleading opens the door to greater focusing of permitted discovery, by limiting available discovery to evidence potentially relevant to the specific claims or defenses pled.
- *Fee Shifting to Losing Party.* To the extent that providing a prevailing party the right to recover its attorneys' fees from the non-prevailing party serves to deter both parties from asserting claims or defenses of dubious merit, such an outcome should more than offset the less desirable consequences of doing so – one of

which is discouraging accused infringers of limited resources from mounting invalidity and non-infringement defenses, given that failing to prevail might double the negative consequences from failure. Under an appropriate legal standard, shifting of attorneys' fees to the non-prevailing party should represent a significant civil justice reform.

- *Tying the Commencement of Available Discovery to Claim Construction Rulings.* There are good reasons why the Committee might wish to proceed with caution in any categorical tying of the commencement of available discovery to the so-called “claim construction” or “Markman” rulings. No aspect of contemporary patent litigation is more fraught with problems than the Markman process.<sup>17</sup> Markman Rulings on disputed terms used in a patent are – with a frequency some find distressing – modified (or even reversed) by the Federal Circuit in the course of deciding an appeal. District court judges themselves may modify an original ruling as the infringement lawsuit proceeds. In some patent infringement litigations, the Markman Ruling can be dispositive of the infringement issues in the litigation; in other patent infringement litigations, the Markman Ruling is inconsequential to the ultimate resolution of the lawsuit. A one-size-fits-all statute tying the commencement of available discovery to the initial Markman Ruling would make sense in some litigations, but possibly not in others. That said, the Markman process is unlikely to disappear – at least in the foreseeable future. The specter of early, burdensome discovery costs – that can make paying tribute to the patent owner the only economically sensible path forward irrespective of the merit of the patent – can be effectively removed in situations where the result of an early Markman Ruling provides the basis for a straightforward defense on lack of novelty or non-infringement grounds.
- *Transparency of Patent Ownership.* Patent rights best serve the public interest when they operate as property rights – and the ownership of the property rights is fully transparent. Requirements to promptly disclose information on which the identity of other interested parties in the asserted patent can be determined by the accused infringer may also serve the interests of justice, at least in situations where they are of potential relevance to the rights or defense the accused infringer might assert.
- *Customer Lawsuits: Stays of Litigation.* In many situations, the patent owner can be – and ultimately will be – made whole for any acts of infringement that have taken place, or will take place, by suing the manufacturer of an accused product. In this and like situations, separate infringement lawsuits brought against customers may serve no legitimate purpose – at least where the manufacturer is willing and able to stand in the shoes of its customers and the customer agrees its interests would be served by having the manufacturer take over the defense of the

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<sup>17</sup> The “Markman Hearing” in a typical patent litigation is a separate proceeding conducted by the judge to construe the “terms” of a patent claim for which the parties have differing views. The “Markman Ruling” following a Markman Hearing will often be a chart that lists the disputed terms of the claim and provides an indication of the meaning to be given to the disputed terms.

patent. In appropriate circumstances, requiring that the customer infringement action to be stayed until the action involving the manufacturer has been resolved would prejudice no legitimate interest of the patent owner and would conserve judicial resources.

- *Mandating Specific Discovery and Case Management Practices for the Judicial Conference and Supreme Court to Incorporate Into Rules and Practices.* A broad consensus appears to exist that the Judicial Conference and the Supreme Court could play positive roles in patent litigation reform efforts by developing rules and procedures that would result in more specificity in patent pleading and better tools for the management of discovery. The point of contention arises on the issue of whether Congress should dictate the content of the rules and procedures and, if so, to what level of specificity. The greater the mandated detail, the greater the specter that the “one size” will not serve to “fit all” situations. Directing the Judicial Conference down a productive path should steer clear of dictating to a level of detail that, however sensible for a court in some situations, would manifestly fail to advance the administration of justice in others.

Quite clearly, H.R. 3309 is focused on all the right issues – pleadings more robust, discovery more controlled, patent ownership more transparent, customer actions less frequent and the Judicial Conference more engaged. What is needed now is for the constituencies that will be affected by these reform initiatives to come together on the many details that will result in alignment on the best path forward – to assure that the final legislative product, even if built on compromise, is an effective and comprehensive response to the unacceptable state of affairs for all patent litigants, whether plaintiffs seeking remedies or defendants deserving of exoneration.

### ***Conclusions***

H.R. 3309 is a thoughtful and comprehensive effort that holds the promise of making significant improvements to the environment in which patents are litigated. To realize that promise, further refinements will be needed as the bill progresses through Committee deliberations. That said, the bill as introduced should serve as an excellent vehicle for proceeding forthwith with the refining and finalizing process. Certainly, the constructive criticisms of and other comments on the bill made thus far provide grounds for optimism that the remaining concerns over the specific details in the current bill can be successfully addressed.

In addition to the elements of the bill dealing most directly with patent litigation reform, H.R. 3309 contains additional provisions that are important to the patent system and merit inclusion in any bill reported by the Committee. Near the top on this list would be the clarification and reform to the law of “double patenting” – at least for first-inventor-to-file patents. The other top-tier reform would bar the USPTO from employing a different “claim construction” standard for determining the validity of a patent in a post-issuance review procedure from that mandated by the Federal Circuit in patent infringement litigation.

Other patent reform measures, not currently included in the provisions of H.R. 3309, would complete the work of the AIA and the recommendations of the National Academies on which much of the AIA was premised. These include an experimental use exception to patent infringement, mandated publication of all pending patent applications at 18 months from the initial filing date, completing the repeal of the “best mode” requirement, and confirming congressional intent with respect to the limitation on “prior art” that can invalidate a patent for lack of novelty or non-obviousness to publicly accessible subject matter.

Finally, the Committee should not lose sight of the most important factor in assuring an effective patent system – a United States Patent and Trademark Office operating effectively and efficiently. That objective is frustrated when the USPTO’s financing is uncertain – month to month or year to year. The consequences of sequestration during the last fiscal year suggest that a complete reform package in the current Congress would find some mechanism to assure that this history cannot repeat itself.

Thank you again, Mr. Chairman, for the privilege of being able to appear before this Committee today and offering – what I hope and intend are – comments that might facilitate the work of the Committee in moving the next generation of patent reform into law.



**THE LEAHY-SMITH AMERICA INVENTS ACT OF 2011:  
LOOKING BACK TO SEE WHAT'S AHEAD**

2013 IPO Annual Meeting – Boston, Massachusetts  
September 16, 2013

Robert A. Armitage  
Marco Island, Florida

***Introduction – The Miracle of Miracles That is the America Invents Act***

The road to the world's first truly 21<sup>st</sup> century patent system was not an easy one. Looking back, it is fair to say that the Leahy-Smith America Invents Act of 2011<sup>18</sup> was enacted notwithstanding the prospective impossibility of ever making such a set of profound and fundamental changes to U.S. patent law all in one massive reform bill.

Consider the lessons provided by patent reform history. When the last major revision of U.S. patent statute was made in 1952, it was characterized by its congressional sponsors as a codification of the then existing patent law,<sup>19</sup> with very limited efforts to change the patent law.<sup>20</sup> The Patent Law Amendments Act of 1984<sup>21</sup> sought – and achieved – only marginal improvements to the operation of the U.S. patent system.<sup>22</sup> The modestly aggressive reform

<sup>18</sup> Pub. L. No. 112-29, 125 Stat. 284 (2011).

<sup>19</sup> “The [1952] revision of Title 35 was primarily a codification project by a House [of Representatives] codification committee and to get it enacted promptly without a long debate, it had to be kept noncontroversial.” Judge Giles S. Rich, *Laying the Ghost of the “Invention” Requirement*, 41 AIPLA Q.J. 1, 15 (2013), as reprinted.

<sup>20</sup> See Cong. Rec. (Senate) 98:9097, 9323 (1952). In the Senate debate on the 1952 Patent Act, Senator Wiley, in presenting the bill for consideration, stated that “[t]he bill simply constitutes a restatement of the patent laws of the United States.” Subsequently, a colloquy ensued between Senators McCarran and Saltonstall:

“Mr. SALTONSTALL. Mr. President, will the Senator from Nevada tell us the purpose of the bill?”

“Mr. McCARRAN. The bill would codify the patent laws of the United States. It is under the able guidance of the Senator from Wisconsin, Mr. Wiley.

“Mr. SALTONSTALL. I am not a patent lawyer, but I know patents are a very technical subject. Does the bill change the law in any way or only codify the present patent laws?”

“Mr. McCARRAN. It codifies the present patent laws.”

<sup>21</sup> Pub. L. No. 98-622, § 103, 98 Stat. 3383.

<sup>22</sup> President Reagan characterized the changes made in the PLAA of 1984 in the following terms: “The bill provides inventors with a new, efficient mechanism to protect their right to use their inventions without the need to expend scarce resources to obtain a patent. This procedure offers great cost savings potential to Federal agencies, which are the single largest filers of U.S. patents. It also closes a loophole in existing law which permitted copiers to export jobs and avoid liability by arranging for final assembly of patented machines to occur offshore. The act eliminates unwarranted technicalities in the patent law that threaten the validity of patents for inventions arising from corporate research teams.” See “Statement on Signing the Patent Law Amendments Act of 1984,” Nov. 9, 1984 at <http://www.presidency.ucsb.edu/ws/?pid=39406>. The first of the PLAA's achievements was repealed by the AIA.

## Appendix A: 2013 IPO Annual Meeting (Armitage Paper)

agenda for the American Inventors Protection Act of 1999<sup>23</sup> was highly attenuated in its final legislative text.<sup>24</sup>

In contrast, the AIA was purposefully a comprehensive reform bill, both as a whole and in each of its key parts.<sup>25</sup> It was intentionally designed to upset a raft of settled notions and settled expectations about what the U.S. patent law should be and how it should operate. Taking the bill part by part, it becomes clear just how amazing its journey through Congress to final enactment into law was.

For example, a more narrowly crafted patent bill aimed at doing no more than flipping U.S. patent law from a first-to-invent to a first-inventor-to-file system would have been doomed to failure. Even at the start of the second decade of the 21<sup>st</sup> century, such a change to U.S. patent law was so controversial – and had such a limited constituency willing to push past the controversy – that a first-inventor-to-file standalone bill would never have come to a vote in the 112<sup>th</sup> Congress.

Other important reform provisions would have met no better fate. Imagine a standalone bill proposing to eliminate the consequences of failing to comply with the “best mode” disclosure requirement? Dead on arrival for certain.

Consider the viability of a bill designed to do no more than remove the “deceptive intention” provisions that had limited an inventor’s ability to take remedial actions, such as changing the named inventor in an application or patent or seeking a reissue patent. No chance whatsoever of a congressional sponsor taking up that cause standing by itself.

What of legislation permitting the inventor’s assignee to make the application for patent or effectively eliminating the historic requirement for filing a separate inventor’s oath in connection with a patent filing? No congressional champions would ever have emerged to push through such largely formal changes in the operation of U.S. patent law, however desirable the consequences of their enactment.

In a similar vein, consider a bill did no more than rewrite § 102 of the patent statute from scratch – with the intent to remove a host of “loss of right to patent” provisions and fully globalize the definition of the prior art used to determine whether a claimed invention in a patent filing was novel and non-obvious. By itself, this would have been a very tough sell.

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<sup>23</sup> Pub. L. No. 106-113, § 4807, 113 Stat. 1501;

<sup>24</sup><sup>24</sup> The AIPA of 1999 was originally intended to provide universal 18-month publication of all pending patent applications, but succeeded in mandating publication of only some; to provide a prior user defense for all patented inventions, but achieved only a limited defense for some types of inventions; to provide contested reexamination proceedings for issued U.S. patents, but did so only in a highly prospective manner and with a draconian estoppel provision that discouraged its use.

<sup>25</sup> See generally, Robert A. Armitage, Understanding the America Invents Act and Its Implications for Patenting, *AIPLA Q.J.* 40:1, 133 (2012) [available for downloading at [http://www.uspto.gov/aia\\_implementation/armitage\\_pdf.pdf](http://www.uspto.gov/aia_implementation/armitage_pdf.pdf)] and Robert A. Armitage, “LEAHY-SMITH AMERICA INVENTS ACT: WILL IT BE NATION’S MOST SIGNIFICANT PATENT ACT SINCE 1790?”, Washington Legal Foundation Legal Backgrounder, Vol. 26, No. 21 (September 23, 2011), available at: [http://www.wlf.org/Upload/legalstudies/legalbackgrounder/09-23-11Armitage\\_LegalBackgrounder.pdf](http://www.wlf.org/Upload/legalstudies/legalbackgrounder/09-23-11Armitage_LegalBackgrounder.pdf).

Within this one section of the new patent law alone, there are a plethora of intricate policy choices. Any one of the myriad of § 102 issues could have been the source of divisive and disabling controversy over how to proceed with an entirely new structure for assessing the scope and content of the prior art.

Perhaps most amazingly, the AIA contained a provision that enables any patent owner to correct any error or omission in the original examination of the application for patent and, once corrected, prohibits the patent from later being declared unenforceable based upon prosecution misconduct. If any provision of the AIA standing alone would have appeared to be legislatively impossible, it would have been this provision of the AIA creating supplemental examination.

Finally, imagine the wrath that would have descended on the halls of Congress if the only provision of a patent reform bill had been a section subjecting all newly issued patents to a reassessment their validity – allowing a patent challenger to raise any issue of invalidity that an accused infringement might be entitled to raise in a civil action to enforce the patent. Adding fuel to the fire of controversy that such a provision would have engendered were ancillary provisions specifying that such a proceeding would be conducted before administrative patent judge who would be required by statute to conduct and complete the validity review within one year from its initiation.

If it would have been a certifiable miracle for any one of these provisions to have run the congressional gauntlet and become law, it is certainly a miracle of miracles that these profoundly important changes to our patent system have now come into full effect. How did the relative congressional timidity in making patent reforms – dating back more than a dozen decades – come to such a profound end with the AIA?

To answer this question, it is worth a look backward, specifically at the vision that was at work that led to the enactment of these orchestrated changes to the U.S. patent system, in the specific form that they took, as an unapologetic effort at radical modernization of our nation's patent laws.

***The Vision: Why It Was What It Was – In the Way It Was***

The key provisions of the AIA – first-inventor-to-file revolution, repeal of “loss of right to patent” bars to patentability, the globalization of the definition of prior art, the enhancement of the inventor- and collaboration-friendly prior art exclusions, the effective repeal of the “best mode” disclosure requirement, the removal of the “deceptive intention” limitations on remedial actions to preserve or protect or perfect a patent, the availability of assignee filing of patent applications, the *de facto* demise of the requirement for a separate inventor's oath or declaration, the opportunity through supplemental examination to correct any and all errors or omissions in patent examination that might otherwise have destroyed the enforceability of the patent, and the plenary opportunity via post-grant review to challenge and rapidly remove a patent with invalid claims once issued – were neither an accidental nor an uncoordinated set of amendments to the patent code. Rather, they were the product of a unified vision of what a 21<sup>st</sup> century patent system should be at its core.

*Transparent, Objective, Predictable and Simple*

This vision for a 21<sup>st</sup> century patent system that inspired the drafting of the AIA was as coherent as it was straightforward. Its overarching policy objective was that determining validity for a claimed invention in a patent should, to the maximum extent possible, be *transparent, objective, predictable and simple*. That, in a nutshell was the motive force driving the AIA's core provisions on patent validity.

There were but two tempering factors in the drive to this vision. A simple patent law, however desirable simplicity might be, should nonetheless impose a rigorous and complete set of policy-driven requirements for a valid patent. One of the masterful aspects of the AIA was that the most critical provisions of the patent law, provisions limiting the scope of protection that could be secured by a valid patent, were undiminished. Indeed, through reforms chucking the distraction of the "chaff" of the pre-AIA patent law, the kernels of a rigorous patent law become all the more visible. As will be discussed later, the "four oarsman of patent validity" remain onboard, with each able to pull its own weight, to assure the patent system does not veer off course.

Second, in the 21<sup>st</sup> century, a patent law should be both inventor friendly and collaboration friendly. This friendliness is appropriate given how teams of engineers and scientist often work together – across organizational boundaries – to discover and then work to refine discoveries. This need for inventor and collaboration friendliness in the patent law required the introduction of complicating factors into the AIA. First, it meant retaining the inventor's one-year "grace period" in an undiluted form. Second, it required expanding protections for inventors and their collaborators against so-called "self-collision."

The inventor's one-year "grace period" was carried over in a perfected, undiminished form from the pre-AIA law. As for "self-collision," the inventor's earlier patent filings, or those of his co-workers or collaborators, cannot be used to limit the subject matter that might be successfully patented in the inventor's later-filed patent applications, provided the new (and more liberalized compared to pre-AIA law) statutory requirements are met..

The text of the AIA in these respects did not, of course, descend from some legislative mountain engraved on stone tablets. It was in the end the work of congressional compromise. Some elements of the final compromise were unrelated to the vision. Others, although modestly dilutive of the vision, were not inconsistent with it.

If there were disappointments (or, in a glass-half-full sense, future opportunities for improvement) in the AIA revolution, they lie in the failure to repeal outright the "best mode" requirement<sup>26</sup> and, more unfortunately, the failure to explicitly overrule the judge-made law of

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<sup>26</sup> The "best mode" requirement epitomizes the type of subjective, complicating, and even mystifying provisions of pre-AIA law that deservedly merit congressional contempt in crafting a 21st century patent system. Looking back, leaving the vestiges of the requirement on the statutory books was one of the most regrettable compromises needed to get the AIA enacted into law. An objective patent system would not look into the mind of the inventor on the day of the patent filing to determine if the inventor's patent were valid or not. Rather, it would look to the ability of

“inequitable conduct.”<sup>27</sup> While major reforms were worked on both these issues as part of the AIA, the continuing presence of vestiges of these elements from pre-AIA U.S. patent law can now be best seen for what they are – an international embarrassment.

Nonetheless, the AIA’s historic achievements in the area of transparent, objective, predictable and simple requirements for patent validity paved the way for the new post-grant review procedure. In order to make a fair and complete adjudication of the validity of a patent, on any ground of validity that might be raised as a defense to patent infringement, and be able to do so within a 1-year statutory time limitation, it was essential in designing the AIA’s patent validity provisions that issues requiring discovery, particularly discovery of the inventor, be highly circumscribed. It was equally important that the needed fact-finding be limited. Looking back, the AIA did a fine job of achieving the discovery-limiting objective.

It did so in large measure by carefully pruning the law of patent validity. The law on patent validity can now be reduced to what should come to be seen as a set of four legal issues, highly transparent to assess and wholly objective in character.

#### *Limiting Patent Validity to a Quartet of Legal Issues*

A second purposeful aspect of the patent law under the AIA was the reduction of the law of patentability to a quartet of legal issues, at least where the inventor takes full advantage of the multitude of remedial provisions under the AIA. A first-inventor-to-file patent should not be invalid or otherwise unenforceable unless a claimed invention in the patent fails one of four tests for validity.

The four requirements can be stated quite succinctly:

Is the claimed invention *sufficiently different* (novel and non-obvious) over earlier public disclosures and earlier public patent filings of other inventors?

Is the claimed invention *sufficiently disclosed* such that the patent filing adequately identifies the claimed embodiments and enables them to be put to a specific, practical and substantial use?

Is the claimed invention *sufficiently definite* such that the claim to the invention provides a reasonable differentiation between subject matter that is and is not being claimed?

Is the claimed invention *sufficiently concrete* such that the process, machine, manufacture or composition of matter being claimed is not expressed in terms that are excessively conceptual or otherwise abstract?

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those of ordinary skill in the technology of the invention to practice the full reach of the invention without resort to undue efforts in order to do so. The genius of the AIA is that it has now sharpened the focus on these types of patent-limiting provisions of law. The new Congress should be encouraged to undertake a full repeal of the “best mode” requirement. See *infra*.

<sup>27</sup> The “inequitable conduct” doctrine remains the most head-scratching of the several judge-imposed requirements for an enforceable patent that survive the enactment of the AIA. Creative ideas were advanced to overrule the doctrine as part of the process that led to the AIA. Sadly, some of the most esteemed members of the patent profession spoke up in against legislative proposals for wiping out the doctrine in its entirety and helped cripple this effort– not their finest hour. See, again, *infra*.

## Appendix A: 2013 IPO Annual Meeting (Armitage Paper)

There are, of course, other considerations that can result in a patent being held invalid under the AIA. Traditionally, a patent failing to name the correct inventor was invalid – and the ability to correct an incorrectly named inventor could be barred where deceptive intent was involved in the incorrect naming.

With the AIA, inventor correction is available in all situations. Deceptive intention is to be disregarded in its entirety in all inventorship corrections. Thus, incorrectly naming the inventor produces an invalid patent only where the correct inventor – or its assignee – does not undertake any of the available remedial actions needed to erase this ground of invalidity.

In a similar vein, a defective inventor’s oath or declaration formerly was a death sentence for a patent. Under the new “safe harbor” provisions of the AIA, once a corrected inventor’s oath or declaration has been filed in the Office, a patent cannot be held invalid or unenforceable on account of the original defect in the oath or declaration, however severe.

Given that there will be four and only four invalidity grounds in most invalidity contests, what is the full significance of this pruning of the precepts of patentability?

One intended corollary of the AIA’s new “Patentability Gestalt” is the transformation of the question of patent validity from a mish-mash of questions of law and questions of fact to a *legal standard* where patent validity ultimately becomes a *question of law*, grounded on subsidiary facts.

In much the same manner that claim construction is a question of law, one that the Supreme Court has indicated is for the judge, not the jury, to determine,<sup>28</sup> the stage has been set for a similar policy determination on the proper role for the jury in assessing the validity of a patent. This aspect of the coordinated changes to U.S. patent validity law under the AIA represents a subtle, but as yet barely appreciated, aspect of the vision for the AIA.

How did this change transpire?

First and foremost, the “best mode” requirement was a significant impediment to any contention that patent validity be treated as a question of law.<sup>29</sup> However, the AIA has wholly eliminated

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<sup>28</sup> “Existing precedent, the relative interpretive skills of judges and juries, and statutory policy considerations all favor allocating construction issues to the court. As the former patent practitioner, Justice Curtis, explained, the first issue in a patent case, construing the patent, is a question of law, to be determined by the court. The second issue, whether infringement occurred, is a question of fact for a jury. *Winans v. Denmead*, 15 How. 330, 338. Contrary to Markman’s contention, *Bischoff v. Wethered*, 9 Wall. 812, and *Tucker v. Spalding*, 13 Wall. 453, neither indicate that 19th-century juries resolved the meaning of patent terms of art nor undercut Justice Curtis’s authority. Functional considerations also favor having judges define patent terms of art. A judge, from his training and discipline, is more likely to give proper interpretation to highly technical patents than a jury and is in a better position to ascertain whether an expert’s proposed definition fully comports with the instrument as a whole. Finally, the need for uniformity in the treatment of a given patent favors allocation of construction issues to the court.” *Markman v. Westview Instruments Inc.*, 38 USPQ2d 1461, 517 US 370, 116 SCt 1384 (1996).

<sup>29</sup> “Whether an applicant has complied with the best mode requirement of section 112 is a question of fact, *Chemcast Corp. v. Arco Indus. Corp.*, 913 F.2d 923, 928, 16 USPQ2d 1033, 1037 (Fed. Cir. 1990) ... .” *Bayer AG v. Schein Pharmaceuticals Inc.*, 64 USPQ2d 1001, 301 F3d 1306 (Fed. Cir. 2002).

that concern. Failure to comply with the “best mode” requirement can no longer be raised as a defense to the validity of a patent.

One prong of the *sufficient disclosure* requirement for validity (“written description”) that has historically been viewed as a question of fact<sup>30</sup> is now best understood as a requirement to adequately identify the embodiments of the claimed invention, which can be alternatively expressed as demonstrating possession of a completed conception of the invention in the patent filing itself. This “possession” standard cannot be addressed, therefore, without addressing a question of law, not fact.<sup>31</sup> Thus, the existence of a completed conception of an invention being a legal question, its *alter ego* (whether the patent specification so demonstrates possession of such a conception) can scarcely be a factual one.

In a similar vein, because “enablement” is a question of law,<sup>32</sup> it is of no moment that “utility” is a question of fact.<sup>33</sup> The factual question of “utility” is a lesser included requirement under the legal test of enablement.<sup>34</sup> That the legal standard contains a factual predicate makes the ultimate determination no less a question of law.

As similar relationship holds as between the two prongs of the “sufficiently different” requirement for a valid patent. The “novelty” prong is a question of fact,<sup>35</sup> but the non-obviousness requirement is a question of law.<sup>36</sup> However, lack of novelty is a lesser included

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<sup>30</sup> “This inquiry, as we have long held, is a question of fact. *Ralston Purina*, 772 F.2d at 1575. Thus, we have recognized that determining whether a patent complies with the written description requirement will necessarily vary depending on the context. *Capon v. Eshhar*, 418 F.3d 1349, 1357-58 (Fed.Cir.2005). Specifically, the level of detail required to satisfy the written description requirement varies depending on the nature and scope of the claims and on the complexity and predictability of the relevant technology. *Id.*” *Ariad Pharms. v. Eli Lilly & Co.*, 598 F.3d 1336 (Fed. Cir. 2010) (*en banc*).

<sup>31</sup> “Priority, conception, and reduction to practice are questions of law which are based on subsidiary factual findings.” *Cooper v. Goldfarb*, 154 F.3d 1321, 1327, 47 USPQ2d 1896, 1901(Fed. Cir. 1998). “This court reviews a determination of prior conception, which must be proven by facts supported by clear and convincing evidence, as a question of law based on underlying factual findings.” *Gambro Lundia AB v. Baxter Healthcare Corp.*, 42 USPQ2d 1378, 110 F3d 1573 (Fed. Cir. 1997).

<sup>32</sup> “Enablement is a question of law and is reviewed *de novo*. *In re Vaeck*, 947 F.2d 488, 495 (Fed. Cir. 1991).” *Adang v. Fischhoff*, 286 F3d 1346 (Fed. Cir. 2002).

<sup>33</sup> “Utility is a factual issue, which we review for clear error.” *In re Cartright*, 165 F.3d 1353 (Fed. Cir. 1999).

<sup>34</sup> “If the written description fails to illuminate a credible utility, the PTO will make both a section 112, p 1 rejection for failure to teach how to use the invention and a section 101 rejection for lack of utility. See M.P.E.P. § 706.03(a), form p 7.05.04. This dual rejection occurs because ‘[t]he how to use prong of section 112 incorporates as a matter of law the requirement of 35 U.S.C. § 101 that the specification disclose as a matter of fact a practical utility for the invention.’ *In re Ziegler*, 992 F.2d 1197, 1200, 26 USPQ2d 1600, 1603 (Fed.Cir.1993). Thus, an applicant’s failure to disclose how to use an invention may support a rejection under either section 112, p 1 for lack of enablement as a result of ‘the specification’s ... failure to disclose adequately to one ordinarily skilled in the art ‘how to use’ the invention without undue experimentation,’ or section 101 for lack of utility ‘when there is a complete absence of data supporting the statements which set forth the desired results of the claimed invention.’ *Envirotech Corp. v. Al George, Inc.*, 730 F.2d 753, 762 (Fed.Cir.1984); see also *In re Brana*, 51 F.3d 1560, 1564 n. 12 (Fed.Cir.1995) (The ‘absence of utility can be the basis of a rejection under both 35 U.S.C. § 101 and § 112 p 1.’); *In re Fouché*, 439 F.2d 1237, 1243 (CCPA 1971) (‘[I]f [certain] compositions are in fact useless, appellant’s specification cannot have taught how to use them.’)” *Id.*

<sup>35</sup> “First, anticipation is a question of fact.” *In re Hyatt*, 211 F.3d 1367, 1371 (Fed. Cir. 2000) (citing *Bischoff v. Wethered*, 76 U.S. (9 Wall.) 812, 814–15 (1869)).

<sup>36</sup> “Obviousness is a question of law based on underlying facts.” *Group One Ltd. v. Hallmark Cards, Inc.*, 407 F.3d 1297, 1303 (Fed. Cir. 2005).

requirement of the non-obviousness test.<sup>37</sup> Thus, both the validity tests of *sufficiently different* and *sufficiently disclosed* are ultimately questions of law that may require subsidiary fact-finding.

The remaining two validity requirements are legal standards. Whether a patent claim is *sufficiently definite* under 35 U.S.C. § 112(b) has long been understood as a question of law.<sup>38</sup> The same is the case for the assessment of whether a claimed invention is *sufficiently concrete*.<sup>39</sup> And, if the naming of the inventor were ever to be adjudicated as a validity issue, it too would be a question of law.<sup>40</sup>

The AIA has, thus, opened the door to having the construction of a patent fully a matter for the court in every patent infringement lawsuit, with the judge playing the role of construing the *valid* scope of each claimed invention in the patent.<sup>41</sup> Indeed, the exhaustive rationale set out in the Supreme Court's precedent on claim construction, being a matter for the court, would appear to apply with greater force and effect to the issue of *valid* claim construction.

The role of the jury in patent cases would and should, therefore, be focused on the questions of infringement and, whenever applicable, the damages to be awarded to the patent owner – where the jury makes a factual determination of infringement of a valid patent claim as construed by the court.

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<sup>37</sup> “Though it is never necessary to so hold, a disclosure that anticipates under §102 also renders the claim invalid under §103, for ‘anticipation is the epitome of obviousness,’ *In Re Fracalossi*, 681 F.2d 792 (CCPA 1982).” *Connell et al. v. Sears, Roebuck & Co.*, 722 F.2d 1542 (Fed. Cir. 1983). “For prior art to anticipate a claim ‘it must be sufficient to enable one with ordinary skill in the art to practice the invention.’ *Minn. Mining & Mfg. Co. v. Chemque, Inc.*, 303 F.3d 1294, 1301 (Fed. Cir. 2002) (citing *In re Borst*, 345 F.2d 851, 855 (CCPA 1965)). ‘Whether a prior art reference is enabling is a question of law based upon underlying factual findings. *Id.* (citing *Crown Operations Int’l Ltd. v. Solutia, Inc.*, 289 F.3d 1367, 1376 (Fed. Cir. 2002)). Anticipation is a question of fact. See *id.* However, without genuine factual disputes underlying the anticipation inquiry, the issue is ripe for judgment as a matter of law.” *SmithKline Beecham Corp. v. Apotex Corp.*, 74 USPQ2d 1398, 403 F.3d 1331 (Fed. Cir. 2005).

<sup>38</sup> “A determination of whether a patent satisfies the written description and definiteness requirements of 35 U.S.C. §112 is also a question of law that we review *de novo*. *Union Pac. Res. Co. v. Chesapeake Energy Co.*, 236 F.3d 684, 692 [57 USPQ2d 1293] (Fed. Cir. 2001); *Amgen, Inc. v. Chugai Pharm. Co.*, 927 F.2d 1200, 1212 [18 USPQ2d 1016] (Fed. Cir. 1991).” *Glaxo Group Ltd. v. Apotex Inc.*, 71 USPQ2d 1801, 376 F.3d 1339 (Fed. Cir. 2004).

<sup>39</sup> “The issue on appeal, whether the asserted claims of the ‘184 patent are invalid for failure to claim statutory subject matter under 35 U.S.C. §101, is a question of law which we review without deference. See *Arrhythmia Research Tech. v. Corazonix Corp.*, 958 F.2d 1053, 1055-56 (Fed. Cir. 1992).” *AT&T Corp. v. Excel Communications Inc.*, 72 F.3d 1352 (Fed. Cir. 1999).

<sup>40</sup> “Inventorship is a question of law with underlying factual issues. *Bd. of Educ. v. Am. Bioscience*, 333 F.3d 1330, 1337 [67 USPQ2d 1252] (Fed. Cir. 2003).” *Checkpoint Systems Inc. v. All-Tag Security S.A.*, 412 F.3d 1331 (Fed. Cir. 2005).

<sup>41</sup> Under *Markman v. Westview Instrument, Inc.*, 517 U.S. 370, 388 (1996), it is for the court to construe the scope of protection afforded by a claimed invention, given the lack of clear precedent requiring the construction of a patent claim to be a question for the jury. (“Where history and precedent provide no clear answers, functional considerations also play their part in the choice between judge and jury to define terms of art. We said in *Miller v. Fenton*, 474 U. S. 104, 114 (1985), that when an issue ‘falls somewhere between a pristine legal standard and a simple historical fact, the fact/law distinction at times has turned on a determination that, as a matter of the sound administration of justice, one judicial actor is better positioned than another to decide the issue in question.’ So it turns out here, for judges, not juries, are the better suited to find the acquired meaning of patent terms.”) This same rationale should not surely apply to an AIA patent in the construction of the valid scope of protection afforded by a claimed invention.

*A New Model for Adjudicating Patent Validity – The Post-Grant Review*

The third aspect of the AIA design was to create an entirely new model for post-issuance review of the validity of an issued patent within the United States Patent and Trademark Office. In doing so, it rejected the two 20<sup>th</sup> century models – ex parte reexamination and inter partes reexamination. The examination-based approach to post-issuance review of these procedures had a problematic history. Both procedures were designed to consider only a limited set of validity issues – and typically required years in order to reach a final decision

Looking outside the United States at post-issuance review procedures conducted in foreign patent offices, Congress found nothing worth introducing into U.S. patent law. Thus, post-grant review under the AIA was not designed to harmonize the new U.S. procedure with post-issuance procedures outside the United States. Indeed, it was explicitly intended as a repudiation of the practice under the European Patent Convention.

In Europe, post-issuance review takes the form of an “opposition.” These opposition procedures typically last years, limit the patentability issues that can be raised, commence with a technical and ultimately meaningless first stage as a prelude to final, legal phase often held years later, have no provisions for securing discovery and, once concluded, afford no opportunity for judicial review. As a litany of how an administrative adjudication should not be conducted, the AIA’s indictment of EPO practice could not be more complete.

In contrast to Europe, post-grant review in the USPTO was designed to run to completion within a one-year statutory deadline, allow any patent validity issue to be raised, produce a single written decision on patent validity during a one-stage procedure, afford discovery sufficient to vindicate the interests of justice, and provide for Federal Circuit review of the final written opinion of the administrative patent judge. The only common structural features worthy of note are that post-grant review and a European opposition proceeding both must be sought within nine months from the issue date of the patent and both permit the patent owner to amend the claims of the patent, albeit post-grant review was designed to have more limits on the ability to amend claims – consistent with its more streamlined nature.

By affording a full and fair opportunity to challenge any claim of an issued patent – coupled with a full and fair opportunity of the patent owner to defend the challenged patent – post-grant review was calculated to mesh fully with the AIA’s statutory reforms to the law of patentability. Absent the AIA’s transparent, objective, predictable and simple law on patentability, there would have been no feasible way to construct a post-issuance review procedure – full and fair to both patent owner and patent challenger – that could be concluded within the time period prescribed under the AIA.

An explicit intention of the post-grant review under the AIA patentability standards was that little, if any, discovery of the inventor would ever be necessary for the Office to discern if a claimed invention was sufficiently different from prior public disclosures and public patent filings of others, sufficiently disclosed, sufficiently definite and sufficiently concrete. Similarly, there should be little reason in a typical post-grant review for the patent owner to need discovery of the

patent challenger given the transparent and objective character of AIA patentability law. Of equal importance, neither the challenge nor the defense to the challenge would typically require third party discovery to achieve a fair result.

It is, thus, beyond imagination that anything like the structure of post-grant review could have been enacted had pre-AIA patentability law been retained. The discovery needed in order to determine if a prior invention constituted prior art – or a date of invention could be established to avoid *prima facie* prior art would have been formidable. The same is true of an assessment of whether the “best mode” requirement had been breached. No less a problem would have been an adjudication of the discovery-laden issue of whether secret uses or offers for sale existed sufficient for the inventor to forfeit the right to patent.

What does the future hold for this new model?

Foremost, the Office must make post-grant review work in practice. That may not be a trivial task. Like any adjudication of patent validity, it depends upon highly skilled, highly qualified adjudicators being able to effectively manage the proceedings. It is not a foregone conclusion that the Office will be able to hire, train and retain the administrative patent judges who will be adjudicating these proceedings in sufficient numbers to make the procedure work with consistent fairness in practice.

Second, the Office must be open to refining its procedures as experience under the new regime dictates. The Office’s initial rulemaking left much to be desired in this respect. For inexplicable reasons, it has elected to construe claims in post-grant review under the “broadest reasonable interpretation” standard – grossly unfair to patent owners. Its rulemaking also addresses discovery issues in a less than ideal manner – requiring conferences where clear and bright lines on discovery as a matter of right would be more appropriate.

Third, if post-grant review can mature to its promise of a full, fair and efficient way of resolving patent validity, there should be no reason why this model could not be adapted and expanded to address all contested issues of patent validity. This would mean removing patent invalidity, for example, as a defense to infringement of a patent. As noted above, the issue of the valid scope of protection afforded by a claimed invention might no longer be an issue in which the patent owner can assert a constitutional right to a trial by jury. Thus, it becomes a policy question for Congress whether such validity questions are to be universally assigned to an expert administrative body whose decisions are then subject to judicial review.<sup>42</sup>

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<sup>42</sup> A look back at the enactment of the AIA would not be complete without at least some mention of the role for the new inter partes review procedure. It was to be a procedure built on the same framework as post-grant review, but limited to novelty and non-obviousness issues under § 102 and § 103 of the patent code arising from published prior art. It is available once the opportunity for post-grant review of a patent has ended – and a patent is open to inter partes review through the entire term of the patent. Congress repealed the highly defective inter partes reexamination statute at the time it created inter partes review, but inexplicable left third-party requests for ex parte reexamination in the statute. In an ideal world, Congress would have repealed inter partes reexamination and left ex parte reexamination on the books only if the request for ex parte reexamination had been made by the patent owner. In the post-AIA patent world, third-party requested and *sua sponte* Director-ordered ex parte reexamination have little justification. In that same ideal world, inter partes review would have been left out of the patent statute altogether. The latter omission would have had two benign consequences. First, it would have encouraged greater

*The Global Mold and Model for International Patent Harmonization*

A fourth and final factor dominating the construction of the AIA's key provisions was harmonization-related. The AIA set out to define a patent law embodying the "best practices" for a global patent system. This vision, on issues of patentability, was that the United States patent law would be transformed, in one fell swoop, from a law that most foreign entities regarded as an abomination to a law that domestic constituencies can now advocate as a mold and model for the rest of the world to follow.

To accomplish such a transformative agenda required some bold steps. As noted above, a host of "loss of right to patent" provisions needed to be excised from old § 102 of the pre-AIA U.S. patent statute. Most importantly, the United States has now ended the very strange practice of destroying an inventor's right to patent an invention if even a single, secret, confidential offer for sale of the invention were made by the inventor more than a year before filing for a patent in the United States.

This type of forfeiture provision had little or no policy justification in a first-to-invent world. Its supposed objective was to encourage prompt patent filings for inventors that might be lulled into a wait-and-see dawdling under the first-to-invent principle.

However, it is all but unknown in foreign patent systems for an inventor to secretly commercialize a patented invention and then wait years before seeking a patent. It just does not happen, notwithstanding the foreign patent laws impose no such forfeiture of the right to patent based upon secret, pre-filing activities undertaken by or on behalf of the inventor.

The lack of dawdle has many reasons. Inventors who desire patent protection for their inventions are effectively compelled to make prompt patent filings once their inventions are ready for patenting, under either the first-to-invent or the first-inventor-to-file regimes. The single most important factor is the relentless march of the prior art and the level of skill in the art that takes place each day a patent filing is delayed. The march of time alone serves to frustrate the ability to satisfy the requirement for being sufficiently different from the prior art if patent filings are unduly delayed.

Thus, under the AIA's first-inventor-to-file rule, it was an easy choice by Congress to end the "forfeiture" doctrine based on pre-filing commercial activities involving the patented invention, as well as the other "loss of right to patent" provisions. Moreover, the questionable legality of such a forfeiture provision under TRIPS, especially in a first-inventor-to-file system,<sup>43</sup> represents

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use of post-grant review. The greater the use of post-grant review to seek cancellation of invalid patent claims, the lesser the burden such claims impose on the public if canceled early in the patent term. Second, since the preponderant use of inter partes review is likely to be in connection with patents already in litigation, the validity issues being decided in the Office are duplicative of validity issues that the district court would decide as part of the patent infringement or declaratory judgment action involving the patent. The scarce APJ resources which the Office will be obliged to devote to addressing inter partes review, would be better spent focusing on post-grant review, leaving it to the courts to address the § 102/§ 103 issues along with other invalidity issues.

<sup>43</sup> Article 27.1 of the World Trade Organization's TRIPS (Trade-Related Aspects of Intellectual Property) text, to which the United States is bound, provides that "Subject to the provisions of paragraphs 2 and 3, patents shall be

yet another consideration that weighed in favor of rewriting § 102 of the patent statute to do nothing more than define subject matter that can qualify as prior art, delineate the exceptions from prior art that were required to assure an inventor- and collaboration-friendly patent system, and impose a novelty requirement as a condition for patentability.

The repeal of the forfeiture doctrine epitomizes the salient feature of a patent system that is built on “best practices.” In this case, the United States followed foreign patent laws. However, given that the AIA patentability standards to be imposed were to reflect the best patent policy, much in the AIA diverged – quite intentionally – from provisions in foreign patent laws.

The AIA, grounded on “best practices,” dictated that the U.S. first-inventor-to-file rules would be distinct from those of major foreign patent systems. For example, where the European Patent Convention provides that the various patent applications of an inventor, the inventor’s co-workers and the inventor’s collaborators can be used as prior art, one against the other, based on the order in which the patent filings were made. Indeed, under the European rule, the prior art of such earlier-filed patent applications can be used to destroy novelty of a claimed invention in a later-made patent filing. However, under European laws, the patent filings that can be used to destroy novelty are then completely ignored in assessing non-obviousness.

The AIA first rejected the approach that some public patent filings should be prior art for assessing novelty, only to then be disregarded in determining non-obviousness, as too complex on one hand and too punitive on the other hand. In cases where a team of inventors are at work collaboratively, special anti-self-collision rules were needed.

First, the AIA provided that subject matter either is or is not prior art and, if it is, represents prior art for both novelty and non-obviousness purposes. No other approach could be as simple.

Second, earlier public patent filings that name the same inventor, or are commonly owned, or are the product of a joint research agreement with respect to a later patent filing can be entirely exempted as prior art with respect to the later patent filing. In this respect, the inventor’s own work, to be found in its own or related patent filings, cannot be held against it under the AIA.

By rejecting both the concept of “novelty-only” prior art and the doctrine of “self-collision” between related patent filings, the AIA forged a new balance between simplicity and predictability in the operation of a patent system and inventor and collaboration friendliness. In an effort to assure that a community of related and valid patents could issue under these new provisions, Congress effectively expanded the situations where obviousness-type double patenting might exist.<sup>44</sup>

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available for any inventions, whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application. Subject to paragraph 4 of Article 65, paragraph 8 of Article 70 and paragraph 3 of this Article, patents shall be available and patent rights enjoyable without discrimination as to the place of invention, the field of technology and whether products are imported or locally produced.” Articles 27.2 and 27.3 provide only limited types of subject matter that can be declared patent ineligible. Nothing in TRIPS sanctions a forfeiture doctrine based upon secret activities that never become public and have no implication whatsoever on the state of the art to which the invention pertains.

<sup>44</sup> Wisely, the House Judiciary Committee is now considering legislation that would codify the law on obviousness-type double patenting for first-inventor-to-file patents. If a patent bill in this Congress can include such a provision,

***The Future – The Unfinished Congressional Agenda to Complete the AIA Revolution***

The process of perfecting the work of the AIA has already begun. A set of highly desirable technical corrections to the AIA were enacted into law at the end of the 112<sup>th</sup> Congress and became law in January of this year.<sup>45</sup> Those efforts have simplified the task of considering – indeed, paved the way for – a further set of AIA-related enhancements to the U.S. patent law.

The technical amendments passed at the end of the 112<sup>th</sup> Congress were followed early in the new Congress with a House Judiciary Committee “Chairman’s Patent Discussion Draft,” a draft bill “To amend title 35, United States Code, and the Leahy-Smith America Invents Act to make improvements and technical corrections, and for other purposes.” It was released on May 23, 2013 by Chairman Goodlatte.<sup>46</sup>

Section 9 of the May 23 Discussion Draft contained a number of important AIA-related measures that, again, reflected the laudable and continuing commitment by both the House and Senate Judiciary Committees to seeing the AIA reflect its full promise. It offered possible legislative changes to further refine the AIA. Fortunately only a very limited number of quite narrow and targeted modifications of the AIA’s provisions now require additional attention by Congress. Some of these modifications were in the May 23 Discussion Draft,<sup>47</sup> others were not.

A few provisions in Section 9 of the May 23 Discussion Draft, which are not integrally related to the AIA, have drawn controversy in their current form<sup>48</sup> or might best proceed through a more radical reshaping of current provisions of the patent law.<sup>49</sup> Putting these changes aside for the

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it would further cement the first-inventor-to-file provisions of the AIA as a global “best practice” – a perfected alternative to the EU approach of a complex “novelty-only” treatment for earlier-filed public patent filings and a ruthless self-collision doctrine that impacts inventors, their co-workers and other collaborators adversely. See the discussion *infra*.

<sup>45</sup> Pub. Law 112-274, 126 STAT. 2456 (Jan. 13, 2013), Leahy-Smith America Invents Technical Corrections, at 126 STAT. 2457.

<sup>46</sup> See [http://judiciary.house.gov/news/2013/05232013\\_5.html](http://judiciary.house.gov/news/2013/05232013_5.html) linking to the text of the bill at <http://judiciary.house.gov/news/2013/05232013%20-%20Patent%20Discussion%20Draft.pdf>.

<sup>47</sup> Important and highly desirable provisions on double patenting, claim interpretation in post-grant review and inter partes review, and judicial estoppel in post-grant review were included in Section 9 of the Discussion Draft.

<sup>48</sup> Section 9(a) of the discussion draft would repeal the right to file a civil action in order to secure a patent. This provision, given its ancient roots and remedial character, has drawn criticism. In addition, it lacks a strong connection to the AIA. If this provision remains in any reform bill, much of the criticism of it on the merits might be mollified if the repeal applied only to first-inventor-to-file patents. With the transparent and objective standards for patentability, the rare situations in which a civil action would be arguably appropriate to assure that an inventor has a full opportunity to make its case for patentability should be vanishingly small.

<sup>49</sup> The provisions in Section 9(f) of the Discussion Draft would make changes to the patent term adjustment provisions of the patent law that were enacted in 1999. The PTA provisions added to the patent law in 1999, although well-intentioned, have no clear public policy justification. Their aim was to provide some remedy in situations where patent owners were seeing to have a patent issue promptly, but – despite the patent applicant’s efforts to expedite patent examination – delays in the USPTO resulted in delays in issuing the patent. The remedy under the 1999 PTA provisions was to attempt to make up for the post-issuance patent term lost through USPTO delays by adding additional patent life 20 years later – at the very end of the 20-year patent term, when the patent is otherwise set to expire. This approach, however, makes no real economic sense for the vast majority of patent owners – most patented inventions become technologically or commercially obsolete well before the original 20-year term expires. What might better serve the public interest and the interest of inventors seeking prompt patent

present, the remainder of Section 9's proposed improvements, together with a few additional AIA-related proposals below, would integrate perfectly with parallel and complementary efforts contained in the May 23 Discussion Draft that are specifically intended to reduce the litigation burden on the U.S. patent system.

Some such AIA-related changes would *clarify* congressional intent in enacting the AIA, where such clarification would avoid the need to resort to litigation to achieve the needed clarification otherwise.

Other changes would *correct* provisions in the AIA or in its implementation by the USPTO, where the need for such corrections is manifest.

Finally changes are needed to *complete* the AIA's objective of implementing the 2004 recommendations<sup>50</sup> of the National Research Council of the National Academies of Science. This latter category of changes remains of importance given the thoughtful and thorough recommendations made by the National Academies following an intensive, four-year study of the U.S. patent system.<sup>51</sup>

To fully realize this *clarify, correct and complete* agenda, the following issues would need to be considered in any bill seeking to complete to vision for the AIA:

***1. Confirm Congressional Intent to Repeal the "Loss of Right to Patent" Provisions of the Pre-AIA Patent Law and Limit "Prior Art" under § 102(a)(1) of the Patent Law to Publicly Accessible Subject Matter***

As outlined above, one of the landmark achievements of the AIA was the adoption of fully transparent and objective criteria for determining patentability for an invention. To accomplish

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issuance would be to repeal the patent term adjustment provisions outright for first-inventor-to-file patents and then afford a patent owner to right to elect to have a patent issue at the three-year mark after the original (nonprovisional) patent filing date, with the USPTO then addressing any remaining patentability issues in a post-patent issuance continued examination that could follow the model of the reexamination provisions under the new supplemental examination procedure under § 257 of the patent code. To permit time for the development of an optimal policy response to the issues presented in Section 9(f), it might be desirable to separate this topic from the Discussion Draft and allow a consensus to develop on how patent term adjustment might be repealed, at least for first-inventor-to-file patents, rather than merely revised.

<sup>50</sup> Stephen A. Merrill, Richard C. Levin, and Mark B. Myers, Eds., "A Patent System for the 21<sup>st</sup> Century," Committee on Intellectual Property Rights in the Knowledge-Based Economy, Board on Science, Technology, and Economic Policy, Policy and Global Affairs Division, National Research Council, National Academies of Science (2004). See <http://www.nap.edu/html/patentsystem/0309089107.pdf>.

<sup>51</sup> Some AIA-related topics can be deferred until a consensus develops on how best to implement such changes. In testimony before the House Judiciary Committee's IP Subcommittee at a hearing on February 1, 2012, "Prior User Rights: Strengthening U.S. Manufacturing and Innovation," I urged action to develop a consensus on completing needed improvements to the "prior user" defense to patent infringement. Since then, it appears that the efforts to find the consensus needed have yet to bear fruit. Thus, in my testimony today, I will not be urging that Congress take up at this time the issue of needed changes to § 273 of the patent code as amended by the AIA. Unlike the relatively simple and straightforward legislative proposals for addressing the residual issues associated with the National Academies' recommendations, the compromises needed to successfully address the prior user defense are likely to be much more nuanced and complex. See <http://judiciary.house.gov/hearings/Hearings%202012/Armitage%2002012012.pdf>.

this result, Congress needed to abolish a set of “loss of right to patent” provisions that found legislative sanction in the pre-AIA patent law.<sup>52</sup> There would appear to be no possible doubt that Congress did so, but we now have on the public record protestations to the contrary from such doubters.

When § 102 of the patent code was originally enacted in 1952, Congress gave it the title, “Conditions for patentability; novelty and *loss of right to patent*” (emphasis added), the latter phrase being placed into § 102 in recognition of the “loss of right to patent” doctrines to be found within its four corners. These “loss of right to patent” provisions were to be found, among other places in the words “in public use or on sale” in pre-AIA § 102(b) of the patent statute. The relevant portion of pre-AIA § 102(b) provides simply that:

A person shall be entitled to a patent [for an invention] unless—  
...  
(b) the invention was ... in public use or on sale ... more than one year prior to the date of the application for patent ... .

While pre-AIA § 102(b), as plainly drafted, covered acts both of the inventor and of persons unrelated to the inventor, the acts of placing an invention “in public use” or “on sale” were judicially interpreted to have one meaning when the acts involved were undertaken by or at the behest of the inventor and an entirely contrary meaning when the acts involved were undertaken by persons entirely unrelated to the inventor.

The preceding sentence bears repeating – because it epitomizes the absurd situation Congress faced in attempting to reform the patent law. The legislative history of the 1952 Patent Act explicitly concedes<sup>53</sup> that Congress was declining to accurately codify the patent law. It almost appears as though Congress essentially gave up in dealing with the patent community by yielding to that community’s apparent desire for a somewhat occult statute – and knowingly wrote provisions that were not to be interpreted as written.<sup>54</sup>

Under § 102(b), using the only possible interpretation consistent with the statute as written, the term “in public use” has been construed judicially to mean acts making the subject matter of the use *available to the public* whenever the user was unrelated to the inventor. In other words, the adjective “public” modifying the noun “use” is given its only possible interpretation. Thus, the uses undertaken by unrelated persons that were not publicly accessible, that is, uses undertaken in secrecy by persons unrelated to the inventor, did not result in the subject matter used being *in public use* for the purposes of creating patentability-defeating prior art under § 102(b).

Under the same § 102(b), using an interpretation that is in clear defiance of the statute as written, the term “in public use” has been construed judicially to mean acts undertaken in total secrecy whenever the use was by or on behalf of the inventor. A public use, thus, could be “public” in

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<sup>52</sup> See, generally, my May 16 testimony addressing the issue of § 102(a)(1)’s modifications to pre-AIA patent law; <http://judiciary.house.gov/hearings/Hearings%202012/Armitage%2005162012.pdf>

<sup>53</sup> See S. Rep. No. 82-1979 at 17 (1952), *reprinted in* 1952 U.S.C.C.A.N. 2394, 2410.

<sup>54</sup> See Robert A. Armitage, “Understanding the America Invents Act and Its Implications for Patenting,” 40 AIPLA Q.J. 1 (2012), pp. 40-45 available at [http://www.uspto.gov/aia\\_implementation/armitage\\_pdf.pdf](http://www.uspto.gov/aia_implementation/armitage_pdf.pdf).

no sense of the word whatsoever. In effect, the courts interpreted the same passage of the statute in an opposite, inconsistent, and linguistically indefensible manner.<sup>55</sup>

It was this bizarre statutory construction of an inventor's non-public, but nonetheless "public use" that made rendered § 102(b) a "loss of right to patent" provision specific to inventor-related conduct. Any of 7 billion human beings could invent and secured a valid patent for the invention that one inventor could not because, for the 7 billion, there would be no "prior art" based on a public use to bar the grant of the patent. However, for the one in 7 billion human beings who had made a secret use of the invention more than one year before seeking a patent in the United States, that secret use would be deemed a "public use" and defeat the secret user's right to patent the invention.

The forfeiture doctrine is, of course, antithetical to the AIA because it represents the height of non-transparency. A member of the public seeking to understand if a patent is valid is seldom privy to the inventor's private life and all the inventor's secret acts. The forfeiture doctrine, thus, was precisely the type of patent law provision the Congress was seeking to eradicate with the AIA.<sup>56</sup>

What Congress did to eradicate this bizarre-in-the-extreme body of law for the new first-inventor-to-file patents under the AIA was quite thorough.

Under the AIA, the new § 102 entirely eliminated the entire category of "loss of right to patent" provisions. The new § 102 contains only a definition for "prior art," as well as express exceptions from the prior art, for the purpose of assessing the novelty of a claimed invention is to be assessed.

Hence the title for new § 102 no longer references "loss of right to patent" provisions. The title for the section is simply, "Conditions for patentability, novelty." Under new § 102(a), the title of this new subsection becomes "Novelty, Prior Art," recognizing that subsection (a) of § 102 provides the new, albeit somewhat implicit, definition for the subject matter that represents prior art to any claimed invention in an application for patent.

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<sup>55</sup> The term "used" further appears in pre-AIA § 102(a) to define subject matter that can constitute prior art, but only when the use was undertaken by someone other than the inventor. In pre-AIA § 102(a), the verb "used" was *not* modified by the adverb "publicly" in the statute, which could, of course, have led to the conclusion that prior art might be created when subject matter was used in secret. Not so. Again the legislative history of the 1952 Patent Act explains the "do-not-interpret-as-written" nature of pre-AIA patent law, "The interpretation by the courts of paragraph (a) [of pre-AIA § 102] as being more restricted than the actual language would suggest (for example, known has been held to mean publicly known) is recognized but no change in the language is made at this time." *Id.*

<sup>56</sup> In the pre-AIA statute, the words "in public use" were to be found as part of a larger clause that read "in public use or on sale." Perhaps unsurprisingly, the words "on sale" in § 102(b) were given a similar judge-made dichotomy of meaning depending upon whether the activities in question had been undertaken by unrelated persons or by the inventor. For an unrelated person, an invention was not "on sale" until it was publicly accessible – that is readily available for purchase. For the inventor, an invention could be on sale even if (1) it was not actually available for purchase; (2) had never been actually made in its physical form so that it could not actually be purchased and, as yet, only existed in the mind of the inventor; and (3) only a single offer of sale had ever been made irrespective of whether a sale had ever been consummated. The non-transparency of this personal forfeiture bar of pre-AIA patent law was only matched by its absurdity as a matter of being good patent policy.

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The important change, however, is not a cosmetic title change. As a means of underscoring that subject matter could not represent prior art under § 102(a)(1) absent becoming publicly accessible, Congress wrote new § 102(a) using the ultimate in explicit terms –by adding the limiting words “*or otherwise available to the public*” to “public use” to thereby eliminate any possible alternative interpretation of the preceding categories of prior art to be found in the new § 102(a)(1) (“patented, described in a printed publication, or in public use or on sale”).

Thus, whether an subject matter constitutes prior art on account of being patented, described in a printed public or in public use or on sale, such subject matter can constitute prior art only to the extent rendered publicly accessible – available to the public – by virtue of the disclosure.

The Office, in providing guidance to patent examiners was unequivocal in its faithfulness to the new statute and the expressed intent of Congress in crafting the new § 102, both in imposing an overarching requirement for public accessibility on all subject matter qualifying as prior art and, thereby, eliminating the possibility that an inventor’s secret, pre-filing activities could thereby result in a forfeiture of the right to patent the invention under new § 102(a)(1):

The starting point for construction of a statute is the language of the statute itself. A patent is precluded under AIA 35 U.S.C. 102(a)(1) if “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.” AIA 35 U.S.C. 102(a)(1) contains the additional residual clause “or otherwise available to the public.” Residual clauses such as “or otherwise” or “or other” are generally viewed as modifying the preceding phrase or phrases. Therefore, the Office views the “or otherwise available to the public” residual clause of the AIA’s 35 U.S.C. 102(a)(1) as indicating that secret sale or use activity does not qualify as prior art.<sup>57</sup>

The same clear view of both the statute and the congressional intent in enacting the statute has been reflected in comments received by the Office in response to its request for private-sector input in formulating its guidance on the implementation of § 102(a)(1)’s first-inventor-to-file provisions. One example of this comes from the Section on Intellectual Property Law of the American Bar Association:

ABA IPL respectfully submits that the passage “otherwise available to the public” reflects the touchstone of what constitutes prior art under the AIA under section 102(a)(1). This section requires availability to the public or public accessibility is an overarching requirement. Such accessibility is critical to provide a simpler, more predictable and fully transparent patent system. As such, for a “public use,” for a determination that an invention is “on sale,” as well as to assess whether an offer for sale has been

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<sup>57</sup>“Examination Guidelines for Implementing the First Inventor To File Provisions of the Leahy-Smith America Invents Act, at 78 Fed. Reg. 11059, 11062 (Feb. 14, 2013).

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made, the statutory requirements under the AIA require a public disclosure. Thus, non-public offers for sale (and non-public uses) would not qualify as prior art under the AIA.

The statute is not silent on the issue of whether each category of prior art under section 102(a)(1) requires public accessibility. The statute is explicit that this is the case. Moreover, in interpreting section 102(a)(1), the Office should consider the entirety of the new statutory scheme. Congress was globalizing prior art, whatever activity constitutes a prior art disclosure if undertaken in the United States, equally represents prior art if instead the activity took place anywhere else in the world. Moreover, Congress collapsed pre-AIA section 102(a) and section 102(b), which respectively dealt with prior art activities “by others” and prior art activities “by anyone” taking place more than one year prior to the effective filing date in the United States for a claimed invention. New section 102(a)(1) is unambiguously written to cover activities of anyone, taking place anywhere, at any time before the effective filing date for a claimed invention.

If section 102(a) is read to include “offers for sale” that do not constitute publicly available disclosures, then it would render as secret offers made by anyone, anywhere in the world, at any moment in time before a patent on the claimed invention was filed patentability-defeating prior art. Given the plain statutory language imposing the overarching requirement for public accessibility, the unambiguous statutory text would effectively be turned on its head by this interpretation. The Section does believe that there is any basis on which the Office can, under the AIA, expand a very narrow pre-AIA secret “on sale” bar – one that only applied to disclosures made more than one year before a U.S. patent filing, only applied to offers made in the United States, and only applied if the activity was undertaken by or at the behest of the inventor/patentee – to an anywhere, anywhere, by anyone bar to patenting.

Thus, whether looking at the phrase “or otherwise available to the public” in total isolation, or in context with the remainder of section 102, or in context with the remainder of the coordinated statutory changes made under the AIA, the Section believes that the statute can only be given one construction, a construction confirmed through the legislative history of the statute, that an “offer for sale” can constitute prior art under section 102(a)(1) only

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to the extent the activities constituting the offer amount to a disclosure available to the public.<sup>58</sup>

However, where the USPTO, ABA IPL Section and other notable commentators have found utter clarity, others have seen at least “arguably ambiguous” language. Perusing the Internet, patent practitioners have nonetheless suggested “possible ambiguity” in their analysis of § 102(a)(1) of the AIA:

The revised section 102(a)(1) includes new arguably ambiguous language that has been debated in various legal commentary. The new section provides that a person will be entitled to a patent unless “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.” (Emphasis supplied). Some have interpreted the italicized language as merely a catch-all, seeking to capture other unspecified types of disclosures to the public, but not as necessarily bearing on the series of items preceding it (“patented, described in a printed publication, or in public use, on sale”). *According to this reading, the prior precedent in the case law regarding the secret uses and/or sales would not be altered.*<sup>59</sup> [Emphasis supplied.]

Other commentators have joined onto the potential ambiguity bandwagon:

The §102(a)(1) words, “or otherwise available to the public,” *create at least two ambiguities*. Fundamentally, the issue is this: is this new end phrase intended as a “catch all” to cover other public disclosures such as oral public presentations at technical meetings, internet postings, etc.? This interpretation would extend the scope of prior art to cover some public disclosures that might not already be clearly covered by the existing U.S. judicial interpretations of a “printed publication” or a “public use.” This interpretation would also be consistent with the intent of harmonization with other countries’ patent laws. Alternatively, was this new §102(a)(1) language “or otherwise available to the public” really intended to narrow the below-discussed long judicially established meanings of, and/or exceptions to, the words “in public use” and “on sale”?

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<sup>58</sup> Comments from the ABA Section of Intellectual Property Law on Changes to Implement the First Inventor to File Provisions of the Leahy-Smith America Invents Act, 77 Fed. Reg. 43742 (July 26, 2012) and Examination Guidelines for Implementing the First Inventor to File Provisions of Leahy-Smith America Invents Act, 77 Fed. Reg. 43759 (July 26, 2012). See [www.uspto.gov/patents/law/comments/aba-ipl\\_20121001.pdf](http://www.uspto.gov/patents/law/comments/aba-ipl_20121001.pdf) at pp. 4-5.

<sup>59</sup> Robert L. Maier, “The Big Secret of the America Invents Act,” *Intellectual Property Today* (Dec. 2011), pp. 18-20. See [http://www.bakerbotts.com/files/Uploads/Documents/Maier\\_DEC11.pdf](http://www.bakerbotts.com/files/Uploads/Documents/Maier_DEC11.pdf) at p. 18.

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This interpretation can also be argued as supporting intended harmonization.<sup>60</sup>

While we can adjust to new bars under the AIA, if we understand them, many relevant provisions of the AIA are poorly worded and do not match the wording under current law, making such determinations difficult. *For example, the legislative proponents of the AIA claimed that secret offers for sale of a product or service would not create a bar under the AIA, but the AIA does not clearly state this fact.* Legislative history was introduced in both the House and Senate to clarify this and other points, but such history will not be binding upon courts hearing appeals of rejected applications or invalidated patents until some five to ten years from now. Hence, *it will be many years before we have a clear understanding of the meaning of the new law.*<sup>61</sup> [Emphasis supplied.]

Finally, distinguished patent academicians have urged the Office to turn its back on congressional intent and keep archaic and non-transparent aspects of the pre-AIA patent law in force, again citing the potential for ambiguity in the new law:

Guidelines [of the United States Patent and Trademark Office] argue that the phrase “on sale” under AIA § 102(a)(1) should be given a different meaning than this phrase has traditionally been given under § 102(b) of the 1952 Patent Act. The Guidelines give two reasons: (1) the addition of the phrase “or otherwise available to the public” in AIA § 102(a)(1); and (2) statements made in the legislative history to the AIA.

I believe this interpretation is a mistake. According to an extensive body of case law under the 1952 Act, both “public use” and “on sale” prior art categories include material that can be quite confidential, or at any rate essentially undiscoverable by members of the general public. A consistent line of cases, for example, holds that confidential sales or offers places an invention “on sale” for purposes of novelty.

...

With respect to the AIA language “or otherwise available to the public,” I believe that this phrase carries forward implicitly the traditional meaning of “disclose”, which includes of course the possibility of limited public disclosure. I do not believe that “available ... to the public” has the same meaning as “publicly

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<sup>60</sup> Paul Morgan, The Ambiguity in Section 102(a)(1) of the Leahy-Smith America Invents Act, 2011 Patently-O Patent Law Review 29. See <http://www.patentlyo.com/files/morgan.2011.aiaambiguities.pdf> at p. 30.

<sup>61</sup> Timothy D. Casey and Juan C. Quiroz, “White Paper: What Innovators Need to Know –and Need to Do –under the America Invents Act,” American Innovators for Patent Reform (January 2012). See <http://www.aminn.org/files/WhitePaper-AmericaInventsAct-Jan2012-2.pdf> at p. 3.

disclose” under the AIA grace period provision, AIA § 102(b)(1)(B).

...

Thus from the outset, I understand the “otherwise available” subcategory to relate to, modify, and apply to ONLY what I call “Category 2” types of prior art in AIA § 102(a)(1). This matters because both types of prior art in what I call Category 2 (on sale and in public use) include, under established case law, what might be termed very limited or even secret “disclosures.” Confidential sales and non-revealing public uses are examples of this. This leads to a simple point: If both enumerated types of Category 2 prior art include very limited or even secret types of disclosures, then the omnibus phrase at the end of the Category 2 list – “otherwise available to the public” – must by implication include this possibility also. So “otherwise available to the public” should be interpreted consistently with “public use” under § 102(b) of the 1952 Act (and, for that matter, with the implicit meaning of “known or used” under 1952 Act § 102(a)). Which means: even extremely limited disclosures [sic, disclosures] can make a prior art reference “available to the public” under AIA § 102(a)(1).

...

For these reasons, I would request that PTO reconsider its position with regards to the interpretation of the AIA, particularly with respect to the meaning of AIA § 102(a)(1). Existing case law should continue in force, including the availability of confidential sales and nonrevealing [sic, non-revealing] public uses as prior art events under the Patent Act.<sup>62</sup>

The Office will shortly commence the active examination of patent applications under the new first-inventor-to-file regime of the AIA, the first of which were filed in March of this year. It is simply unacceptable to have any residual ambiguity left in the intent of the new patent law at the start of this historic new era in U.S. patent law.

It is all the more untenable for such residual ambiguity to potentially exist for a decade or longer – as patents are filed, examined, issued, litigated, and become subject to a definitive judicial resolution, possibly by the United States Supreme Court itself. *This would mean that – literally – patent examiners will be examining millions of individual patent filings under a cloud of possible ambiguity* – albeit it may be only the wispiest of cirrus clouds of possible ambiguity – before the issue could reach a final judicial resolution.

What could cost the patent system millions to billions of dollars of uncertainty-driven costs, Congress could obviate with less than a dozen-word legislative fix.

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<sup>62</sup> Comments on “Examination Guidelines for Implementing the First-Inventor-to-File Provisions of the Leahy-Smith America Invents Act,” Oct. 12, 2012 by Professor Robert P. Merges. See [http://www.uspto.gov/patents/law/comments/r-merges\\_20121012.pdf](http://www.uspto.gov/patents/law/comments/r-merges_20121012.pdf).

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The optimal path forward to address this issue, now that it has been joined, is for Congress is to speak again – and speak soon – and short-circuit the prospect of continuing uncertainty, controversy, and ultimately litigation. Congress can act most quickly by addressing this issue in any patent reform bill introduced as a follow-on to the May 23 Discussion Draft.

There are many ways in which this could be accomplished.

Congress could fully resolve any ambiguity by simply excising the unneeded words “in public use or on sale” from new § 102(a)(1). For many reasons, such a simple approach would be the optimal choice.

At best, the words “in public use or on sale” have had no one consistent meaning in the pre-AIA patent law. Under the new AIA statutory framework, they are at most superfluous given the clear direction of Congress in the terminal clause (“or otherwise available to the public”) that any type or form of disclosure of subject matter made available to the public was to constitute prior art under § 102(a)(1).

Once these tortured and tainted words are gone from the statute, the residual language in § 102(a)(1) would assure that the term “available to the public” would be interpreted consistent with congressional intent, requiring public accessibility for a disclosure to constitute prior art.

The terminology that would remain in the new statute, “patented, described in a printed publication, or otherwise available to the public,” would combine the two historic categories prior art that have always required public accessibility (*i.e.*, patents and printed publications) with a third – availability to the public – that could not be misunderstood, even by the most determined academicians straining to find ambiguity, as providing anything other than a public accessibility standard for all prior art.

Moreover, this simple amendment to the AIA could be accompanied, if the “belt” were thought to need “suspenders,” by a legislated rule of construction that spelled out the public accessibility requirement in equally unambiguous language.

In brief, given the ruthlessness with which commentators have sought to uncover possible ambiguity in the AIA, Congress could and should be equally ruthless in squelching such bases for asserting ambiguity. If there is a single priority in this Congress for needed patent legislation, it should be settling for all time the meaning to be given to the AIA’s standard for patentability.<sup>63</sup>

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<sup>63</sup> Some criticism of the provisions of § 102(b) of the new patent code have been leveled. This section of the new patent code addresses prior art issues for inventors who publish on an invention before making their patent filings on the invention. The criticism has come largely from within the university community. Their specific allegations are that the “grace period” provisions of the AIA are either defective or inferior to the corresponding provisions of the pre-AIA patent law. As a consequence, proposals for amendments to § 102(b) of the new patent code have been authored during the past year to address this alleged deficiency. Manifestly, it would be worthwhile for Congress to address the existing provisions of § 102(b) of the new patent statute as they relate to the inventor’s pre-filing public disclosures and their impact on patents that are later sought on the published invention. However, this look at the need for amendments to the AIA’s provisions should not be undertaken based on unsupportable contentions that the AIA provisions are in any respect defective – or inferior in protecting inventors compared to the pre-AIA patent law. The case for further congressional scrutiny of the AIA’s amendment to § 102 of the patent statute should rest on

## 2. *Eliminate the “Inequitable Conduct” Doctrine*

As noted above, the AIA provided a remarkable new remedial provision to address the “inequitable conduct” plague in the form of the new “supplemental examination” procedure. This was the half-a-loaf compromise when efforts to eliminate outright the “inequitable conduct” doctrine failed. Those efforts failed, at least in part because of elements in the patent profession that advocated for the continuance of this unenforceability doctrine. Even the supplemental examination compromise, as fair and fair-minded any AIA reform, was opposed by some of the leading lights of the patent profession. A wise Congress enacted it nonetheless, albeit over their protestations.

The AIA “inequitable conduct” debate at least had the virtue of laying bare the absurdity of continuing this judge-made law. For a complete fraud on the United States Patent and Trademark Office, one that leads to the procurement of a wholly invalid patent, the inequitable conduct doctrine extracts no incremental penalty whatsoever on the fraudfeasor. All invalid patents are inherently unenforceable.

For misconduct of the most benign nature imaginable, and with no consequentiality whatsoever to the validity of even a single claim in a patent, the doctrine imposes the harshest consequences imaginable – a wholly valid patent, meeting all the stringent requirements for validity, is rendered permanently unenforceable, even if the patent owner itself had no culpability in the conduct at issue. In no other body of law, does the punishment meted out vary inversely with the severity of the misconduct, much less arbitrarily fall on persons, irrespective of any involvement in the misconduct – even on persons who may have done everything reasonable to prevent the misconduct.

With a transparent, objective, predictable and simple law on patent validity, with a transparent process for patent examination with public participation in the process that must be taken into account before a decision can be made to issue a patent, and with the ability of members of the public to seek cancellation of a patent in the Office on any ground of validity immediately upon the issuance of a patent, all the predicates on which this judge-made law was originally concocted have vanished from U.S. patent law.

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entirely different grounds. First, in § 102(b)(1)(B) and § 102(b)(2)(B) of the new patent code, Congress introduced novel concepts of remarkable complexity to assist inventors who publish before making their patent filings. These novel statutory concepts will be difficult to administer and apply. Moreover, their effectiveness has been assailed by some within the university community. Taken together, these factors make a strong case for the repeal of these subparagraph (B) provisions if a more effective and simpler alternative to them could be crafted. Indeed, the best rationale for Congress to address the provisions in § 102(b) of the new statute is that simpler and more effective alternatives to the existing subparagraph (B) provisions exist and have achieved a consensus as to their merits. In the end, congressional action on this issue should be based on a fair and balanced assessments of the merits of further enhancing the friendliness of the § 102(b) provisions to inventors, given that the AIA patent law is already far more inventor friendly, especially for inventors who publish on an invention before making a patent filing on the invention, at least compared to the pre-AIA patent law. The appendix to this paper offers a comparative analysis of the AIA’s provisions in this respect with those of the pre-AIA patent law. It dispels any notion that that § 102(b) of the new patent statute should be amended for any reason other than to further enhance an already superior patent law – at least in terms of friendliness to inventors who publish before making patents filings.

Lastly, almost all of the consequences of retaining the “inequitable conduct” doctrine are unintended ones. Rather than providing an incentive to engage in “equitable conduct,” the doctrine has created an incentive to conduct patent prosecution in a wasteful and inefficient manner (both from the perspective of the patent applicant and the patent examiner) either to avoid inequitable conduct allegations or to optimize the defense against such allegations once they arise in litigation. Inventors “over-disclose” information of marginal materiality to patent examiners in hopes that the reams of information provided to patent examiners will prevent allegations of concealment. In another perversity, inventors are loath to characterize or otherwise explain the significance or possible relevance of any of the information being provided to patent examiners – in hopes that such silence will avoid allegations of misrepresentations in such explanations.

The 2004 report of the National Academies of Science included a recommendation that the “inequitable conduct” doctrine be eliminated in the hope of a more objective patent law. Now that the AIA is the law, it may be possible for Congress to wipe out this judge-made doctrine. Manifestly, it should have no role in our 21<sup>st</sup> century patent law.<sup>64</sup>

### 3. *Complete the Elimination of the “Best Mode” Requirement*

As part of the AIA reforms, Congress wisely eliminated any consequences from an inventor’s failure to comply with the so-called “best mode” requirement. However, for largely inexplicable reasons, Congress left the “best mode” requirement on the books. Commentators have labeled this congressional choice a “pseudo-elimination” of the requirement and the “worst possible choice,” because, according to these commentators, “Congress may have left foreign innovators better off than their U.S. counterparts, tilting the playing field from uneven in one direction to uneven in the other.”<sup>65</sup>

Whether the foregoing contention is correct or not, Congress should remove this largely technical defect in the AIA through an outright repeal of the requirement. The pre-AIA “best mode” requirement was inserted into the patent statute in 1952 without a full appreciation of the degree of non-transparency and subjectivity being injected into the patent system – with no offsetting benefits for inventors, their competitors or the broader public.

The National Academies made two separate recommendations in 2004 that the requirement be eliminated outright. One National Academies’ recommendation cited the requirement’s adverse

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<sup>64</sup> Beyond the scope of this review are the full force of the consequences that should befall the perpetrator of a fraud on the Office in connection with any matter before the Office, including in the pursuit of a patent or in the conduct of a patent challenge under post-grant review, inter partes review or the like. For example, attempting to enforce a patent procured through fraud can give rise to antitrust liability, including the prospect of paying treble damages and attorneys fees. *Walker Process Eqpt., Inc. v. Food Machinery Corp.*, 382 U.S. 172 (1965). Under 18 U.S.C. §1001(a), Congress comprehensively criminalized all types of knowing and willful misconduct under the Office’s “duty of candor and good faith.” Liability can attach to anyone who:  
“(1) falsifies, conceals, or covers up by any trick, scheme, or device a material fact;  
“(2) makes any materially false, fictitious, or fraudulent statement or representation; or  
“(3) makes or uses any false writing or document knowing the same to contain any materially false, fictitious, or fraudulent statement or entry... .”

<sup>65</sup> Lee Petherbridge and Jason Rantanen, “The Pseudo-Elimination of Best Mode: Worst Possible Choice?” 59 *UCLA Law Review Discourse* 170 (2012). See <http://www.uclalawreview.org/pdfs/discourse/59-10.pdf> at p. 176.

impact on patent litigation – due to its highly subjective character. A second National Academies’ recommendation noted the status of the requirement as an obstacle to greater international harmonization patent systems around the world.

Leaving the “best mode” requirement in the law means that every patent practitioner has an ethical obligation to inform each inventor-client that the inventor’s patent filing must disclose the best mode “contemplated for carrying out the invention.” When the inventor then asks the patent practitioner, “What is the consequence if I keep my ‘best mode’ secret?”, the competent patent practitioner must respond that there are no adverse consequences whatsoever – in any forum, at any time, for any reason.

Thus, for the good of the U.S. patent system, it is time for a simple, surgical excision of the last vestiges of the “best mode” requirement. Again, in terms of the words needed in an AIA corrections bill, accomplishing this end could be done in fewer than a score of words.

***4. Complete the National Academies’ Recommendation for Fully Transparency in the Patenting Process by Repealing the Election to Maintain Pending Patent Applications in Secrecy.***

When Congress ended over two centuries of secrecy in the patent examination process in the American Inventors Protection Act of 1999, it included a provision that permitted a small number of patent applicants to avoid having their pending patent applications opened to the public. It did so only for inventors who eschewed any interest in patenting their inventions outside the United States.

This little noted and (relatively) little used exception to an otherwise open and transparent patent examination system is unique to the United States. In patent systems across the globe, all patent filings are subject to publication, almost universally at the 18-month mark after the original patent filing took place. France opens the French patent filings of all French inventors to the public, as do Germany, China, Korea, and Japan for the national patent filings of their respective nationals.

Prior to the AIA coming into effect, there was a reason for the United States to have a different view for its nationals, who were seeking only U.S. patent rights. In a first-to-invent country, an inventor needs to be wary of any activity that might make its invention publicly known. Under a first-to-invent system, public knowledge of another’s invention does not bar a rival or competitor from using that public knowledge to craft its own patent filings – sometimes on closely related subject matter and sometimes on the identical subject matter to what the inventor has disclosed.

Thus, under the pre-AIA patent law, once an inventor’s patent filing were published, it could invite a competitor to make subsequent patent filings that might surround the inventor’s published application – or even seek to take away from the inventor a patent on the subject matter being claimed in the inventor’s published application. All that a rival needed was the ability to marshal proofs that it had done its own inventing work earlier enough so that the work of the earlier-filing inventor was not “prior art.”

## Appendix A: 2013 IPO Annual Meeting (Armitage Paper)

An inventor's published patent filing that might spur a competitor into action and could ensnare the inventor in a patent interference would be an especially problematic consequence for inventors of limited resources. This deplorable state of the U.S. patent law provided a rational basis for Congress to place the 1999 limitation on transparency into the then-new publication provisions of the patent code – and to hold off on removing that limitation even after the 2004 recommendation of the National Academies that it should be abolished.

With the AIA coming into effect, however, the 1999 limitation has lost its rationale for being. More to the point, rather than being put at risk through publication of their pending patent applications, inventors now gain protections not available unless and until their patent filings become public. In other words, the rationale for the 1999 limitation has been turned upside down by the AIA – and, light of the full implementation of the AIA's provisions, it is time for Congress to take up the National Academies' recommendation for full transparency in the patenting process.

Under the provisions of the AIA, once an inventor's patent filing becomes public, including under the 18-month publication provisions of the American Inventors Protection Act, the publication serves as an immediate and categorical bar to anyone else securing a patent on any subject matter that is contained in the published patent filing, at least insofar as the patent filing representing the publishing inventor's own work. It also produces a similar bar to anyone else secure a patent on any closely related subject matter – any subject matter that is merely an obvious variation from the inventor's own work. Finally, the bar to patenting by others applies not from the publication date of the inventor's application, but from the inventor's original patent filing date.

Thus, under the first-inventor-to-file rules of the AIA, U.S. inventors whose patent filings publish now gain the same benefits and advantage that the French, German, Chinese, Korean and Japanese inventors have long enjoyed when their patent filings become public and operate as a retroactive bar to patenting by their competitors.

In addition, because the AIA provides that the bar to patenting by competitors takes effect not on the date the patent filing becomes public – but, instead, has effect back to when the subject matter in the published patent application was effectively filed – it affords the inventor the optimal assurance of freedom to operate. For competitors and other rivals who sought patents only after the inventor filed, it is the publication of the inventor's patent filing that triggers the ability of the USPTO to deny patents to those later-filing rivals on the same or obvious subject matter.

Finally, when the 1999 opt-out provision is removed, it assures every inventor that all the prior art that will eventually be relevant to its right to secure a valid patent will be available to patent examiners in a timely manner. Without a universal publication rule, the possibility remains that a relevant patent filing of an opting-out inventor will remain secret for an extended period of time – until a patent is ultimately issued to the opting-out inventor– and belatedly bring into question the validity of patents examined in ignorance of what eventually will become relevant prior art.

Given the profound change in the U.S. law since the decision Congress took in 1999 to allow certain inventors to opt-out of the 18-month publication provisions, it is now timely for Congress to take up the National Academies' recommendation for a fully transparent patenting process. Again, as a matter of implementing legislation, Congress need do little more than excise the specific provision in § 122 of the patent code authorizing the exception to have universal, mandatory publication take effect.

**5. Complete the National Academies' Recommendation for a Codified "Experimental Use" Exemption from Patent Infringement**

The patent statute provides – in a quite categorical manner – that *any* use of a patented invention is an act of patent infringement absent an *express* statutory exception: "Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent".<sup>66</sup>

The statute itself, thus, does not literally admit of judge-made exceptions to patent infringement. For this reason alone, the legitimacy of substantial, judge-made exceptions could be disputed. This includes any judge-made exception to infringement for research or experimentation on a patented invention.

As for the courts, there is today no consistent or coherent doctrine that exempts research or experimentation on a patented invention from allegations of patent infringement. In the last few months, the issue of the existence and the scope of such a judge-made "research use" exception has come to the fore in an *en banc* decision of the Federal Circuit.

At least one Federal Circuit judge lamented the lack of clarity on the metes and bounds of such a non-statutory exception to infringement. In a concurring/dissenting, Judge Newman bemoaned that the uncertainties with respect to the permitted scope of the judge-made "experimental" exception to patent infringement has potential implications on the issue of subject matter eligible for patenting under 35 U.S.C. § 101:

This section 101 [patent eligibility] issue appears to have its foundation in a misunderstanding of patent policy, for the debate about patent eligibility under section 101 swirls about concern for *the public's right to study the scientific and technologic knowledge contained in patents*. The premise of the debate is incorrect, for patented information is not barred from further study and experimentation in order to understand and build upon the knowledge disclosed in the patent.

*Judicial clarification is urgently needed to restore the understanding that patented knowledge is not barred from investigation and research.* The debate involving section 101

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<sup>66</sup> 35 U.S.C. § 271(a).

would fade away, on clarification of the right to study and experiment with the knowledge disclosed in patents.

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The Federal Circuit has reaffirmed that “patenting does not deprive the public of the right to experiment with and improve upon the patented subject matter.” *In re Rosuvastatin Patent Litig.*, 703 F.3d 511, 527 (Fed. Cir. 2012). However, in *Embrex, Inc. v. Service Engineering Corp.*, 216 F.3d 1343, 1349 (Fed. Cir. 2000), the court stated that the experimental use defense was “very narrow” and unavailable when “the inquiry has definite, cognizable, and not insubstantial commercial purpose,” the concurrence adding that “neither the statute nor any past Supreme Court precedent gives any reason to excuse infringement because it was committed with a particular purpose or intent, such as for scientific experimentation,” *id.* at 1353. ... (Emphasis supplied) <sup>67</sup>

The only explicit provision in the patent statute on providing an exception for “experimental use” is to be found in 35 U.S.C. § 271(e), which was enacted into law as part of the Drug Price Competition and Patent Term Restoration Act of 1984<sup>68</sup> (the “Hatch-Waxman Act”). However, the 1984 provision was a technologically narrow one and was solely for uses reasonably related to the development and submission of information to the FDA. Indeed, coupled with § 271(a)’s categorical nature, § 271(e)(1)’s limited exceptions for experimentation could be read to suggest that Congress intended such a narrow one, but no others.

An obscenely narrow experimental use exception would, of course, make no sense. The reason that *patented* inventions are *patent* (open) is so they can be understood and improved upon – so that competitors, would-be competitors and others can analyze and understand the new developments and, in the process of seeking to improve upon them, develop new alternatives to what was patented.

Constitutionally, patents arise from the power of Congress to enact laws to promote progress in the useful arts. Progress only comes from the relentless obsolescence of new technology through the creation of technology that is even newer. Such progress depends, therefore, upon the right to investigate and experiment on what is new in order to discover the newer. The patent owner’s exclusive rights should not, therefore, include the right to protect against technological obsolescence from further progress in the useful arts.

Given the fundamental nature of experimental use exception to the patent system, the judicial lamentations over the inadequacy of judge-made law – even three decades after the creation of the Federal Circuit to oversee that law – with respect to such an exemption, as well as a statutory

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<sup>67</sup> *CLS Bank Int’l v. Alice Corp.*, No. 2011-1301 (May 10, 2013, J. Newman, concurring in part, dissenting in part, slip op. at pp. 3,6.

<sup>68</sup> Pub. Law 98-417, 98 Stat. 1585 (1984).

scheme that hardly admits that such non-statutory exception could exist, Congress ought to now prioritize action on a statutory “experimental use” exception to patent infringement.

Profound encouragement to do so from the National Academies has come not once, but twice. In addition to the 2004 recommendations, a 2006 National Academies study,<sup>69</sup> focused on reaping the benefits of genomic research, offered the following – carefully detailed – approach to a statutory experimental research exemption:

The committee believes that there should be a statutory exemption from infringement for experimentation on a patented invention.

Recommendation 10:

Congress should consider exempting research “on” inventions from patent infringement liability. The exemption should state that making or using a patented invention should not be considered infringement if done to discern or to discover:

- a. the validity of the patent and scope of afforded protection;
- b. the features, properties, or inherent characteristics or advantages of the invention;
- c. novel methods of making or using the patented invention; or
- d. novel alternatives, improvements, or substitutes.

Further making or using the invention in activities incidental to preparation for commercialization of noninfringing alternatives also should be considered noninfringing. Nevertheless, a statutory research exemption should be limited to these circumstances and not be unbounded. In particular, it should not extend to unauthorized use of research tools for their intended purpose, in other words, to research “with” patented invention.<sup>70</sup>

The subject of a possible statutory experimental use exception was considered during the legislative efforts that commenced in 2005 and ultimately led to the enactment of the AIA. No consensus emerged during that process on a suitable proposal for a statutory codification.

However, the absence of a consensus in 2005 is an outcome unlikely to be repeated in 2013.

First, a clear, statutory exemption spelling out in categorical terms that patents cannot prevent further research on a patented invention is far preferable for most patent holders than a rule denying eligibility for patenting of any invention that represents an important object for scientific investigation. Some courts, the Supreme Court included, have suggested such an either/or

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<sup>69</sup> Stephen A. Merrill and Anne-Marie Mazza, Eds, “Reaping the Benefits of Genomic and Proteomic Research: Intellectual Property Rights, Innovation, and Public Health,” Committee on Intellectual Property Rights in Genomic and Protein Research and Innovation, National Research Council, National Academies of Science (2006). Available for download at [http://www.nap.edu/catalog.php?record\\_id=11487](http://www.nap.edu/catalog.php?record_id=11487).

<sup>70</sup> *Id.*, p. 145.

dichotomy: patents should not be granted where the inability to experiment on the patented subject matter might thwart the ability to proceed with follow-on scientific research.

The specter of enlarging the law of patent ineligibility for want of a clear exception for research or experimentation on a patented invention is a consideration that moved to the forefront of patent debates only after the work on the AIA was ending. It was not taken into account when this issue disappeared from the patent reform efforts that led to the AIA.

The changed tenor of the debate over this issue during the past two years by itself represents a compelling motive for the patent owners, especially in the biopharma industry, many of whom were most concerned about the implications of a statutory experimental use exemption, to jump on the bandwagon of “patent eligibility, yes; barring experimentation on such patent-eligible inventions, no.”

Second, as noted above, the courts have not successfully grappled with this issue, leaving much uncertainty over the extent to which research and experimentation on a patented invention is protected. This is precisely the type of needless uncertainty that spawns expensive litigation issues fraught with an unpredictability in their result. Again, this augurs well for convincing the wider patent community that now is the time for addressing, with clear and precise statutory rules, what is and is not permissible experimentation.

Third, well-vetted proposals that approach the issue of an experimental use exception in a fair and balanced manner are now in hand. With the 2006 refinements to the 2004 National Academies recommendations, a template exists for crafting a statutory provision that should aid in the cause of greater predictable and certainty in the scope of the patent right, not frustrate that end. The emergence of proposals that are a suitable basis for a consensus make it highly desirable to reopen the question of a statutory experimental use exceptions applicable to all technology sectors.<sup>71</sup>

Thus, Congress should move forward with this important topic given its newly found ripeness and importance to the U.S. patent system.

***6. Complete the Codification of the Non-Obviousness Requirement for Patentability; Codify a “Double Patenting” Provision for First-Inventor-to-File Patents That Applies When the Statutory Requirement for Non-Obviousness Cannot Be Applied.***

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<sup>71</sup> Of note is the recent submission of the American Intellectual Property Law Association to the USPTO on this subject, “In addition to addressing concerns that patents potentially may hinder the development of future genetic tests, AIPLA could support a statutory experimental use exemption. Such a use exemption for bona fide scientific research should be technology-neutral, and limited to non-commercial acts done to study or experiment on the subject matter of a patented invention, e.g., to investigate its properties or to improve it. In addition, the research exemption should be available only if study or experimentation (as opposed to a commercial use) is the dominant use, and the existence of a commercial purpose should not pre-empt or preclude exemption.” Letter of February 8, 2013 to the Honorable Teresa Stanek Rea from Jeffrey I.D. Lewis, “Written Comments in Relation to Leahy-Smith America Invents Act Section 27 Genetic Testing Study and Public Roundtable, 77 Fed. Reg. 71170 (November 29, 2012).” See <http://www.aipla.org/advocacy/executive/Documents/AIPLA%20Comments%20to%20USPTO%20on%20Genetic%20Diagnostic%20Testing%202-8-13.pdf>, at pp. 3-4.

Since the 1952 Patent Act first codified the patentability requirement for non-obviousness for a claimed invention, there has been a congressional expectation that the judge-made law of “double patenting” would continue to apply alongside the statutory non-obviousness requirement. In cases where the statutory non-obviousness requirement did not apply to prevent multiple patents from issuing with highly similar claims, the judge-made double patenting law would take hold to limit the ability to separately enforce the patents with the similar claims. For this reason, this judge-made doctrine was historically known as “obviousness-type double patenting.”

Prior to 1984, double patenting of this type was limited to the situation where the same inventor sought multiple patents that contained highly similar claims. One of the inventor-friendly features of U.S. patent law provides that the inventor’s own work – at least until it has been public for more than a year – cannot be used against the inventor to destroy the novelty or non-obviousness of the inventor’s claimed invention.

Thus, prior to 1984, double patenting arose when a claimed invention of one of the inventor’s patents was very similar to the claimed invention in another of the inventor’s patents, but neither patent represented prior art to the other – so that the non-obviousness requirement could not be applied as between the claims of the two patents to eliminate the ability to secure one of the patents unless its claims were limited to subject matter non-obviousness in light of the “prior art” patent.

After 1984, Congress provided the patents of an inventor’s co-workers, *i.e.*, commonly assigned patents, the same prior art exclusion that had earlier applied only to the inventor’s own patent filings. Then, in 2004, Congress extended this prior art exclusion a second time – excluding the prior art patents of an inventor’s collaborators, *i.e.*, individuals cooperating with the inventor under a joint research agreement. The first of these congressional actions came in the Patent Law Amendments Act of 1984 and the second came in the Cooperative Research and Technology Enhancement (CREATE) Act of 2004.<sup>72</sup> In both the PLAA of 1984 and the CREATE Act, explicit legislative history urged the USPTO and the courts to expand the law of obviousness-type double patenting to pick up the statutory slack Congress had created by eliminating the co-worker (commonly assigned) and collaborator (joint research agreement) patents as prior art on which the non-obviousness test was to be applied.

In a few words, over the past decade, this judge-made law has become unhinged from its policy underpinnings. While conceived as a replacement for a lacuna in the non-obviousness requirement under the statute, the judge-made law has been used to invalidate patents for obviousness-type double patenting in situations where there is no obviousness, that is, where the claims of one of the “double patents” are actually statutory prior art to the claims of the other of the “double patents” and the claims of the non-prior art patent are non-obvious under § 103 of the patent code over the claims of the prior art patent.

Applying a judge-made rule of “double patenting” to different patents with claims that are non-obviousness in this manner makes no conceivable policy sense – there is no “loophole” in the

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<sup>72</sup> Pub. L. No. 108-453, sec. 2, § 103(c)(2), 118 Stat. 3596.

requirements for patenting, specifically there is no abrogation of the requirement for non-obviousness that needs closing through a judge-made law.

In addition, obviousness-type double patenting with no obviousness poses the specter of a TRIPS violation. As noted above in connection with a personal forfeiture doctrine, under TRIPS, member countries are obliged under Article 27.1 to make patent rights available without willy-nilly imposing additional tests or requirements for patentability beyond the TRIPS-sanctioned ones.

As for the potential TRIPS concerns, while it is clear that the United States can impose a non-obviousness requirement for patentability under TRIPS, it is equally clear that where a patent meets the non-obviousness requirement – because an earlier patent of the same inventor is prior art and the second patent is non-obvious over the earlier patent’s disclosure and claims – that there is nothing under TRIPS that would allow the United States to nonetheless invalidate the patent on the ground that the claims of the second patent are too similar to those of the earlier patent – especially in the situation where such a patent could have been validly issued to a competitor of the patent owner and would be fully enforceable. In effect, obviousness-type double patenting without any possibility of obviousness imposes another TRIPS-inconsistent forfeiture of rights doctrine.

As a first step to ending the bizarre application of the judge-made law of “obviousness-type double patenting in the absence of any possibility obviousness,” the May 23 Discussion Draft contained a provision that would fully and accurately codify a law of double patenting for all first-inventor-to-file patents. This codification would address every pair of first-inventor-to-file patents where the claims of one of the patents is not available as prior art with respect to the claims of the other patent – but otherwise provide no sanction for the application of double-patenting principles.

The proposed codification is unfortunately limited to first-inventor-to-file patents under the AIA. It, thus, does not address first-to-invent patents, for which a complete and accurate codification of the principle of double patenting is more complicated. While limiting the impact of the codification to patents subject by the AIA addresses the concerns over double patenting law only partially, it is an appropriate and worthwhile step to take. It is a step that potentially opens the door for the USPTO and the courts to act to restrain double patenting law in all other circumstances, as envisioned in the 1984 and 2004 legislative history for the PLAA of 1984 and CREATE Act.

***7. Complete the Implementation of the National Academies’ Recommendation for Greater Harmony in U.S. Patenting Practices with the “Best Practices” Globally.***

One goal for the AIA was to advance the posture of U.S. patent law and practice as the mold and model for the rest of the world to follow. One aspect of this goal was to incorporate into U.S. patent law the best practices found in foreign patent systems. Another, of course, was to keep, perhaps improve, the unique features of U.S. patent law that themselves had proven to be optimal practices and, if possible, refine them for the 21<sup>st</sup> century.

Among the features of U.S. patent law to be maintained and refined were the one-year “grace period” enjoyed by inventors under the pre-AIA patent law and the related collaboration-friendly features of U.S. patent law under which certain commonly owned patents and certain patents developed through joint research agreements could not be cited against one another as a means of destroying the novelty or non-obviousness of related patents. Not only did the AIA maintain such unique aspects of U.S. patent law, it actually extended their effectiveness.

In other aspects of this “best practices” endeavor, the accomplishments of the AIA were incomplete. There are at least two such areas where Congress should now consider additional modifications of U.S. patent law, each of which would represent a “better practice” compared to today’s post-AIA patent law and each of which would foster greater international harmonization of U.S. patent law with the best features of foreign patent laws.

**A. Remove the archaic requirement for a separate “inventor’s oath”**

Now that the USPTO’s implementation of the AIA provisions on assignee filing and the inventor’s oath is complete,<sup>73</sup> it has become clear that there is no continuing rationale for requiring – in any circumstance – that the inventor execute a separate oath or declaration in connection with a patent application. As the USPTO has implemented the AIA, an inventor must formally attest that—

“(1) the application was made or was authorized to be made by the affiant or declarant; and

“(2) such individual believes himself or herself to be the original inventor or an original joint inventor of a claimed invention in the application.”<sup>74</sup>

This requirement essentially duplicates the requirement under § 115 of the patent code that the patent applicant, who today is typically not the inventor, must meet in order to have a complete patent filing. Under § 115(a) of the patent code, the patent applicant – who may be the assignee of the patent application rather than the inventor– is required to identify the inventor of the patent application. In its implementing regulations, the USPTO afforded patent applicants the option of providing all necessary information concerning the inventor in the “application data sheet” submitted at the beginning of the patent examination process and simultaneously sanctioned the filing of the inventor’s oath or declaration at the very end of the patent examination process.

Thus, under the AIA, the statements of these duplicative statements of the inventor come at the end of the process – leaving the statements of the patent applicant made at the beginning of the patenting process the documentation needed for the patent examiner to make a complete examination of the patent application.

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<sup>73</sup> See [http://www.uspto.gov/aia\\_implementation/fr\\_inventor\\_oath.pdf](http://www.uspto.gov/aia_implementation/fr_inventor_oath.pdf).

<sup>74</sup> 35 U.S.C. § 115(b), setting out the required statement of the inventor.

Indeed, in its AIA technical amendments package, Congress took the additional step of clarifying that the inventor's "oath or declaration" need not be submitted until that patent actually issues – specifically, at the time the patent applicant pays the fee for issuing the patent.<sup>75</sup>

In summary, for patent examination purposes, the "oath/declaration" requirement has become all but a dead letter. To reinforce this "dead letter" status, the AIA further contains a "savings clause" providing that any error or defect in the submission of the inventor's oath or declaration can be corrected by the filing of a substitute document and, if a substitute is filed, the patent cannot be rendered invalid or otherwise unenforceable based on the error or defect in the original statement.<sup>76</sup>

Thus, in a nutshell, what the inventor's oath or declaration represents, under contemporary patent practice, is *paperwork* – a purposeless and meaningless formality given the obligations now placed on all patent applicants, whether the patent applicant is the inventor or the inventor's assignee, to provide all necessary inventor-related information needed to assure the patent examination is complete and accurate.

The Office should be given the authority to conform U.S. patent practice to global norms by permitting the Office to eliminate this requirement in situations where it clearly serves no purpose. Such a simple change to the § 115, the provision of the patent code providing for the inventor's oath/declaration, would allow the requirement to be maintained at least in part, if, for example, the Office identified some reason for doing so in inventor-filed (rather than assignee-filed) patent applications.

**B. Permit the USPTO to force a single patent filing to be divided into multiple patent applications only absent a single inventive concept.**

It is unlikely that the U.S. patent system is greatly suffering today because too few patent applications are being filed, too few patent applications are under examination or too few patents are being issued.

One small step towards reducing the number of unnecessary additional patent filings in the USPTO would be to permit a patent applicant to secure a single patent on the invention disclosed in any single patent filing so long as the claims presented in the application were all directed to a single inventive concept. This practice is followed extensively outside the United States under what is termed the "unity of invention" standard.<sup>77</sup>

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<sup>75</sup> Pub. Law 112-274, 126 STAT. 2456 (Jan. 13, 2013), Leahy-Smith America Invents Technical Corrections, at 126 STAT. 2457.

<sup>76</sup> See 35 U.S.C. § 115(h)(1) and (3).

<sup>77</sup> The term "single inventive concept" is defined, as one example, in Rule 30(1) of the European Patent Convention: "Where a group of inventions is claimed in one and the same European patent application, the requirement of unity of invention referred to in Article 82 shall be fulfilled only when there is a technical relationship among those inventions involving one or more of the same or corresponding special technical features. The expression 'special technical features' shall mean those features which define a contribution which each of the claimed inventions considered as a whole makes over the prior art."

Instead of explicitly dictating a “unity of invention” standard, the 1952 Patent Act set out an “independent and distinct invention” test under which the Office can force inventors to restrict their claims in any single patent filing. Under this test, a patent filing made in the United States might require a dozen or more separate divisional patent to provide complete protection for a claimed invention – while the identical filing made outside the United States would result in all the claims of the dozen-plus U.S. patents issuing together in a single patent.

The ability of the Office to restrict patent filings in this manner often results in delays in getting all the claims to the invention as originally disclosed patented. Because of this, the public may wait for years – even a decade or longer – before the last such “divisional” patent filing is ultimately issued and the patent claims on the original patent filing have all issued.

The potential benefits of a “unity of invention” practice have been long recognized within the domestic private sector:

**Improved Efficiency through Application of a Single Standard**

U.S. examiners already must use the PCT Unity of Invention standard on National Phase applications filed in the USPTO from PCT-originated applications, instead of following U.S. restriction practice. Thus, U.S. examiners should already be familiar with Unity of Invention practice. As the worldwide use of PCT continues to grow, the number of cases entering the U.S. as PCT National Phase applications also rises. Shifting continuously from Restriction Practice on certain cases to the Unity of Invention Standard on others is an unnecessary complication for examiners. Moreover, this shifting can lead to a blurring of the distinction - 2 - between the two standards and application of the incorrect standard. Patent quality and examination efficiency could thus both be improved through uniform application of the Unity of Invention standard to all applications.

**Reduced Application Filings**

In its effort to reduce backlog, the USPTO routinely revisits the need to reduce the number of extraneous applications. The Unity of Invention standard could greatly assist the USPTO in this goal in more than one respect. First, while the USPTO often focuses especially on reducing “rework” applications such as RCEs, divisional applications may also be considered “rework” applications, for the most part, as basically the same text must be reevaluated with each divisional filing. Moving to a Unity of Invention standard would alleviate this problem by focusing the examiner’s attention a single time to address each aspect of the “same inventive concept.” By rolling together related applications falling within a single inventive concept, the total number of examiner hours spent per inventive concept would be reduced. Second, under current restriction practice, rejections based upon

“improper Markush Groups” lead to splintering the invention into many separate applications. This is burdensome to the applicant as well as the USPTO. Adoption of a Unity of Invention standard would solve this problem, simplifying prosecution for applicants seeking claims with Markush groups and/or nucleic acid or amino acid sequences.

### **Benefits for Applicants and Third Parties**

Keeping claims relating to a single inventive concept in a single application is efficient for both the applicant and third parties. Usually, claims relating to the same inventive concept all address the same commercial embodiment. As such, keeping all those claims in a single U.S. patent would be more efficient and easier to manage for the applicant. And for third parties, it is easier to address the method and device claims relating to a single product in a single patent.

### **Enhanced Work Sharing**

The USPTO and other patent offices around the world already understand the need for work sharing to avoid duplication of work and reduce backlogs. The USPTO already has a number of existing programs, and more proposed, to improve work sharing. But within the Patent Prosecution Highway (“PPH”) program, studies show that most of the rejections issued by U.S. examiners after receiving allowed claims from foreign patent offices relate to the U.S. application of the Restriction Practice. These rejections and the attendant burdens on the examiners and delays to applicants unnecessarily impede effective use of the PPH. Because of the widespread international use of the Unity of Invention Standard, its adoption for all applications in the U.S. would allow the USPTO to maximize the potential value of work sharing. The new PCT PPH will only enhance these opportunities, given that the Unity of Invention standard will be applied to these cases during the PCT search and examination.

### **A Bold Step toward Harmonization**

For the USPTO to adopt a common Unity of Invention standard similar to that utilized by virtually all of the other patent offices worldwide would be a bold step in jumpstarting harmonization. It would facilitate cooperative searches among patent offices, exchange of examiners, more uniformity in patent family claims, and, of course, increased work sharing benefits.<sup>78</sup>

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<sup>78</sup> Letter to the Hon. David J. Kappos from the Intellectual Property Owners Association, “IPO Comments on the Proposed Changes to Restriction Practice in Patent Applications,” Aug. 13, 2010. See [http://www.ipo.org/wp-content/uploads/2013/03/IPO\\_Comments\\_on\\_Restriction\\_Practice\\_FR\\_Notice.pdf](http://www.ipo.org/wp-content/uploads/2013/03/IPO_Comments_on_Restriction_Practice_FR_Notice.pdf).

The ability of foreign patent systems to simplify the patenting process for inventors (and the public) by examining all claims to the single inventive concept at one time suggests that practices used outside the United States could readily succeed in the United States. However, to assure that the Office is able to address the redistribution of the examination burden through the “unity of invention” approach, the optimal means for implementing this change in the examination process would be through a pilot program, following which the Office would have the information and experience needed to best craft final implementing rules.

#### **8. Correct the Claim Construction in the New Post-Grant Review and Inter Partes Review Procedures to Reflect the Judicial Standard Used to Assess Validity**

Congress has given the Office the authority to adjudicate the validity of issued patents through the new PGR and IPR procedures of the AIA. The Office is not the only administrative body to which Congress has entrusted the responsibility for adjudicating patent validity. The United States International Trade Commission in its § 337 jurisdiction is also called upon to adjudicate patent validity issues that come before it.

In both the district courts and the ITC, the scope of the claims is determined by reviewing the respective contentions of the parties as to the meaning of claim terms in dispute and ruling on those contentions. Claims are not given their broadest reasonable interpretation because the claim construction used to assess validity of the patent is similarly used to assess whether the patent has been infringed.

Were the patent owner given the benefit of a “broadest reasonable construction” in patent infringement litigation, it would be potentially unfair to an accused infringer. A patent claim that would not have been infringed given its proper construction could be found to have been infringed if more broadly construed.

In a post-grant review or inter partes review proceeding, the same logic applies, but in reverse. Where the patent challenger given the benefit of having the patent owner’s claim being given a “broadest reasonable construction” in the PGR/IPR proceeding, it would be potentially unfair to the patent owner. A patent claim that would have been valid if given a proper construction could be found invalid if more broadly construed.

According a claim in a pending patent application its “broadest reasonable construction” can be a useful examination tool because that patent applicant effectively enjoys an unlimited ability to amend the claim – or disavow a broad construction – thereafter constraining the scope of protection on any patent that might issue on the application.

However, the intent of Congress in enacting PGR/IPR was not to continue the examination of a patent. Indeed, Congress expressly repealed “inter partes reexamination” – a procedure Congress created in 1999 to continue the examination of patents before patent examiners in a proceeding that, like pre-grant examination, accorded the patent applicant the ability to freely amend the patent claims.

Both post-grant review and inter partes review require the use of administrative patent judges to conduct these proceedings. They bar the use of patent examiners and severely limit the ability of the patent owner to amend the claims of the issue patent.

In spite of the clear intent that these proceedings are adjudicatory in nature, not continued examination proceedings, the Office's implementation of the PGR/IPR proceedings inexplicably requires a "broadest reasonable interpretation" of patent claims be used. This is unfair to patent owners. It is inconsistent with the validity construction given in the district courts and the ITC when considering patent validity issues.

Congress should act forthwith to correct this mistake made by the Office in the implementation of its PGR/IPR responsibilities. The May 23 Discussion Draft accomplishes this result and, hopefully will find its way into a new patent reform bill.

***9. Correct the Legislative Error That Resulted in an Errant "Or Reasonably Could Have Been Raised" Judicial Estoppel for Post-Grant Review Proceedings***

The May 23 Discussion Draft contains a provision that corrects the inclusion of the "or reasonably could have been raised" judicial estoppel for post-grant review. Correcting this legislative error in the enactment of the AIA should be accomplished because it imperils the vitality of post-grant review.

***Conclusions***

The vision for the AIA was that U.S. patent law would become substantially more transparent, objective, predictable and simple. The new law was intended to boil the law of patent validity down to four legal standards – a claimed invention that is sufficiently different, sufficiently disclosed, sufficiently definite and sufficiently concrete can be validly patented. The new law was not designed to harmonize U.S. patent law with patent laws around the world as much as it was designed to glean global "best practices" for patenting – with the objective of becoming the mold and model for the rest of the world to emulate. The AIA also took the first step in what could be a patent validity adjudication revolution with the enactment of post-grant review – allowing for a full and fair challenge and a full and fair defense for patent challenger and patent owner respectively – in a procedure crafted to run efficiently and promptly to conclusion under a one-year statutory deadline.

Having done all this, the future of the AIA hopefully includes a small number of targeted changes to the AIA that would clarify provisions that have become the subject of contention, would correct provisions where legislative errors were made or Office's implementation has gone awry and would complete enactment of the 2004 recommendations of the National Academies for a 21<sup>st</sup> century patent system. Congress has already started work to address several of these important issues. The future, one might hope, would be enactment into law of perfecting changes that comprehensively address all these remaining AIA-related reforms, allowing this historic law to achieve its full promise.