



## First to Invent, First to File, or First to Disclose? Patent Reform's Real Incentive

Many commentators call the Leahy-Smith America Invents Act (AIA) the biggest reform of the United States patent laws in almost 60 years. The AIA's most publicized and dramatic change transforms the first-to-invent system to a "modified" first-to-file system which becomes effective on March 16, 2013. Why "modified"? Because in order to accommodate the "publish-or-perish" model of research institutions, legislators defined prior art in the AIA in a manner that allows inventors to publish first and seek patents later by preserving the one-year grace period granted to enabling publications. The ultimate result, however, is a new patent system that differs in key ways from international first-to-file rules and creates disclosure and filing incentives which are at odds with both pure first-to-file and first-to-invent systems.

In particular, (i) inventors who delay filing can lose valuable patents even if they are the first to file and (ii) parties that initially disclose their inventions through publication may not fully anticipate subsequently disclosed inventions, which lessens the desired prior art blocking protection.

### Second to Invent, Second to File, But Entitled to the Patent?

Consider this scenario. Two parties, Research University (Research U) and BigCo Corporation (BigCo), are each pursuing research for a cancer vaccine during the period April through June, 2013:

- On April 1, 2013, BigCo's research team discovers an amazing new compound that effectively inoculates women from breast cancer.
- On April 10, 2013, a scientist at Research U makes the same discovery, just in time to present her work at a major academic conference on cancer research on April 15.
- On April 15, 2013, the Research U scientist discloses the compound to a stunned crowd at the conference and publishes her work.
- On May 1, 2013, BigCo completes its internal patent review process (including a draft patent application) and submits its final patent application on that date.
- On June 1, 2013, Research U completes and submits its patent application for the same compound.

Under the outgoing first-to-invent system, BigCo would be entitled to the patent because BigCo invented the subject matter first. Assuming BigCo had the evidence to prove prior invention, it could submit an affidavit to the USPTO to that effect (a so-called "swearing behind" action based on Research U's conference disclosure) or it could file an interference proceeding with the USPTO. Assuming all of the other requirements for patentability were met, BigCo would be able to secure the patent because nothing in the prior art anticipated BigCo's discovery.

More than likely, under a true first-to-file patent system, no one would receive a patent. In a true first-to-file system, most public disclosures qualify as prior art, including disclosures by the filing party. For example, the European Patent Office (EPO) has limited exceptions for disclosures made less than six months before filing that either breach a confidentiality provision or were made by the filing party at an officially recognized international exhibition.

In Japan, a disclosure is not considered prior art if it is made within six months before filing

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and consists of (i) conducting experiments related to the invention; (ii) the inventor's publication in print, through electronic communication, or to a Japanese Patent Office (JPO)-designated organization; (iii) disclosure of the invention against the inventor's will; or (iv) display of the invention at certain limited types of exhibitions.

In the example above, Research U's April 15 disclosure of the compound does not fall under the limited exceptions for prior disclosures by the inventor recognized by either the EPO or the JPO and, thus, would be treated as prior art against both BigCo's and Research U's patent applications. Under these rules, neither party would be entitled to the patent.

However, despite being both second-to-invent and second-to-file, Research U would receive the patent under the new AIA patent system. Why?

## AIA Prior Art Rules: Preference to Initial Disclosure, Whether by Publication or Filing

Like a true first-to-file system, Section 102(a) of the AIA generally defines all prior public disclosures and patent applications as prior art. But, in a crucial gesture to universities, research institutions, and small inventors, Section 102(b) of the AIA removes from prior art:

1. prior disclosures made by the inventor or another who received the information directly or indirectly from the inventor less than one year before filing, and
2. any disclosure or patent application made by a third party after that original disclosure.

Therefore, Research U's April 15 disclosure would not act as prior art against Research U's application under Section 102(b)(1)(A). Additionally, under Section 102(b)(2)(B), the April 15 disclosure removes BigCo's May 1 patent application from the prior art against Research U's June 1 application, because the researcher's April 15 enabling disclosure predates BigCo's application filing. Thus, BigCo's May 1 application would not be considered prior art as to Research U's June 1 application. Because nothing in the prior art anticipates Research U's application, the USPTO would issue the patent to Research U.

To add insult to injury, Research U's April 15 disclosure is prior art against BigCo's May 1 application. This is the direct result of BigCo's failure to make prior disclosures. Therefore, the April 15 disclosure would block BigCo's application, but not Research U's application.

The result is that parties that choose to publicly disclose an enabling disclosure of the invention will, by that disclosure, effectively block any other party from receiving a patent. Consequently, the AIA gives preference not to the first party to file, but rather to the first party to disclose an enabling disclosure by any method, whether by publication or by filing.

Because university researchers generally choose to publish first, whereas corporations generally choose to file for a patent and keep the matter non-public as long as possible, the new AIA system gives universities an advantage. It creates an incentive for university researchers to publish first not only because of the university "publish or perish" tenure model, but also because public disclosure by publication is often much cheaper and quicker than preparing a patent application. For example, simply posting research results and related analyses online or disclosing the research at a conference could constitute a disclosure that is sufficient to block third-party patent applications. This, in turn, creates a disadvantage for corporate patent filers that follow the practice of keeping their inventions confidential in order to enhance their competitive advantage against rival companies.

## Patent Owners Should Adopt Streamlined Invention Disclosure Processes

Because the AIA gives university researchers an incentive to publish quickly, corporate inventors, especially those in fast-moving fields such as biotech or software, need to create an efficient invention disclosure system to push new inventions from the lab to the USPTO quickly. Corporations that have existing invention disclosure procedures should review and streamline those procedures.

Rather than first conducting a patent search or determining how the invention affects their bottom line, corporations should strongly consider routinely filing provisional patent applications with the USPTO, even if these applications consist of little more than the initial invention disclosure documents researchers often provide to their patent lawyers. After filing provisional applications (which will never be published or otherwise reviewed by the USPTO), corporations then have one year to decide whether filing non-provisional applications will be profitable.

Although universities may benefit from the AIA as written, they too should consider implementing or reviewing their invention disclosure procedures. For an initial publication to have the disqualifying effect on third parties, it must be "enabling." That is, the initial publication must describe the subject matter of the invention with sufficient detail such that one having ordinary skill in the art could implement it. A non-enabling publication will not result in full anticipation of a third party's patent filing.

The AIA's filing and disclosure lessons and unintended consequences for the unwary:

- Inventors may lose valuable patents by delaying filing; and
- Parties that initially disclose their inventions through publication may not fully anticipate a subsequently disclosed invention, thus lessening the desired prior art blocking protection which could otherwise be available.

If you have any questions regarding the new challenges posed by the AIA, please contact [Mark Bledsoe](#) or [Jake Neu](#). You may also contact [Paul Sykes](#), [Nathan Johnson](#), [Stephen Hall](#), [David Mixon](#), [Mark Swanson](#) or any of the other attorneys in the [Intellectual Property Practice Group](#) at Bradley Arant Boulton Cummings LLP.

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