

America Invents Act: The Switch to a First-to-File

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The America Invents Act (“act”) was signed into law on September 16, 2011.² The act, touted as the first major change in patent law in years, contains many provisions that alter patent law in the United States and changes the way patent practitioners practice law and advise clients. The purpose of this article is to discuss the provision in the act relating to the new first-to-file patent system that will be implemented by the act.

I. The First-to-File Patent System

One of the much-heralded changes under the act is the switch from a first-to-invent to a first-to-file patent system. The distinctions between the two systems were discussed in detail in a previous publication³ and by many other authors. Briefly, assuming diligence and other factors, the first inventor is entitled to a patent under the first-to-invent patent system. This means that the first inventor gets the patent even if another independent inventor of the same invention is first to file. In contrast, under the first-to-file patent system, the first inventor to file a patent application will be entitled to the patent. This means that an inventor who files a patent application first gets the patent even if another independent inventor for the same invention was first to invent. The first-to-file patent system is often referred to as “a race to the patent office.” Currently, the United States uses the first-to-invent patent system; the rest of the world uses the first-to-file

patent system.⁴

The act contains provisions that switch the United States from a first-to-invent patent system to a first-to-file patent system. These provisions take effect on March 16, 2013. Then, the United States will be aligned with the rest of world under a first-to-file patent system.

II. The Switch – Advantageous or Disadvantageous?

There is much discussion and debate in the United States about whether switching to a first-to-file patent system is good policy or bad policy. Those against the switch claim that it will disadvantage small entities such as individual inventors, small companies, and non-profit organizations. The concern is that smaller entities will not have the manpower or money to dedicate people or fund research to develop the invention and get a patent application filed quickly. They will be more likely to lose the race to the patent office. In contrast, it is argued, larger companies can dedicate more resources to complete an invention expeditiously. These larger companies are more likely to get a patent application drafted and filed more quickly than their smaller counterparts. Thus, larger entities are favored by the first-to-file patent system because they can win the race to the patent office.

Those for the switch argue that it is advantageous for everyone because it will bring simplicity and certainty to the patent filing system and avoid

File Patent System



expensive, time consuming, and cumbersome interference proceedings.⁵ Additionally, it will align United States patent law with international patent law by changing to the first-to-file system. The Internet and blogs are replete with articles discussing the advantages and disadvantages of the newly-enacted first-to-file patent system. However, regardless of position or opinion, the act is now law and the United States will soon be using a first-to-file patent system.

So, like it or not, the first-to-file patent system will be used by inventors and patent practitioners for determining which independent inventor is entitled to a patent. Under this new system, all inventors are counseled to file a patent application as soon as possible. The first inventor to file a patent application will get the patent even if another inventor invented first but filed second. Simplicity and certainty accomplished!

To illustrate, consider this scenario:

- Jan 15 Inventor A invents or discovers an invention
- Feb 15 Inventor B invents or discovers an invention
- Mar 15 Inventor A files a patent application under the Act
- Apr 15 Inventor B files a patent application under the Act

The first inventor (Inventor A) gets the patent, not because the inventor was the first to invent but because

the inventor was the first to file. This is the same final result that would have been obtained under the first-to-invent patent system.

Now, consider this scenario:

- Jan 15 Inventor A invents or discovers an invention
- Feb 15 Inventor B invents or discovers an invention
- Mar 15 Inventor B files a patent application under the Act
- Apr 15 Inventor A files a patent application under the Act

The second inventor (Inventor B) gets the patent because he was the first to file even though the inventor was the second to invent. This is the opposite result that would have been obtained under the first-to-invent patent system and exemplifies the change in the law in its simplest form. Under the act, to determine which inventor gets the patent, simply look at the effective filing dates for the patent applications and award the patent to the inventor with the earliest effective filing date. The date the invention was made is not relevant to the determination.

III. Not So Fast!

As a general rule, disclosure of an invention to the public by written publication, public use, or otherwise by an inventor or any other party creates prior art that prevents anyone from obtaining a patent. Basically, once the invention is available to the public, a patent cannot be obtained

for the invention. However, the act creates an exception to this general rule when the public disclosure is by an inventor who files a patent application for the invention. This exception must be considered when determining whether a patent will be granted and who will obtain the patent under the act.

Fortunately or unfortunately, depending on one's viewpoint, the simplicity and certainty sought by the act is not absolute. One cannot simply say that the first inventor to file a patent application will be awarded the patent. The act has provisions that exempt disclosures by inventors⁶ made one year or less before the effective filing date of the inventor's patent application from being used as prior art against the patent application. The act amends 35 U.S.C. § 102 to state that:

(a) Novelty; Prior Art — A person shall be entitled to a patent unless —

(1) 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; or

(2) the claimed invention was described in a patent issued under section 151, or in an application for patent published or deemed published under section 122(b), in which the patent or application, as the case may be, names another inventor and was effectively filed before the effective filing date of the claimed invention.

(b) Exceptions —

(1) **DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION** — A disclo-

sure made 1 year or less before the effective filing date of a claimed invention shall **not be prior art** to the claimed invention under subsection (a)(1) if —

(A) the **disclosure was made by the inventor** or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or
(B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor. (Emphasis added.)

These new provisions have ramifications that must be considered before simply determining that the first inventor to file a patent application will be awarded the patent. To illustrate, consider this scenario:

Jan 15 Inventor A invents or discovers an invention
Jan 25 Inventor A discloses the invention in a written publication
Feb 15 Inventor B invents or discovers an invention
Mar 15 Inventor B files a patent application under the Act
Apr 15 Inventor A files a patent application under the Act

Using a simple first-to-file analysis, Inventor B, having filed a patent application one month before Inventor A, will be awarded the patent. However, in this scenario, simply using a first-to-file analysis leads to an incorrect conclusion. Inventor B will not be able to obtain a patent because Inventor A disclosed the invention before Inventor B filed the patent application. When considering Inventor B's

patent application, the disclosure by Inventor A is prior art that discloses the invention. Basically, the invention was "available to the public" before Inventor B filed a patent application and obtained an effective filing date. Therefore, Inventor B cannot obtain a patent.⁷

Inventor A can, however, obtain a patent for the invention. As discussed above, the act exempts from prior art any disclosure of the invention made by the inventor within one year before the inventor filed a patent application claiming the invention. In this scenario, Inventor A's Jan 25 publication of the invention is prior art that prevents Inventor B from obtaining a patent, but is not prior art that prevents Inventor A from obtaining a patent. Therefore, the first to file will not get the patent; the second to file will get the patent.

Given this same scenario in other countries using a first-to-file system, neither Inventor A or Inventor B could obtain a patent. The written publication by Inventor A created prior art that prevents anyone from obtaining a patent. Only the United States allows an inventor to obtain a patent after an inventor makes the invention available to the public!

Clearly, the change by the United States to a first-to-file patent system is not as simple as it first appears, and is not merely a race to the patent office.

Therefore, inventors and practitioners should be cautious before determining that the first inventor to file a patent application will be entitled to the patent based solely upon the effective filing dates for patent applications. Merely looking at the effective filing dates for two patent applications and concluding that the one with the earlier effective filing date will become a patent may be an erroneous conclusion. In determin-

ing which independent inventor will be entitled to a patent, one should evaluate whether or not the second inventor to file has previously made the invention available to the public. This evaluation may prevent costly and time-consuming errors.

IV. Filing Strategies to Consider

Inventors filing patent applications in the United States under the new first-to-file provisions of the act have an advantage over inventors filing patent applications under the first-to-file provisions of other countries. Under the act, an inventor can make the invention available to the public and then take up to a year to file a patent application. In other countries, if an inventor makes the invention available to the public, the inventor cannot obtain a patent for the invention. This unique provision in the act permits inventors and their legal representatives to create certain patent application filing strategies that could benefit inventors seeking a patent only in the United States. However, these strategies are useful only for inventors who do not want to obtain patents in other countries.

These strategies will not be helpful for inventors interested in international patents.

Inventors may elect to adopt certain strategies to maximize protection for their inventions under the provisions in the act. In one strategy, an inventor could make the invention available to the public as soon as possible, *e.g.*, in a written publication, and take up to a year to perfect the invention and file a corresponding patent application. The written disclosure would serve as prior art against a patent application filed by an independent inventor after the disclosure and prevent such application from becoming a patent. This could be a way for inventors with limited resources to protect themselves from larger competitors with more resources. Presumably, an individual inventor working alone could make an invention available to the public and take up to a year to locate a patent attorney and raise the funds necessary to get a patent application drafted and filed, *e.g.*, by seeking investors or licensing the invention. Such inventor would obtain the patent even if another independent inventor were first to file a patent application,

assuming such patent application had an effective filing date after the invention was made available to the public.

In another strategy, inventors or their assignees with significant resources, *e.g.*, large corporations, could adopt a policy of having inventors, technical writers, or consultants make an invention available to the public within days after the invention was made and then decide how to manage the patent application. This strategy could give larger entities up to a year to decide whether or not to invest in an invention by filing a patent application. During that year, these entities would not need to be concerned that an independent inventor would be entitled to a patent if the inventor were first to file a patent application.

In a further strategy, an inventor with limited physical or human resources or with high priority projects could fund university research or hire a contract research organization to conduct research. Once the research phase was complete, the inventor



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would make the results embodying the invention available to the public, *e.g.*, by publishing a paper disclosing the invention and the research results in a journal. Since the disclosure was made by someone who obtained the subject matter disclosed directly or indirectly from the inventor, the disclosure would be prior art for a patent application filed by others, but not prior art for a patent application filed by the inventor.

V. Discussion

Would the above strategies protect the invention and give an inventor time to do more work and possibly construct a better-drafted patent application, obtain funding, or develop a patent filing strategy? Possibly, particularly for inventors who are interested in the United States only or that truly have very limited resources.⁸ However, for most inventors and practitioners – particularly those interested in obtaining patents internationally – adopting these strategies could have disastrous consequences. Using these strategies can help protect the invention in the United States. However, the provisions in the act relating to prior art that permit these strategies do not apply in other countries that use a first-to-file patent system. Generally, making an invention available to the public before filing a patent application will prevent an inventor from obtaining a patent in most countries, *e.g.*, European Patent Convention member countries. Winning the race to the patent office and being the

first to file a patent application for an invention is clearly the best strategy, and is essential for those interested in patents internationally.

VI. Conclusion

The truth is that the act does little to affect most inventors and patent practitioners, particularly those with an international patent strategy. Because the rest of the world has been using the first-to-file patent system for many years, such inventors and practitioners have always been using a *de facto* first-to-file patent system. The act changes very little for such inventors and practitioners. While the act allows for some new strategies to protect inventions, the best advice is to create the invention and file a patent application as soon as possible. This was true in the United States before the act and will remain true after the first-to-file provisions of the act are implemented.

Endnotes

1 Wendell Ray Guffey is chief intellectual property counsel for Nestle Purina PetCare Global Resources, Inc. He practices all aspects of intellectual property law, including patent, trademark, copyright, trade secret, and technology law. In addition to a law degree from Salmon P. Chase College of Law at Northern Kentucky University, he holds a bachelor's degree and Masters degree in chemistry from the University of Kentucky and a Masters degree in life sciences from Indiana State University. Kimberly Schreiber is an attorney and Rule 31 listed mediator in civil/general and family mediation. She is a partner at Eldercare Resolved, a firm that helps clients in the community and provides training to attorneys across the nation, as well as the United Kingdom. She teaches criminal law at Argosy University and

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2 Leahy-Smith America Invents Act, H.R. 1249, 112th Cong., 1st Sess. (2011).

3 *Patent Application Processing Systems—First-to-Invent versus First-to-File*, 50 INTELL. PROP. COUNS. 2 (Feb. 2001).

4 For example, Australia, Brazil, China, European Patent Convention members, and Japan all use the first-to-file patent system.

5 35 U.S.C. § 135 Interferences. An interference is the proceeding used by the United States Patent & Trademark Office to determine which of two independent inventors are entitled to a patent for the same invention. With proper proof, the first inventor to invent gets the patent.

6 35 U.S.C. § 102(b)(1)(A). The act applies these provisions to inventors, joint inventors, and others who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

7 35 U.S.C. § 102(a)(1).

8 35 U.S.C. § 123 defines a new category for inventors deemed a “micro entity.” Section 10(b) of the act makes the fees charged to a micro entity so low that those with truly limited resources should have unfettered access to the patent system. Unfortunately, however, the true cost associated with filing a patent application is not the filing fees, but often largely due to attorney fees.

Section 28 of the act establishes a patent ombudsman program for small businesses intended to provide support and services relating to patent filings for small business concerns and independent inventors.

Section 32 of the act requires the director of the U.S. Patent Office to “work with and support intellectual property law associations across the country in the establishment of pro bono programs designed to assist financially under-resourced independent inventors and small businesses.”