

# Client Alert.

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## America Invents Act: USPTO Publishes Final Examination Guidelines for the First-Inventor-to-File Provisions

By Randy Omid and Otis Littlefield

On July 26, 2012, the United States Patent and Trademark Office (USPTO) published proposed Examination Guidelines for Implementing the First-Inventor-to-File Provisions of the Leahy-Smith America Invents Act (AIA)<sup>1</sup>, which become effective on March 16, 2013. The USPTO gathered public input through a round table discussion, numerous discussions at roadshow presentations, and approximately seventy submitted public comments. Based upon the public input, the USPTO revised the examination guidelines to produce the final Examination Guidelines for Implementing the First-Inventor-to-File Provisions of the Leahy-Smith America Invents Act, published in the Federal Register on February 14, 2013.<sup>2</sup>

The final examination guidelines published by the USPTO include two noteworthy changes from the proposed examination guidelines. Specifically, these changes in the final examination guidelines clarify the USPTO's position on what qualifies as prior art for the purpose of precluding the grant of a patent. First, the USPTO adopts an interpretation of the on-sale bar under AIA 35 U.S.C. § 102(a)(1) that only includes commercial activity that is "available to the public." Second, the USPTO retreats from its narrow view of the scope of intervening public disclosures that are excluded as prior art under AIA 35 U.S.C. § 102(b)(1)(B).

Please also see our previous [client alert](#) on what to anticipate with the AIA's change to first-inventor-to-file.

### THE ON-SALE BAR

AIA 35 U.S.C. § 102(a)(1) describes the availability of documents and activities which may preclude patentability of an invention. An activity that precludes patentability includes causing the invention to be "on sale, or otherwise available to the public." This on-sale bar provision of AIA 35 U.S.C. § 102(a)(1) raised a question of statutory interpretation, and the USPTO opted not to issue proposed examination guidelines with respect to the provision. Instead, the USPTO sought the benefit of public comments before issuing its final interpretation.

Two major interpretations of the on-sale bar provision emerged during the public comment period. The first interpretation construed the phrase "or otherwise available to the public" as not modifying "on sale," such that any sale or offer for sale of an invention by an inventor more than one year prior to the date of application qualifies as prior art against the inventor. This interpretation was in line with the pre-AIA on-sale bar case law. The second interpretation construed the phrase "or otherwise available to the public" as modifying "on sale," such that only a public sale or public offer for sale of an invention qualifies as prior art.

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<sup>1</sup> See 77 Fed. Reg. 43759 (July 26, 2012).

<sup>2</sup> See 78 Fed. Reg. 11059 (Feb. 14, 2013).

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As part of the final examination guidelines, the USPTO adopted the second interpretation, thus excluding so-called secret sales. Under this construction, the USPTO has interpreted the “or otherwise available to the public” residual clause of AIA 35 U.S.C. § 102(a)(1) as indicating that the statute does not cover non-public sales or non-public offers for sale. Thus, a non-public commercial sale or non-public offer for sale of an invention does not qualify as prior art for the purposes of AIA 35 U.S.C. § 102(a)(1). For example, a sale among individuals who have an obligation of confidentiality to the inventor is non-public, and therefore the sale would not preclude patentability under the on-sale bar. Conversely, a sale among individuals who do not have an obligation of confidentiality to the inventor is public, and the on-sale bar would apply.

Because a federal court may not agree with the USPTO’s interpretation limiting the on-sale bar to only activities that are “available to the public,” we do not recommend relying on this aspect of the final examination guidelines without fully considering the potential consequences of such a ruling. The best practice will be to file a patent application before any sale or offer for sale, public or otherwise, of a patentable invention. However, if a sale or offer for sale of an invention will be made prior to filing an application, we recommend securing a formal confidentiality agreement as it is advantageous under the current USPTO rules.

## INTERVENING DISCLOSURES AS PRIOR ART

AIA 35 U.S.C. § 102(b) provides exceptions that disqualify some disclosures as prior art.

One specific exception disqualifies the subject matter of an intervening disclosure as prior art if: (1) the disclosure was made one year or less before the effective filing date of the invention, and (2) the subject matter disclosed had been previously publicly disclosed by the inventor or another party who obtained the subject matter from the inventor.

The USPTO’s proposed rules interpreted this exception extremely narrowly, stating that “[e]ven if the only differences between the subject matter in the prior art disclosure that is relied upon under 35 U.S.C. 102(a) and the subject matter publicly disclosed by the inventor before such prior art disclosure are mere insubstantial changes, or only trivial or obvious variations, the exception under 35 U.S.C. 102(b)(1)(B) does not apply.”<sup>3</sup> In essence, under the USPTO’s proposed interpretation only a verbatim republication of subject matter would fall within the AIA 35 U.S.C. § 102(b)(1)(B) exception.

The comments directed to this interpretation during the public comment period almost universally concurred that such an interpretation was too narrow in view of the legislative intent. Many comments argued that such a narrow interpretation would allow third parties to preclude patentability of publicly disclosed subject matter and undermine the grace period by simply making a trivial or obvious change to the disclosure and immediately publishing it.

In response, the USPTO retreated from its proposed examination guidelines when issuing the final examination guidelines. In the final examination guidelines, the USPTO interprets this provision of the statute as disqualifying all of the subject matter of an intervening disclosure that was previously publicly disclosed by the inventor. However, the USPTO provides only limited insight into how subject matter that is newly added to the intervening disclosure will be handled.

<sup>3</sup> 77 Fed. Reg. 43759, 43767 (July 26, 2012).

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For example, the USPTO's final examination guidelines state that "the inventor or a joint inventor had publicly disclosed elements A, B, and C, and a subsequent intervening grace period disclosure discloses elements A, B, C, and D, then only element D of the intervening grace period disclosure is available as prior art under AIA 35 U.S.C. 102(a)(1)."<sup>4</sup> It is unclear, however, whether this means that D by itself will be treated as prior art or if the inventor would be entitled to patent A + B + C, but not A + B + C + D.

Until the federal courts provide additional guidance with respect to intervening disclosures and their exclusion as prior art, we recommend securing an effective filing date with the USPTO before publicly disclosing an invention.

### Contact:

**Randy Omid**

(415) 268-6599

[romid@mofo.com](mailto:romid@mofo.com)

**Otis Littlefield**

(415) 268-6846

[olittlefield@mofo.com](mailto:olittlefield@mofo.com)

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<sup>4</sup> 78 Fed. Reg. 11059, 11077 (Feb. 14, 2013).