Chairman Lamar Smith Restores Grace Period in *America Invents Act*

Today, House Judiciary Committee Chairman Lamar Smith circulated a Manager's Amendment to the *America Invents Act,* Smith, H.R. 1249, which is designed, *inter alia,* to maintain the grace period versus the patent applicant's pre-filing commercialization of the invention. The goal is accomplished by *eliminating* "public use" and "on sale" activities as prior art and instead focusing patent-defeating activity to situations where "the claimed invention was patented, *described* in a printed publication, or otherwise *disclosed* to public before the effective filing date of the claimed invention ***". The grace period embraces all such activities as it exempts "[a] *disclosure* to the public made 1 year or less before the effective filing date of a claimed invention … if …the *disclosure* was made by the inventor…."

Overruling 65 Years of Case Law: The legislation, if enacted into law, will legislatively overrule the holding in *Metallizing Engineering Co. v. Kenyon Bearing & Auto Parts,* 153 F.2d 516 (2d Cir. 1946)(L. Hand, J.), a leading case quoted or cited with approval in *Pfaff v. Wells Electronics, Inc*., 525 U.S. 55, 68 (1998); *Kewanee Oil Co. v. Bicron Corp*., 416 U.S. 470, 484 n.13 (1974); and *Bonito Boats, Inc. v. Thunder Craft Boats, Inc*., 489 U.S. 141,149 (1989).

The pdf version of this note includes a detailed analysis of the Manager's Amendment (p. 2), the new relevant text (p. 3) and a version of the text showing additions and deletions vis a vis the original bill (p. 4).

Regards,
Hal

April 12, 2011

Discussion

Today, House Judiciary Committee Chairman Lamar Smith circulated a Manager's Amendment to the *America Invents Act*, Smith, H.R. 1249, which is designed, *inter alia*, to maintain the grace period versus the patent applicant's pre-filing commercialization of the invention. Under the new version of 35 USC § 102(a)(1), "[a] person shall be entitled to a patent unless… the claimed invention was patented, described in a printed publication, or otherwise disclosed to public before the effective filing date of the claimed invention ***."

The scope of prior art is now limited to *disclosures* of inventions that excludes the pre-filing *disclosures* by the inventor which are exempt from prior art status under 35 USC § 102(b)(1)(A): "A *disclosure* to the public made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention … if …the *disclosure* was made by the inventor… or by another who obtained the subject matter *disclosed* directly or indirectly from the inventor…."

Fixing the Original Text of H.R. 1249: The Manager's Amendment eliminates reference in 35 USC § 102(a)(1) to any prior "public use" or "on sale" activity which is not a "disclosure" such as the secret commercialization by the inventor.

Overruling 65 Years of Case Law: The legislation, if enacted into law, will legislatively overrule the holding in *Metallizing Engineering Co. v. Kenyon Bearing & Auto Parts*, 153 F.2d 516 (2d Cir. 1946)(L. Hand, J.), quoted with approval by the Supreme Court I the *Pfaff* case:

"[I]t is a condition upon an inventor's right to a patent that he shall not exploit his discovery competitively after it is ready for patenting; he must content himself with either secrecy, or legal monopoly."

Pfaff v. Wells Electronics, Inc., 525 U.S. 55, 68 (1998). The Court had previously cited to or quoted with approval from *Metallizing Engineering* in *Kewanee Oil Co. v. Bicron Corp*., 416 U.S. 470, 484 n.13 (1974); and *Bonito Boats, Inc. v. Thunder Craft Boats, Inc*., 489 U.S. 141,149 (1989). Citing *Metallizing Engineering*, Professor Thomas explained that "[w]ell-established patent law provides that an inventor who makes a secret, commercial use of an invention for more than one year prior to filing a patent application … forfeits his own right to a patent." John R. Thomas, *The Role of Trade Secrets in Innovation Policy*, p. 11, Congressional Research Service Report for Congress F41391 (August 31, 2010).

AMERICA INVENTS ACT

S.1249 Manager's Amendment Circulated April 12, 2011

Sec. 102. Conditions for patentability; novelty
(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 otherwise disclosed to the public 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 disclosure to the public 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 disclosed to the public 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.
(2) DISCLOSURES APPEARING IN APPLICATIONS AND PATENTS- A disclosure shall not be prior art to a claimed invention under subsection (a)(2) if –
(A) the subject matter disclosed was obtained directly or indirectly from the inventor or a joint inventor;
(B) the subject matter disclosed had, before such subject matter was effectively filed under subsection (a)(2), been disclosed to the public 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 ****.

At the end of SEC 2 a provision is added: (o) IMPLEMENTATION BY THE PATENT AND TRADEMARK OFFICE. – In any guidelines for the examination of patents addressing whether a disclosure ot the public has been made under section 102 of title 35, United States Code, as amended by this section, the Office shall use the public accessibility criteria employed by the courts in addressing whether a disclosure constitutes a printed publication under section 102 of title 35, United States Code, as in effect on the day before the date of enactment of this Act. Such public accessibility criteria shall be used regardless of the manner in which the disclosure resulted in the subject matter disclosed being known or used.

AMERICA INVENTS ACT

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Additions shown in green-highlight, bold text
[*Deletions shown in turquoise-highlighted italics*]

Sec. 102. Conditions for patentability; novelty

(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 otherwise disclosed to the public** [*or in public use, on sale, or otherwise available to the public*] 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 disclosure to the public 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 disclosed to the public 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.

(2) DISCLOSURES APPEARING IN APPLICATIONS AND PATENTS- A disclosure shall not be prior art to a claimed invention under subsection (a)(2) if--

(A) the subject matter disclosed was obtained directly or indirectly from the inventor or a joint inventor;

(B) the subject matter disclosed had, before such subject matter was effectively filed under subsection (a)(2), been disclosed to the public 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 ****.

At the end of SEC 2 a provision is added:

(o) IMPLEMENTATION BY THE PATENT AND TRADEMARK OFFICE. – In any guidelines for the examination of patents addressing whether a disclosure ot the public has been made under section 102 of title 35, United States Code, as amended by this section, the Office shall use the public accessibility criteria employed by the courts in addressing whether a disclosure constitutes a printed publication under section 102 of title 35, United States Code, as in effect on the day before the date of enactment of this Act. Such public accessibility criteria shall be used regardless of the manner in which the disclosure resulted in the subject matter disclosed being known or used.