

The Legal Intelligencer

THE OLDEST LAW JOURNAL IN THE UNITED STATES 1843-2017

PHILADELPHIA, THURSDAY, JANUARY 5, 2017

VOL 255 • NO. 3

An **ALM** Publication

INTELLECTUAL PROPERTY



Doing Business in the New First-to-File Patent Environment

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Special to the Legal

Many small business entities find that they occasionally have a new product or process for which they wish to seek patent protection. Some of those small businesses may have had some prior experience with the patent process. Unfortunately, many of the prior patent laws changed with the advent of the America Invents Act (AIA). The AIA made fundamental changes in the consequences associated with a business engaging in market activities prior to the filing of a patent application and many commercial entities that occasionally pursue patent protection have not made the necessary adjustments in their internal procedures.

The U.S. patent law prior to the AIA had a provision that enabled an inventor to file a patent application for an invention that was not on sale or offered for sale more than one year prior to the application filing date. The prior patent law also included a “first-to-invent” provision that permitted an inventor, under



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certain circumstances, to swear behind a prior art reference that was not publicly available more than one year prior to the filing date and effectively remove that reference as a roadblock to patentability. Thus, neither the inventor’s commercial activities within one year of filing nor prior art that was not available more than one year prior to the filing would defeat the inventor’s right to a patent.

The prior U.S. law was not consistent with most of the international patent laws. Although, and there was a desire to harmonize the U.S. law so that it was more consistent with the international practice, there were concerns that a full harmonization would adversely impact small businesses and individual inventors. There was

no real evidence that a total prohibition on pre-filing commercial activity and a first-to-file system would be harmful and many countries have operated under those conditions for many years. However, a compromise was reached and the AIA was signed into law in September 2011 and the first-to-file provisions became effective in March 2013.

One caution for entities that may have patentable inventions from time to time is to be informed about the requirements and possible pitfalls of any given action beforehand.

Under the compromise, the “first inventor to file” now would receive the patent and a later filing inventor can no longer swear behind the date of a prior art reference, but the inventor still had one year from the earliest

commercial activity to file a patent application. While this may be seen as a good compromise at first glance, it may create a false sense of security that causes an inventor to delay the filing of a patent application. This can be demonstrated with a relatively simple example. If inventor A's invention is reduced to practice and sold on Jan. 1, 2017, inventor A's patent application must be on file by Jan. 1, 2018. If inventor B independently reduces the same invention as inventor A's invention to practice on June 1, 2017, and files a patent application on Aug. 1, 2017, inventor B will be entitled to the patent. Because the one year exception for A's commercial activity is personal to A, it cannot be used to defeat B's right to a patent as the "first-to-file" inventor.

The compromise produced a dilemma for businesses that are considering the option of pursuing patent protection but did not want to undertake the expense unless the invention had demonstrated commercial viability. In other words, how can an inventor protect an invention during the pre-filing period where the commercial aspects of the invention are being tested in the marketplace? Under the pre-AIA patent law, an inventor or business addressed this problem by keeping detailed records that could support an effort to swear behind a reference if that became necessary. While this was not a perfect solution because there was no guarantee that the effort to swear behind would be successful, it did provide a measure of potential protection that was within the control of invention's owner. But, as noted earlier, the compromise removed this option without providing any provision that addressed this limbo period where the inventor did not have to file

but could still lose rights to another inventor that was the first-to-file.

The importance of an early filing date is clear from the above discussion, but had can you preserve and early filing date when there is still uncertainty about the commercial value of the invention? The answer lies in another provision of the U.S. patent law that was left unchanged by the AIA; the Provisional Patent Application. As noted by the U.S. Patent and Trademark Office (USPTO), a provisional application for patent (provisional application) is a U.S. national application filed in the USPTO under 35 U.S.C. Section 111(b). A provisional application is not required to have a formal patent claim or an oath or declaration. Provisional applications also should not include any information disclosure (prior art) statement since provisional applications are not examined. A provisional application provides the means to establish an early effective filing date in a later filed non-provisional patent application filed under 35 U.S.C. Section 111(a). It also allows the term patent pending to be applied in connection with the description of the invention.

The above quoted language from the USPTO highlights several advantages to the provisional application. It can be relied upon as the priority date for a later filed nonprovisional application; it has fewer formal requirements; it does not carry any obligation to disclose prior art; there is no USPTO prosecution associated with a provisional; there are no on-going prosecution cost; and, the invention may be described as patent pending. The filing date of the provisional application may be sufficient to provide a first filed date that will avoid the loss of an invention based on the

filing date. One important caution to keep in mind is the requirement for a provisional application to fairly disclose the later claim invention(s). Accordingly, the provisional application cannot be a meaningless filing and it must fairly disclose that the applicant was actually in position of the invention when the provisional application was filed.

One caution for entities that may have patentable inventions from time to time is to be informed about the requirements and possible pitfalls of any given action beforehand. Becoming knowledgeable about the requirements beforehand can avoid disappointment and wasted time and effort. The USPTO has a good summary of general information regarding patent applications on its website at goo.gl/AdUjht. Another useful link at the USPTO, which may be more detailed than necessary for background information, is found at goo.gl/B1a02D.

By way of a summary, it is important to remember that the United States now has a first-to-file patent system. While an entity's commercial activity less than one year prior to filing a patent application still does not prevent the filing of an application, an entity's pre-filing activities are no longer available to show a prior "date of invention" for the purpose of swearing behind a prior art reference. Under the current first-to-file focus in patent examination, securing an early filing date is a critical consideration for all potential patentees who should become familiar with the statutory requirements. •