

From: Paul Morgan
Sent: Friday, July 27, 2012 12:17 PM
To: Rea, Teresa
Cc: fitf_guidance; Till, Mary; Kappos, David
Subject: PTO Proposed Position that the Metallizing Engineering doctrine is overruled by the AIA

Re: The July 26, 2012 USPTO published proposed Rules and Examination Guidelines for implementing the first-inventor-to-file provisions of the America Invents Act - saying [see below] that the *Metallizing Engineering* doctrine is overruled by the AIA.

Terry, I do not see a good reason for the PTO to *take* a position in these proposed Examination Guidelines on the disputed* interpretation of the AIA as overruling the [long-standing, Fed. Cir. and Sup. Ct. accepted] Learned Hand *Metallizing Engineering* doctrine? This doctrine was not *expressly* overruled by the AIA. Previous draft legislation language expressly overruling it was reportedly *removed* from the final legislation. This PTO interpretation is based on a [not-untypical] misunderstanding that this doctrine is *statutory*, when it is actually *equitable*. *It is not and never has been a statutory bar*, only a purely personal forfeiture of patent rights only by the prior commercial user itself. It is *not necessary* for the *PTO* to make this interpretation at this time, and is not in the best interests of the PTO and the public. This PTO interpretation will directly encourage the filing of numerous patent applications on inventions that have been in secret commercial use for unlimited numbers of years, to add 20+ years of patent of patent exclusivity protection onto all their prior years of trade secrecy protection. That is the very public interest and patent law policy issue that the courts, including the Sup. Ct., have criticized in supporting the *Metallizing Engineering* doctrine. It could create public relations problems for the PTO. Worse, it will encourage applicants to *not even disclose* to the PTO their prior secret commercial use, thus leaving the interpretation judicially unclarified for many more years, and creating inequitable conduct issues if this PTO interpretation of the AIA is not upheld by the courts [as is quite likely, for the reasons and judicial decisions noted in the attached article* and elsewhere].

Thus, as a bare minimum, if the PTO continues to insist on making this disputed interpretation in advance of any judicial resolution, the final rules should at least *require applicant's disclosure* to the PTO of prior secret commercial use of the claimed invention for more than one year prior to the original filing date until this issue is judicially resolved.

[BTW, this issue should not be confused with the separate and very different legal issues of secret prior sales of products which *do* detectably disclose the invention.]

Paul

[Paul F. Morgan, retired patent attorney, as always purely *pro-bono*]

*For case law and detailed reasons as to why the *Metallizing Engineering* [equitable] doctrine was NOT necessarily overruled by the AIA, and is in dispute, see the attached article: "The Ambiguity in Section 102(a)(1) of the Leahy-Smith America Invents Act, 2011 Patently-O Patent Law Review 29, and others.

2011 PATENTLY-O PATENT LAW JOURNAL

The Ambiguity in Section 102(a)(1) of the Leahy-Smith America Invents Act¹

By Paul Morgan
with contributions from Dennis Crouch²

Reviewers of the new U.S. patent law have noted an unresolved ambiguity in §102(a)(1). This is a fairly serious matter, because after March 16, 2013 the new §102 will replace present §102 for every application filed with a later effective priority filing date. New §102 will become the new definer of bars to patentability, novelty and §103 prior art for all such patent applications, and patents granted therefrom. Furthermore, new §102(a)(1) will eliminate the present one year general grace period for most third party public disclosures. This creates an instantaneous bar to patentability and thus heightens the dangers of delayed filing of patent applications. As discussed below, the new statutory bars include a number of ambiguities. The U.S. Patent Office (USPTO) will be the first body faced with resolving the ambiguities through its examination practice because any prior judicial resolution is unlikely.

The Full Text of new §102(a)(1) with emphasis:

§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 in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention; or

Note that much of the language of the new statute uses previously well understood terms of art, such as “patented”, “described in a printed publication”, “public use”, and “on sale.” These terms have all been taken directly from the present §102. The new phrase “or otherwise available to the public” and its end location is the key difference in this new §102(a)(1).³

¹ Cite as Paul Morgan, *The Ambiguity in Section 102(a)(1) of the Leahy-Smith America Invents Act*, 2011 Patently-O Patent Law Review 29.

² With special thanks to Robert L. Maier of Baker Botts LLP, Professor Joshua D. Sarnoff, and Jeffrey Thruston for their suggestions on a draft version of this paper.

³ There are other important differences in new §102(a)(1). These include the removal of the prior “in this country” limitations on the latter two bar events “public use” and “on sale”.

The Source of the Ambiguity in §102(a)

The §102(a)(1) words, “or otherwise available to the public,” create at least two ambiguities. Fundamentally, the issue is this: is this new end phrase intended as a “catch all” to cover other public disclosures such as oral public presentations at technical meetings, internet postings, etc.? This interpretation would extend the scope of prior art to cover some public disclosures that might not already be clearly covered by the existing U.S. judicial interpretations of a “printed publication” or a “public use.” This interpretation would also be consistent with the intent of harmonization with other countries’ patent laws. Alternatively, was this new §102(a)(1) language “or otherwise available to the public” *really intended to narrow* the below-discussed long judicially established meanings of, and/or exceptions to, the words “in public use” and “on sale”? This interpretation can also be argued as supporting intended harmonization. Furthermore, statements in the Senate legislative record, quoted in full in the last section of this paper, suggest this latter interpretation of new §102(a)(1).

§102(a) Interpretations Argued from Public Policy Standpoints

a) Secret Commercial Use

If new §102(a)(1) is to be interpreted to require any “public use” to always be “available to the public,” that could end the long established case law that a secret commercial use can prevent the prior user from obtaining patent rights. This forfeiture interpretation is not a true bar, since it does not block anyone else from

Also, as noted, the elimination of the present general one year grace period, which will make any of those bar events immediate and absolute with the “exception” of inventors filing within one year of a “disclosure” of their invention [another ambiguity] by or from themselves, or, as to proven derivers. Furthermore, some grace-period-dated prior art that is now avoidable under 35 USC 102(g) and 37 CFR 1.131 with sworn prior invention date evidence [if not an application or patent with interfering claims]. AIA §102 will end that in *removing* the following present sources of “secret” prior art, namely, present §102(g) and present §102(f). [§102(f) was only quite recently even clarified as being §103 prior art in *Oddzon Products v. Just Toys* (Fed. Cir. 1997).] This elimination of §102(g) and §102(f) “secret” prior art might be useful to keep in mind in interpreting controversial Congressional colloquy? AIA §102(a)(2) is not relevant to the discussion here, since it unambiguously adds to the §102(a)(1) body of prior art the contents of patents or applications that name another inventor filed before the applicant’s effective filing date. Its change will be in making that prior art effective as of the foreign filing dates of applications filed in the U.S., not just for PCT applications in English as under the present statute. Thus eliminating the present *In re Hilmer* doctrine, under which the parent foreign filing date is valid for an invention priority date, but not as a prior art date, which has led to a few strange results. The fates of “experimental use” and “experimental sale” case law may be another, but different, AIA §102(a)(1) created ambiguity that could be discussed here, but is not. They seem to already be rarely successful to avoid statutory bars in the modern case law, especially if done non-confidentially or done for any commercial benefit.

obtaining a patent on the same invention. The law associated with commercial uses is often referred to as the *Metallizing Engineering* doctrine, based upon the seminal decision by Judge Learned Hand in the Second Circuit.⁴ The doctrine is based on strong public and patent policy arguments against allowing an inventor to first make commercial advantage of an invention through secret commercial use and then to later protect the invention with patent rights. If the AIA is interpreted as overruling this case law, then some inventors could become secret commercial users and completely deny the public the knowledge or benefit of their invention unless and until those inventors finally – and perhaps much later – decide to disclose their invention or until someone else independently invents and discloses it. This AIA interpretation would also allow secret user inventors to greatly extend their period of protection from competition, by tacking a full patent term on to the end of an indefinite period of trade secrecy protection. Because the secret commercial users would not *ever* be barred from themselves patenting their inventions except by later public disclosures. That is directly contrary to the long standing public policy re-expressed by the Supreme Court itself in *Pfaff v. Wells Electronics, Inc.*⁵ where the court quoted Learned Hand, saying that: “[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.” Even further, the new parallel AIA Section 5 expansion of the prior commercial user's defense will now *protect* a secret commercial user of an invention from charges of infringement of any patent subsequently obtained by another inventor. This eliminates the strong deterrent against keeping inventions secret while commercially exploiting them. Yet, the overruling of the *Metallizing Engineering* doctrine is one logical interpretation of the ambiguous §102(a)(1) language and one that is supported by the Senate floor colloquy of the last section of this paper.

However, it can be argued from the leading decisions themselves that this established case law on the effect of a secret commercial use is a *non*-statutory or *equitable* "forfeiture." Especially since the Federal Circuit case law is very clear that it only affects the secret commercial user itself, not anyone else, *unlike* a true statutory bar. This is another argument as to why this *particularly* established case law *should* survive a change in the interpreted scope of the *statutory* bar of "public use." Admittedly there has been some debate and confusion over what this purely personal patenting prohibition should be called, or its basis. Some think of it as a [semantically strained] interpretation of the statutory "public use" bar. It seems to me to require legal legerdemain to call a secret use a public use. Especially since this case law does not treat secret use as a bar to anyone else. By 1946, the date of the *Metallizing Engineering* decision, "public use" was already a long established patentability bar, but Judge Learned Hand did *not* call it that, he called it a "forfeiture." *Until now* whatever this case law doctrine was called had no effect on its

⁴ *Metallizing Engineering Co. v. Kenyon Bearing & Auto Parts Co.*, 153 F. 2d 516, 520 (2nd Cir. 1946).

⁵ 525 U.S. 55 (1998) (quoting *Metallizing Engineering*).

continued existence. But under the AIA, might this case law be more logically *retained* if it is interpreted as a personal equitable forfeiture and *not* as a strained interpretation of statutory “public use” even if the entire §102(a)(1) *was* intended to be narrowed by “or otherwise available to the public”?

b) Secret “On Sale” Activities

Turning now to secret “on sale” activities, they will have the same statutory ambiguity, but the analysis and case law differs. There is no question that secret but completed “on sale” activities *have* been considered a true, full, statutory bar. The issue is whether or not such secret “on-sale” activities under the AIA will *remain* a statutory bar to everyone, or rather *become no bar at all to anyone* as long as those on-sale activities are maintained in secrecy and there is no other public disclosure. *That would allow patenting indefinitely thereafter by anyone, no matter how many prior “on sales” or how long they had been going on.* Again, the question is whether or not that §102(a)(1) interpretation is necessary or intended, and if so, how can it possibly be reconciled with fundamental public and constitutional patent policies? However, as noted above, an important difference from the secret commercial use issue is that an “on sale” bar is a true, full, statutory bar, not just a “forfeiture” applicable only to those individuals engaging in the secret commercial “on sale” activities. Another difference is that there is no semantic inconsistency here between “secret” and “public” because the “on sale” bar did not, and still does not, ever include the word “public.” The “on sale” bar does not even require a completed actual reduction to practice of the invention, as long if it is sufficiently conceived to be “ready to patent” and any such *proposed* product that would incorporate the invention is *commercially offered* for sale.⁶ In a commercially shocking decision the Federal Circuit has even held that there is an “on sale” statutory bar from “on sale” activity between prototype parts suppliers and intended manufacturers, done [as usual] in secret.⁷ There is no *current* requirement for offering or placing anything *publicly* on sale. As noted below, if the AIA really intended to require that, or is interpreted to require that, the words “on sale” would seem to have become superfluous, contrary to normal statutory interpretation. So, will a secret “on sale” no longer be a bar to anyone, by interpreting §102(a)(1) as overruling prior Supreme Court and Federal Circuit interpretations of the words “on sale”?

But what if the reverse is true, and §102(a)(1) would be interpreted to *retain* the established case law definition of “on sale” as *including* doing so in secret? In that case, with the AIA elimination of the present *general* one year grace period, a *secret* “on sale” activity would become an *instant* statutory bar and secret prior art to later patent applications *by anyone*, even though no one other than the parties to the “on sale” would have any way to even know about it. Again, it is completely unlike the situation for prior secret commercial use.

⁶ Id.

⁷ Special Devices Inc v. OEA, 270 F. 3d 1353 (Fed. Cir. 2001).

Arguments From the Language of §102(a)(1) Itself

Now let us turn to interpretations of these ambiguities *arguable from the language of §102(a)(1) itself*. Note that if AIA §102(a)(1) was actually intended to *remove* the well established later patenting preventions for either or both prior secret commercial use and prior secret on sales, that could easily have been done *unambiguously*. That is, to make it clear that "or otherwise available to the public before the effective filing date of the claimed invention" is *not* a mere omnibus or catch-all tag end phrase. That ambiguity could have easily been avoided by rendering AIA §102(a)(1) in unambiguous English using simple, normal, legislative language. The fact that the drafters did not do so suggests that the drafters did *not* intend to overrule the long-established case law precluding delayed patenting after secret commercial use of inventions and making secret "on-sale" activities a statutory bar, especially since the AIA deliberately retained, unqualified, the exact same previously judicially interpreted words "in public use" and "on sale".

If the overruling of existing case law was really intended, the drafters could have simply changed "...or otherwise available to the public" into a clear express condition via any of several clear, plain English, legislation drafting choices. For example, by writing 102(a)(1) as: "...made available to the public by printed publication, public use, on-sale, or otherwise." Or, by changing "...or otherwise available to the public" to "...*providing* the invention is made available to the public." Or "...*unless* the invention is *unavailable* to the public." Or "...*unless* there is not a public disclosure of the invention." Or, to have inserted "*non-secret*" before "...public use, on sale..." Furthermore, if the drafters had really intended to limit statutory bars to only public disclosures, they would not have even had to retain the words "on sale" in the new statute, because any "on sale" activity also requiring a public disclosure would have been covered by "public use" or "otherwise available to the public." The fact that none of these many obviously clearer choices were made by the AIA drafters, or so amended by Congress, or even suggested in Committee debates to be so amended, is a strong argument that overruling of the long established interpretations of "public use" and "on sale" were *not* intended.

Also note that only "on sale" *immediately* precedes "or otherwise available to the public" in §102(a)(1). Could it be argued that "or otherwise available to the public" was thus intended to only modify "on sale?"

Some Views Of Others On The §102(a)(1) Language

Providing recent views of someone considering this same §102(a)(1) language in depth is the article by Professor Joshua D. Sarnoff.⁸ In part, it notes there that: "...most significantly, there is no way to read the second "or" and "otherwise" except as creating a "catchall" category of "available to the public" that "public use," "on-sale""patented," and "described in a printed publication" do not capture." This new

⁸ Professor Joshua D. Sarnoff, *Derivation and Prior Art Problems with the New Patent Act*, 2011 Patently-O Patent Law Journal 12, on pages 25-26.

statutory category language appears to be both unnecessary for and ill-suited to merely restricting the meaning of “public use” or “on-sale.” Even if that were its intent, the use of “or” and “otherwise” would suggest that Congress intended either: (1) to limit those two categories of activities to events that are publicly accessible (given their broader earlier interpretation [in earlier discarded draft language that *would* have made that clear]); or (2) to declare that any activities in those two categories are necessarily publicly accessible (based on their earlier interpretation). At least the second of these options is highly unlikely to have been the intent of Congress, but even the first is problematic. As the House Report indicates, “the phrase ‘available to the public’ is added to clarify the broad scope of relevant public art, as well as to emphasize that it must be publicly accessible.”⁹ Clarifying its past breadth would demonstrate that the categories of prior art need not be publicly accessible, as the “public use” and “on-sale” categories have been interpreted under existing § 102(b) to include secret commercialization and sales of inventions that are not accessible to the general public. But whatever the intent in regard to the existing categories of “public use” or “on-sale,” the new statutory language must be viewed as creating a new category of prior art – “otherwise available.”

Professor Sarnoff further notes that: The “otherwise available to the public” language derives from House bills in earlier Congresses.¹⁰ In those bills, the “on-sale” and “in public use” categories had been eliminated in favor of a broad catchall category “otherwise publicly known,” which again suggested that [only] the first two categories (patented or described in a printed publication) also had to be publicly known. ...This legislative language (including the definition) would have precluded most “secret prior art,” as pre-filing prior art was restricted to third-party sales or uses of the invention and as the earlier bills provided a one-year grace period for the inventor’s own acts. After significant off-the-record legislative negotiations, the existing “on-sale” and “public use” statutory categories were restored, and the “otherwise publicly known” language was converted to the “otherwise available to the public” language. Questions remain as to whether Congress, by restoring the existing language of § 102(b) and adopting this new language, intended to include or to exclude so-called “secret prior art” in the on-sale or public use categories.¹¹ But whatever the legislative intent in regard to secret prior art, there is no policy evident that would define what “otherwise available” means in other contexts. The boundaries of this new category of prior art will have to be resolved, and the existence of the category will invite needless litigation if Congress did not, in fact, intend to create it. But even if it did so intend, needless litigation will ensue to settle its boundaries.

⁹ H.R. REP. No. 112-98, at 43 (1st Sess. 2011).

¹⁰ H.R. 2795, 109th Cong., § 3(b) (2005) (proposed §§ 102(a)(1) and 102(b)(3)(A)&(B)).

¹¹ For example, whether they include sales or uses that were not available to the public because the contracts were private and inaccessible or the uses were kept as trade secrets or otherwise restricted from public view, even if they provided applicants with commercial benefits (and particularly if the uses provided only third parties with commercial benefits (and particularly if the uses provided only third parties with commercial benefits)).

The following is from Hal Wegner's extensive AIA paper,¹² , presenting arguments as to why the AIA does *not* eliminate the case law that a prior secret commercial use of an invention by its inventor bars that inventor from getting a patent:

"Perhaps their best argument will be that the 2005 and succeeding versions of patent reform legislation until 2011 *had* included language that *would have* overruled *Metallizing Engineering* and that this language was consciously put into the earlier legislation for this purpose: They will also argue that these changes were *removed and replaced* in the new law with the old "public use" language and *without* language disqualifying a secret commercialization." [Emphasis supplied] [This seems to me to be an unusually strong legislative history argument?]

Wegner's paper further notes that:

While various commentators have argued that *Metallizing Engineering* should not be the law today, reality therapy is provided by Professors Robert P. Merges and John F. Duffy in a September 16, 2011, PowerPoint presentation to their teaching colleagues: 'Some have asserted that the statute overrules *Metallizing Engineering* so that the inventor's own secret commercial exploitation (possibly for *years!*) will not bar that inventor from later seeking a patent. That would reverse centuries of U.S. patent law, dating back to the [Supreme Court] decision in *Pennock v. Dialogue*, 27 U.S. 1 (1829). 'We are confident that the new statute did NOT make such a dramatic shift in U.S. patent policy. Four reasons for our view:

- (1) It is a standard canon of statutory construction that reenactment of statutory language with a known legal meaning continues the known meaning.
- (2) While one sentence in a Senate colloquy does support the opposite view, the entirety of that colloquy was devoted to discussing the grace period. Nothing said there suggested that Congress wanted to undo a fundamental principle of patent law.
- (3) Another accepted canon of statutory construction is that Congress does not hide elephants in mouseholes. Overturning two centuries of consistent law would be a big elephant to hide in a colloquy.
- (4) Remarks in legislative history are not the statutory text. Indeed, remarks are not always reliable because the speakers could be focusing on a different issue (as is true here).¹³

¹² "Wegner, The 2011 Patent Law [2nd edition]"

¹³ *Id.*

The Case Law of Secret Commercial Use

I turn now to controlling case law authority for the current and important principle that prior secret commercial use prevents later patenting, but solely as to that commercial user.¹⁴

D.L. Auld (supra) at 1147-48 is of particular interest for its statement that “The ‘forfeiture’ theory expressed in *Metallizing* parallels the statutory scheme of 35 U.S.C. § 102(b).” Note the use of the word “parallels” and note that this decision does *not* say that a secret commercial use is a statutory bar or a public use. *D.L. Auld* states that:

If Auld produced an emblem by the method of the invention and offered that emblem for sale before the critical date, the right to a patent on the method must be declared forfeited. *Metallizing Engineering Co. v. Kenyon Bearing & Auto Parts Co.*, 153 F.2d 516, 68 USPQ 54 (2d Cir. 1946). The “forfeiture” theory expressed in *Metallizing* parallels the statutory scheme of 35 U.S.C. § 102(b), the intent of which is to preclude attempts by the inventor or his assignee to profit from commercial use of an invention for more than a year before an application for patent is filed.¹⁵

D.L. Auld then further states that:

Where a method is kept secret, and remains secret after a sale of the product of the method, that sale will not, of course, bar another inventor from the grant of a patent on that method. The situation is different where, as here, that sale is made by the applicant for patent or his assignee. Though the magistrate referred to § 102(b), he did so in recognizing that the “activity” of Auld here was that which the statute “attempts to limit to one year.” In so doing, the magistrate correctly applied the concept explicated in *Metallizing*, i.e. that a party’s placing of the product of a method invention on sale more than a year before that party’s application filing date must act as a forfeiture of any right to the grant of a valid patent on the method to that party if circumvention of the policy animating §102(b) is to be avoided in respect of patents on method inventions.¹⁶

¹⁴ *D.L. Auld Co. v. Chroma Graphics Corp.*, 714 F.2d 1144 (Fed.Cir.1983), citing the above *Metallizing Engineering Co. v. Kenyon Bearing & Auto Parts Co.*, 153 F.2d 516, 68 USPQ 54 (2d Cir.1946); *W.L. Gore & Associates Inc. v. Garlock Inc.*, 721 F.2d 1540, 220 USPQ 303 (Fed. Cir. 1983), citing *D.L. Auld (supra)* and *Metallizing Engineering*; *Kinzenbaw v. Deere & Co.*, 741 F.2d 383, 390 (Fed. Cir. 1984), citing *Metallizing Engineering*.

¹⁵ *D.L. Auld*, 714 at 1147-48.

¹⁶ *Id.*

W.L. Gore & Associates Inc. (supra) cites *D.L. Auld* and directly holds that a third party sale of a commercial product made by a secret process does not create a statutory bar as to the secret process. The Court refers to such one year commercial trade secret activities as a “forfeiture” (not as a “public use” bar) applicable only to the secret commercial users’ activities. It holds that “There is no reason or statutory basis” on which the “secret commercialization” by the other, non-applicant, party “could be held a bar.” Gore states that:

If Budd offered and sold anything, it was only tape, not whatever process was used in producing it. Neither party contends, and there was no evidence, that the public could learn the claimed process by examining the tape. If Budd and Cropper commercialized the tape, that could result in a forfeiture of a patent granted them for their process on an application filed by them more than a year later. *D.L. Auld Co. v. Chroma Graphics Corp.*, 714 F.2d 1144, at 1147-48 (Fed.Cir.1983); See *Metallizing Engineering Co. v. Kenyon Bearing & Auto Parts Co.*, 153 F.2d 516, 68 USPQ 54 (2d Cir.1946). There is no reason or statutory basis, however, on which Budd's and Cropper's secret commercialization of a process, if established, could be held a bar to the grant of a patent to Gore on that process. . . . The district court therefore erred as a matter of law in applying the statute and in its determination that Budd's secret use of the Cropper machine and sale of tape rendered all process claims of the '566 patent invalid under §102(b).¹⁷

Gore's result was cited, explained, and also distinguished from an “on sale” bar in *J. A. Laporte, Inc. v. Norfolk Dredging Company*.¹⁸

Furthermore, *Gore* states that: “a later inventor who promptly files” will be legally favored over a prior inventor who “keeps the process from the public and benefits from the process by selling its product.”¹⁹ Gore also states that:

[e]arly public disclosure is a linchpin of the patent system. As between a prior inventor who benefits from a process by selling its product but suppresses, conceals, or otherwise keeps the process from the public, and a later inventor who promptly files a patent application from which the public will gain a disclosure of the process, the law favors the latter. See *Horwath v. Lee*, 564 F.2d 948, 195 USPQ 701 (CCPA 1977).²⁰

¹⁷ *W.L. Gore & Associates Inc. v. Garlock Inc.*, 721 F.2d 1540, 220 USPQ 303 (Fed. Cir. 1983)

¹⁸ 787 F.2d 1577 (Fed. Cir. 1986).

¹⁹ *Id.*

²⁰ *Id.*

"Public use" was in patent law from as early as the 1828 Supreme Court *Penncock* case, and in that case the Court did also talk about "forfeiting" patent rights because of the *public* use. The 1946 "forfeiture" theory of *Metallizing* for *non-public* but commercial use was not put into the 1952 patent law codification as an explicit basis for denying or invalidating a patent, while "public use" was. However, in 1998 the Supreme Court in *Pfaff v. Wells* (supra) stated that it "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."²¹

The Senate Colloquy Argued to Override All Other Interpretation Arguments Above

Finally, as noted by all of the authors quoted above, the major source of disagreement over the resolution of the subject §102(a)(1) ambiguity issue is whether or not the Congressional Record is consistent or inconsistent with the statutory language and/or the subject case law and public patent policies, and if it is inconsistent, is the Congressional Record controlling? In particular, the following Senate colloquy, which I thought had occurred on the day of the Senate's earlier final passage of their own version of the patent reform bill, but which Hal Wegner says was made the next day [see below]. Note that this Senate bill at that point in time did contain language *identical* to what later was adopted in the House bill to become the final enacted version of 102(a)(1). *Will this Senate colloquy overcome all of the contrary interpretive arguments noted above?*

Mr. LEAHY. Mr. President, Congress has been working on the America Invents Act going back many years. It has gone through numerous iterations and changes have been made over time. Accordingly, I want to take a few minutes to discuss some important legislative history of a critical piece of this bill--section 2 of the legislation, which amends section 102 of title 35 of the United States Code. There has been a great deal of attention paid to subsections 102(a) and (b) and how those two subsections will work together. Senator Bennet and others have asked about this issue in particular.

Mr. HATCH. I thank the Senator. I agree with the chairman that it is important that we set down a definitive legislative history of those subsections, which will be important for each and every patent application.

Mr. LEAHY. One key issue on which people have asked for clarification is the interplay between patent-defeating disclosures under subsection 102(a) and the situations where those disclosures

²¹ Citing *Metallizing Engineering*.

are excepted and have no patent-defeating effect under the grace period provided in subsection 102(b).

In particular, some in the small inventor community have been concerned that a disclosure by an inventor might qualify as patent-defeating prior art under subsection 102(a) because, for example, the inventor's public disclosure and by a "public disclosure" I mean one that results in the claimed invention being "described in a printed publication, or in public use, on sale, or otherwise available to the public"--might in some situation not be excluded as prior art under section 102(b)'s grace period. There is absolutely no situation in which this could happen given the interplay between subsections 102(a) and 102(b) as these subsections are drafted.

We intend that if an inventor's actions are such as to constitute prior art under subsection 102(a), then those actions necessarily trigger subsection 102(b)'s protections for the inventor and, what would otherwise have been section 102(a) prior art, would be excluded as prior art by the grace period provided by subsection 102(b). Indeed, as an example of this, subsection 102(b)(1)(A), as written, was deliberately couched in broader terms than subsection 102(a)(1). This means that any disclosure by the inventor whatsoever, whether or not in a form that resulted in the disclosure being available to the public, is wholly disregarded as prior art. A simple way of looking at new subsection 102(a) is that no aspect of the protections under current law for inventors who disclose their inventions before filing is in any way changed.

Mr. HATCH. The Senator from Vermont is correct. For the purposes of grace-period protection, the legislation intends parallelism between the treatment of an inventor's actions under subsection 102(a) that might create prior art and the treatment of those actions that negate any prior-art effect under subsection 102(b). Accordingly, small inventors and others will not accidentally create a patent-defeating bar by their pre-filing actions that would otherwise be prior art under subsection 102(a) as long as they file their patent applications within the grace period provided by subsection 102(b). But, the important point is that if an inventor's disclosure triggers the 102(a) bar with respect to an invention, which can only be done by a disclosure that is both made available to the public and enabled, then he or she has thereby also triggered the grace period under 102(b). If a disclosure resulting from the inventor's actions is not one that is enabled, or is not made available to the public, then such a disclosure would not constitute patent-defeating prior art under 102(a) in the first place.

But even if the disclosure was enabled and available to the public so

that it did qualify as prior art under subsection 102(a), subsection 102(b) would require that the disclosure be disregarded if it occurred during the 1-year grace period before the patent was sought. Indeed, a disclosure that does not satisfy the requirements to be prior art under subsection 102(a), nonetheless constitutes a disclosure that is fully protected under the more inclusive language of subsection 102(b). This relationship between these subsections will fully protect the inventor and, together with the provisions of subsection 101 limiting patenting to inventors, prevent others from obtaining a patent on the inventor's creation.

Mr. LEAHY. I agree. One of the implications of the point we are making is that subsection 102(a) was drafted in part to do away with precedent under current law that private offers for sale or private uses or secret processes practiced in the United States that result in a product or service that is then made public may be deemed patent-defeating prior art. That will no longer be the case. In effect, the new paragraph 102(a)(1) imposes an overarching requirement for availability to the public, that is a public disclosure, which will limit paragraph 102(a)(1) prior art to subject matter meeting the public accessibility standard that is well-settled in current law, especially case law of the Federal Circuit.

Mr. HATCH. An additional clarification we have been asked about deals with subparagraph 102(b)(1)(B). There has been some confusion over how this provision will work. It is my understanding that this provision ensures that an inventor who has made a public disclosure--that is, a disclosure made available to the public by any means--is fully protected during the grace period. The inventor is protected not only from the inventor's own disclosure being prior art against the inventor's claimed invention, but also against the disclosures of any of the same subject matter in disclosures made by others being prior art against the inventor's claimed invention under section 102(a) or section 103--so long as the prior art disclosures from others came after the public disclosure by the inventor. Is that the Senators' understanding of this provision?

Mr. LEAHY. That is correct. Subparagraph 102(b)(1)(B) is designed to work in tandem with subparagraph 102(b)(1)(A) to make a very strong grace period for inventors that have made a public disclosure before seeking a patent. Inventors who have made such disclosures are protected during the grace period, not only from their own disclosure, but also from disclosures by others that are made after their disclosure. This is an important protection we offer in our bill that will benefit independent and university inventors in

particular.”²²

Note Senator Leahy saying: "One of the implications of the point we are making is that subsection 102(a) was drafted in part to do away with precedent under current law that private offers for sale or private uses or secret processes practiced in the US that result in a product or service that is then made public may be deemed patent-defeating prior art."²³

Senator Leahy also says that "...subsection 102(b)(1)(A), as written, was deliberately couched in broader terms than subsection 102(a)(1). This means that any disclosure by the inventor whatsoever, whether or not in a form that resulted in the disclosure being available to the public, is wholly disregarded as prior art. A simple way of looking at new subsection 102(a) is that no aspect of the protections under current law for inventors who disclose their inventions before filing is in any way changed."

Senator Hatch says: "the important point is that if an inventor's disclosure triggers the 102(a) bar with respect to an invention, which can only be done by a disclosure that is both made available to the public and enabled then he or she has thereby also triggered the grace period under 102(b). If a disclosure resulting from the inventor's actions is not one that is enabled, or is not made available to the public, then such a disclosure would not constitute patent-defeating prior art under 102(a) in the first place." Senator Leahy then said he agreed.²⁴

Assuming that the views stated by those key Senators for this legislation are clear that §102(a)(1) was being intentionally limited to only public disclosures, and intentionally overruling prior case law and its public policies, what *weight* should be given to these statements in resolving the above discussed ambiguities of §102(a)(1)?

The Hal Wegner AIA treatise (supra) calls these statements a "faux" [post-vote] legislative history and says in his §235 entitled "Post-Vote Statements Valueless as Legislative History" that: "The statements also had nothing to do with the legislative history which is supposed to show the prospective arguments for enactment that are limited to explanations of the meaning of a proposed statute in advance of the vote; here, however, the legislative history in question came a day after the Senate

²² Congressional Record Volume 157, Number 35 (Wednesday, March 9, 2011), Pages S1496-S1497.

²³ Note also that this expressed view does seem consistent with international "harmonization," which is an expressed purpose of the AIA.

²⁴ What are we to make of this repeated requirement of "enablement" when public disclosures may not be fully enabling but may sufficient to render later patent claims 103 obvious?

passed the legislation so it has nothing to do with true legislative history.”²⁵

Furthermore, might one also argue that a statutory interpretation based solely on this late Senate colloquy, a colloquy that would not even have been necessary if the interpretation of §102(a)(1) was not already [self-admittedly] causing “concerns,” and a colloquy occurring after the well-understood words “in public use” and “on sale” had been restored into §102(a)(1) in place of prior language *expressly* changing the law [a true legislative history?], amounts to “stealth” legislation by sponsor-colloquy that should not be judicially encouraged as overruling long established case law based on strong public policies that even the Supreme Court has recited?

Those and other questions are left to the reader, the PTO and the Courts.

²⁵ However, note that even if that was the case, these Senators floor remarks *were* made long before the House took up and voted on its bill, with the same language, apparently without contradicting those Senator’s statements. What is the effect of that?

PTO Proposed position on *Metallizing Engineering* at FR 77 - 44 p. 43765 footnote 29:

²⁹ AIA 35 U.S.C. 102(a)(1) uses the same term (“on sale”) as pre-AIA 35 U.S.C. 102(b). The pre-AIA 35 U.S.C. 102(b) “on sale” provision has been interpreted as including commercial activity even if the activity is secret or private. *See, e.g., Metallizing Engineering Co. v. Kenyon Bearing & Auto Parts Co.*, 153 F.2d 516 (2d Cir. 1946). However, 35 U.S.C. 102(a)(1), unlike pre-AIA 35 U.S.C. 102(b), contains the residual clause “or otherwise available to the public.” *See* 35 U.S.C. 102(a)(1). The legislative history of the AIA indicates that the inclusion of this clause in AIA 35 U.S.C. 102(a)(1) should be viewed as indicating that AIA 35 U.S.C. 102(a)(1) does not cover non-public uses or nonpublic offers for sale. *See* 157 Cong. Rec. S.1370 (Mar. 8, 2011) (The Committee’s understanding of the effect of adding the words ‘or otherwise available to the public’ is confirmed by judicial construction of this phraseology. Courts have consistently found that when the words ‘or otherwise’ or ‘or other’ when used as a modifier at the end of a string of clauses restricts the meaning of the preceding clauses.).