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### Comments of the Wisconsin Alumni Research Foundation

Docket No.: PTO-P-2012-0015  
Docket No.: PTO-P-2012-0024

The following comments are respectfully submitted by the Wisconsin Alumni Research Foundation (“WARF”) in two dockets: first, the Request for Comments (“RFC”) of the U.S. Patent and Trademark Office (“USPTO”) on July 17, 2012 regarding “Examination Guidelines for Implementing the First Inventor to File Provisions of the Leahy-Smith America Invents Act,” *see* 77 Fed. Reg. 43759-43773 (July 26, 2012); and the second in the Notice of Proposed Rulemaking (“NPR”) of the USPTO on “Changes to Implement the First Inventor to File Provisions of the Leahy-Smith America Invents Act,” *see* 77 Fed. Reg. 43742-43759 (July 26, 2012). WARF commends the USPTO for its effective and transparent implementation of its AIA rulemaking and its administrative guideline responsibilities.

#### **Background about WARF**

WARF is the patent management organization for the University of Wisconsin-Madison. Pursuant to agreements, WARF, through its non-profit subsidiary, WiSys, also represents the patent interests of the entire University of Wisconsin System. The WARF mission, to support scientific research at the University of Wisconsin, is accomplished by transferring university technology to the marketplace for the benefit of the university, the inventors and the public. Licensing income is returned to the university to fund further scientific research.

Founded in 1925, WARF is one of the oldest organizations in the United States engaged in university technology transfer. Over its 87-year existence, WARF has not only protected the fruits of scientific research, it has actually contributed close to \$1 billion of licensing income to cutting-edge UW-Madison scientific research. Of greater significance is the fact that WARF’s

technology transfer successes have had a profound and positive effect on the welfare, health, and safety of humankind. The benefit to the public derived from these and other inventions is incalculable. For more information about the roster of UW-Madison discoveries patented and licensed by WARF, *see* <http://www.warf.org>

### **Summary**

These comments focus on the “first to publish” American grace period which is an item of great concern to research universities and the patent licensing organizations (including WARF) associated with many universities. During the six years of congressional consideration of patent law reform leading up to enactment of the AIA, WARF representatives provided testimony, participated in negotiation sessions, presented positions on legislative proposals and amendments, and worked through members of the Wisconsin delegation and the delegations of many other states, especially those that have public universities with a high degree of success in basic research and technology transfer. In WARF’s view, in the AIA, Congress clearly intended to continue the grace period as a long-standing, valuable, exception to foreign patent law practices requiring absolute novelty. Such a “first to publish” American grace period is supported by language in the AIA , and in the AIA’s legislative history, significantly, the words of the two Members of Congress whose names grace the bill’s title, Senator Patrick Leahy and Representative Lamar Smith. The USPTO does not have authority to develop a narrower reading of statutory provisions than those in statutory text; nor does the USPTO have authority to resolve textual ambiguities. Policy choices are the province of Congress, and statutory interpretation is the role of the federal courts. In this regard, the proposed “grace period” regulations fail to respect bedrock separation of powers that have governed our country for over two centuries. In WARF’s view, the PTO should implement rules that maintain a “first to publish” American grace period exception created by Congress in a negotiated compromise as part of the legislative process to enact the AIA.

### **Background**

WARF’s comments are directed primarily at some statements in the Examination Guidelines regarding the grace period codified at 35 U.S.C. § 102 (b)(1)(B) and § 102 (b)(2)(B) wherein the exception to prior art “requires that the subject matter in the prior disclosure being relied upon under 35 U.S.C. 102(a) be the same ‘subject matter’ as the subject matter publicly disclosed by the inventor before such prior art disclosure for the exception...to apply.” RFC at

43769 (footnote omitted). And “[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)(2)(B)” and also under 35 U.S.C. § (b)(1)(B) “does not apply.” *Id.*

WARF has substantial concerns about explanatory language set forth in the RFC’s Examination Guidelines and submits that its inclusion:

- (1) Contravenes the intent and function of the grace period in light of the legislative history accompanying the grace period provisions;
- (2) Exceeds the rule-making authority of the USPTO;
- (3) Is not warranted by or under the circumstances attaching to the grace period evolution and is beyond the intended scope for “interpretive rules, general scope of policy, or rules of agency organization, procedure, or practice” quoting from 5 U.S.C. § 553(b)(A); and/or
- (4) Is substantive in nature and effect.

*See Tafas v. Doll*, 559 F.3d 1345, 1352 (Fed. Cir. 2009) vacated 328 Fed.Appx. 658 (Fed. Cir. 2009) (quoting *Tafas v. Dudas*, 541 F. Supp. 2d 805 (E.D. Va. 2008), which emphasizes that Congress has not vested the USPTO with any “general substantive rule-making power”).

The university sector conducts the greatest part of basic research in the United States primarily under the auspices of federally-supplied monies in the form of grants and other instruments from and through governmental agencies. It is expected that the results of that research will inure to the benefit of the public. Such inurement is accomplished through the publication of results achieved through scientific journals and other organs and through reports made by investigator/recipients of grants and others under instruments of support to the various agencies that fund the research.

It is also well recognized that publication of research results is a goal and underpinning of the university community in the interest of advancing science and inquiry in diverse fields. Moreover, publication of research results is the prime goal of investigators, individually, recognizing that advancement in the university sector and recognition among peers is dependent upon publication.

In this regard it should also be noted that within the university sector there is a true dichotomy between authors of publications and inventors and that for a given patent application the distinction is not clear until claims are allowed. This dichotomy has and is increasing because of the collaborative and cross-discipline research necessitated by the increasing complexity of the research function and the diminution of a bright-line separation of disciplines.

As a consequence, the application of publication (i.e. disclosures to inventors to avail themselves of the exception under 35 U.S.C. § 102(b)(1)) is greatly diminished when subjected to the requirements in proposed rule 1.130(b) where it appears that, even in the face of sworn affidavits by the inventor or joint inventor, the acceptance of an explanation of the presence of an author but non-inventor is discretionary with the Examiner. Authorship and inventorship are not synonyms or equatable and unless there is irrefutable evidence to the contrary, an affidavit showing by the inventor(s) should be adequate.

#### **USPTO Proposed Grace Period**

The language from the proposed rules and Examination Guidelines that applies to 35 U.S.C. § 102(b)(1), emphasized above (*see, e.g.*, RFC at 43767 and 43769), not only amounts to an inappropriate interpretation of the AIA, it also could be construed as an invitation to “scam” or defraud the proposed regulatory structure with regard to the grace period and the exceptions under the noted sections. The university sector’s practice and preference for early publication of research results permits – and perhaps even encourages – a third party to access and scan early publications, modify it or them by introducing minor variations and, in turn, publish the variation – as on a website – to establish it as prior art and thereby destroy the opportunity for the university to utilize the intended grace period exception to the applicability of prior art.

#### **Grace Period Language in the AIA**

Because of amendments in the AIA that transformed the U.S. from a first-to-invent to an first-inventor-to-file system, extant language in 35 U.S.C. 102 (a) and (b) relating to novelty provisions was revised. The language that defines the statutory bar requirements and the grace period are not the same as they were in the pre-existing law. For example, the AIA language allows exceptions to defeating novelty simply for “disclosures,” and not the enumerated activities in the previous law. The new law also uses the phrase “subject matter disclosed” in a number of places, rather than “claimed invention.” “Subject matter” is a broader term that what

is written on a page in a patent claim. The plain meaning of “subject matter disclosed” is certainly not limited to patent claim language.

Conjecture has arisen among a small group of commentators that the new law therefore may not allow an exception for all the types of activities previously covered by the previous Patent Act. This crabbed view is likely incorporated in the proposed Examination Guidelines.

There are diverse dictionary definitions of the words “disclosure” and “disclosed” along with numerous judicial decisions that could assist in understanding the new statute. In WARF’s view, a reading of the statute’s plain meaning does not lead to a understanding that the new law is exceedingly narrow. In the PTO’s view in order to benefit from a grace period, researchers and investigators are restricted to disclosures of patent claims, whereas other disclosing communications, such as a printed publication explaining an invention or a communication with venture investors, would not be available to serve to disqualify “prior art.” Such reading of the statute would be an “absurd” result contrary to the underlying job-creation goals, and the legislative history accompanying the AIA grace period provision, as shown below.

Fortunately, for those who find the statute to be opaque or ambiguous, clear and consistent legislative history of the grace period provisions exists, leading to a conclusion that the grace period provisions should be broadly construed.

### **Legislative History of the AIA**

The proposed rules and Examination Guidelines serve to substantially narrow the ability of a patentee to utilize the grace period to preserve its interest. This does not comport with, and indeed contradicts, comments made by the Honorable Lamar Smith, Chairman of the House Committee on the Judiciary, and co-author of the AIA, during 2011 congressional debates:

*Accusations that the bill doesn't preserve the one-year grace period are simply not true. The grace period protects the ability of an inventor to discuss or write about his ideas for a patent up to one year before he or they file for patent protection. Without the grace period, an individual who does this defeats his own patent. Since the publicly disseminated information constitutes prior art, it renders the invention non-novel and obvious.*

(emphasis added). Transcript of the House Committee on the Judiciary markup of H.R. 1249 (Apr. 14, 2011). During House floor debate, for which he served as manager, Chairman Smith reiterated and strengthened his description of the grace period:

*Accusations that the bill doesn't preserve the 1-year grace period are simply false. This bill provides a stronger, more transparent and certain 1-year grace period for disclosures. This enhances protection for inventors who have made a public or private disclosure of their invention during the grace period.*

*The grace period protects the ability of an inventor to discuss or write about their ideas for a patent up to 1 year before they file for patent protection.*

(emphasis added). 157 CONG. REC.H4492 (daily ed., June 23, 2011).

The proposed rules and Examination Guidelines also directly contradict the words of the Honorable Patrick Leahy, Chairman of the Senate Judiciary Committee, coauthor of the Act and Senate floor manager, who explained that Sections 102(a) and (b) are meant to be parallel and that “actions that constitute prior art under subsection 102(a) necessarily trigger subsection 102(b)'s protection ... 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).” And further as Senator Leahy states:

*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.*

(emphasis added). 157 CONG. REC. S1496 (daily ed., Mar. 9 (2011)). Senator Leahy goes on to state: "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.” *Id.*

Accordingly, from the mouths of the co-authors of the AIA, it is abundantly clear that there was little to no contemplation of changes in the grace period and that the legislative intent was to apply the grace period broadly under section 102(b). In lieu of that intent, the proposed rules and Examination Guidelines are more than merely interpretive; they contravene the intent and function for which the grace period provision was advanced and extend beyond that which

was the understanding of not only the legislative drafters but also stakeholders that reached compromises that permitted the AIA to be enacted. In this regard, the proposed rules and Examination Guidelines have substantive effect.

### **Global Considerations**

It is interesting and informative to note that the United States is pressuring trading partners to adopt a grace period that is broader than that contemplated in the proposed rules of practice. See, for example, the Free Trade Agreement with South Korea effective March 15, 2012. The standard for utilization of the grace period in Korea is described below:

Other than the time period that an applicant can maintain novelty of an invention despite the novelty destroying events under Article 29(1), the standards for satisfying the safe harbor provision and the procedure for invoking the benefits of the safe harbor have not been changed.

All disclosures caused by a person with the right to obtain a patent or made against the intention of a person with the right to obtain a patent, regardless of the type of events, qualify for the safe harbor under Article 30, Paragraph 1 of the KPA. In other words, *the right to claim the safe harbor is quite broad and granted as a matter of right so long as the formalities are met.* In order to invoke the benefits of the safe harbor provision, a prospective applicant must submit a written statement to the Korean Intellectual Property Office (KIPO) Commissioner stating his or her intention to do so, when filing a patent application. If there was a voluntary novelty-destroying event (first prong), then the prospective applicant must also submit to the KIPO Commissioner supporting documents relevant to the novelty-destroying event within thirty-days of filing the patent application. As to the second prong, a person claiming the safe harbor has the burden of proving that the novelty-destroying event occurred against his/her intention (Supreme Court Case No. 85hu 14, decided December 24, 1985). For applications entering the Korean national phase based on a Patent Cooperation Treaty (PCT) application, the statement and supporting documents must be submitted to the KIPO Commissioner within thirty days of filing the request for examination in Korea, or within thirty days after the deadline for entering the Korean national phase (thirty-one months from the earliest filing date in a Paris Convention country), whichever is earlier (Article 200).

(emphasis added). See Hyejung Lee and Stephen T. Bang, *Patent law amendment: extension of safe harbour grace period for novelty*, Intellectual Asset Management (July 4, 2012), available at <http://www.iam-magazine.com/reports/Detail.aspx?g=65ca092c-36c6-479f-895f-c1687e388720> (last visited, Oct. 2, 2012).

The Korean government has drafted a provision that is very straightforward compared to the proposed USPTO regulations, which are quite convoluted. One must wonder about the merits of patent harmonization when the rules and examination guidelines of the two respective

patent systems are so divergent. In any event, the Korean grace period provides further ammunition to conclude that the USPTO rules and Examination Guidelines are inappropriately narrow when “harmonization” has been the watchword advanced by many.

**Conclusion**

WARF respectfully requests that the USPTO reconsider its unduly narrow interpretation of the AIA grace period provisions and, instead, respect the clear legislative intent of Senator Leahy and Representative Smith. WARF has had an opportunity to review the written statements of the six university associations (Association of American Universities (AAU), Association of Public and Land-grant Universities (APLU), Association of American Medical Colleges (AAMC), Council on Governmental Relations (COGR), Association of University Technology Managers (AUTM), and American Council on Education (ACE)) and that of the University of California, along with its “Suggested Solution” and associates itself with both statements. The language of the AIA and its legislative history, including the clear words of the bill’s sponsor and the parties to the grace-period compromise, mitigate against narrow, restrictive regulations that would not only harm the public but will also retard the progress of science. The University of California has submitted “Suggested Solution” that resolves the issues addressed in both the RFC and the NPR. WARF supports the solutions advanced by the university and urges the USPTO to seriously consider it. If, however, the USPTO finds the AIA’s statutory provisions to be ambiguous, it lacks authority to resolve the ambiguities either through regulations or in guidelines.

Respectfully yours,

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Wisconsin Alumni Research Foundation

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