

**IMPLEMENTING LEAHY-SMITH AT THE PTAB:
Interpreting the *Leahy Smith America Invents Act* of 2011: The PTAB Should
take a Leadership Role to Establish a Sound Body of Case Law***

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* This paper is based upon a submission dated May 15, 2017, to the Hon.David P. Ruschke, Chairman, Board of Patent Appeals and Interferences (as copied at page 2 of this paper), concerning proposed rulemaking to deal with Board decisions on areas of first impression under the *Leahy Smith America Invent Act*. The letter is related to the decisions on issues of first impression, including material in the author’s new book, **FIRST TO FILE PATENT DRAFTING: A PRACTITIONER’S GUIDE** (Thomson Reuters 2017). This paper is written *pro bono* and does not necessarily reflect the views of The Naples Roundtable, Inc., <https://www.thenaplesroundtable.org/>, where the author is President Emeritus.

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May 15, 2017

via email: David.Ruschke@USPTO.gov

Hon. David P. Ruschke
Chairman,
Board of Patent Appeals and Interferences
U.S. Patent and Trademark Office
Washington, D.C. 20231

Dear Judge Ruschke:

Congratulations on the work of your Board in dealing with decisions interpreting the language of the *Leahy Smith America Invents Act* of 2011.

In studying the body of your case law, it occurs to this writer that the task of your Board could be facilitated by better briefing on issues of first impression. To that end, it is proposed in the attached paper that rulemaking be implemented that would facilitate identification of pending test cases and inclusion of limited *amici* filings particularly for issues under §§ 102 and 103.

As you announce new decisions, they will be incorporated in in Westlaw updates to my new work, FIRST TO FILE PATENT DRAFTING: A PRACTITIONER'S GUIDE (Thomson Reuters 2017).

This submission is entirely pro bono and does not necessarily reflect the views of The Naples Roundtable, Inc., <https://www.thenaplesroundtable.org/>, where I continue as an active member as President Emeritus.

Respectfully submitted,

Hal Wegner

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I. OVERVIEW

Professor Crouch provides an excellent analysis of the challenge to gain an interpretation of the new provisions of the *Leahy Smith America Invents Act* of 2011. *See* § II, *Prof. Crouch Identifies Challenges at the PTAB*.

At first blush, one may think: Why not just let the Supreme Court, or at least the Federal Circuit, interpret the new law? Why the PTAB? In fact, it is not realistic to expect that the Supreme Court will *ever* interpret all aspects of the new law as illustrated by the history of the interpretation of 35 USC § 103 in the 1952 Patent Act. *See* § III, *Case Law to Interpret the New Law*.

As a practical matter, there is no way that even the Federal Circuit will be able to resolve controversial issues of interpretation under the new law, given the very few cases that body receives on appeal versus the *thousands* of cases on point that are heard by the Federal Circuit. *See* § IV, *The PTAB will Necessarily Create the Case Law*.

One point of controversy in recent year has been how decisions are made to make an opinion “precedential” or “nonprecedential”. The proposal, here, totally bypasses that controversy. *See* § V, *“Precedential” vs. “Non-Precedential” Decisions*

A proposal for addition to the *Rules of Practice in Patent Cases* is provided which is designed to help frame issues in appellate briefing at the PTAB through a requirement to identify a *Question Presented* in the manner of issues presented to the Board, and where the cases are identified on the PTO website together with

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their *Question Presented*. The proposed Rules also provide procedures to facilitate *amicus* briefing to better help the PTAB with a knowledge base for its decision making. See § VI, *A Rulemaking Policy Implementation*.

The objectives of his paper are achieved through proposed rulemaking. See § VII, *A Rulemaking Policy Implementation*

II. PROF. CROUCH IDENTIFIES CHALLENGES AT THE PTAB

Professor Crouch correctly points out that “[t]he [PTO] must apply the new law even though it has almost no guidance from the courts as to how the new portions of the statute will be interpreted.” Prof. Dennis Crouch, *Uncertainty: Helsinn Foreshadows Trouble with AIA Patents*, Patently O Blog (May 10, 2017), patentlyo.com/: In his article he explains:

The AIA was passed back in 2011 and the changes have gradually been implemented through the patent system. We are finally at the point where most newly issued U.S. patents are post-AIA patents whose patentability is individually based upon the first-to-invent provisions of re-drafted 35 U.S.C. § 102. We’re talking here about hundreds-of-thousands of patents interpreted under the new rules with millions on their way. As this huge stone is slowly building momentum, the PTO has faced a startup problem: The Agency must apply the new law even though it has almost no guidance from the courts as to how the new portions of the statute will be interpreted. Because the PTO interpretation is given no deference and because of the many drafting holes in the AIA, I expect that the PTO interpretation will be repeatedly found incorrect.

The only substantive area that has been thus-far decided by the Federal Circuit involves the recent *Helsinn* decision. In that case, the Federal Circuit rejected the PTO approach to on-sale prior art and ruled that a pre-filing sale whose existence was disclosed to the public counts as 102(a)(1) prior art even if the elements of the invention were not publicly disclosed (just the fact of the sale). In its *incorrect*

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interpretation of the statute, the PTO had judged the statute as only counting sales as public if the elements of the invention were also disclosed publicly.^[1]

There are many other potential examples of questionable language from the AIA first-to-invent provisions that will eventually come to a head:

Effective Filing Date: In a patent claiming priority to a prior application, does the claim's 'effective filing date' depend upon whether the relied-upon filing discloses and enables the claimed invention? Section 100(i) suggests that we look only to whether there is a claimed right for priority or benefit. This could impact many written description cases.

On Sale: Are is a purely private sale or offer to sell count as prior art? *Helsinn* reserves this question for a later date.

Public Use: Does non-disclosing public use count as prior art? *Helsinn* suggests yes.

Commercialization: Does non-disclosing commercialization of the invention by the patentee count as prior art?

Otherwise available to the public: Under what conditions apart from the listed publications and uses will we consider an invention to be "otherwise available to the public?" How much further does this go beyond publication and public use? Is public knowledge of the existence of the invention sufficient, or must the public be made aware of the inventions elements and how to make and use the invention? Does the invention need to be discoverable in some way?

Grace Period: What level of proof is required for the patentee to show its prior disclosure?

Disclosure: For an inventor's disclosure to trigger the grace period, must it enable the entire invention?

^[1] MPEP 2152.02(d) ("The phrase 'on sale' in AIA 35 U.S.C. 102(a)(1) is treated as having the same meaning as 'on sale' in pre-AIA 35 U.S.C. 102(b), except that the sale must make the invention available to the public.").

Public Disclosure: What counts as a pre-filing ‘public disclosure’ under 102(b)(1)(B) sufficient to knock-out prior art? Is the publicness the same as 102(a)(1)?

Changed Disclosure: For intervening third-party disclosures or patent applications that differ from an inventor’s disclosure, what scope (if any) is knocked-out from the scope of prior art? This may be different depending upon whether focusing on 102(b)(1)(a); 102(b)(1)(b); 102(b)(1)(c); or 102(b)(1)(d).

Date of 102(a)(2) prior art: 102(d) modifies the 102(a)(2) prior art date for published applications and patents by looking to whether the application claims priority / benefit to a prior filing. Congress certainly intended that the priority date only counts if the priority filing disclosed the subject matter being relied upon in the rejection. However, the statute is not so clear and suggests instead that all we need is a proper claim of priority or benefit. .

These are a handful of examples, and more certainly exist.

I have some thoughts on how provisions of the statute should be interpreted – both as a matter of statutory interpretation and a matter of patent policy. My larger concern, however, is that we are still years away from seeing court decisions interpreting these elements in ways that settle the law. Up to now, for instance, there are not even any public *PTAB decisions* interpreting the new elements of 102(b). With the disposing of more than 500,000 patent applications per year, the office is likely to churn through millions before these issues go before the Federal Circuit. If the first case on point (*Helsinn*) is any indication, the Federal Circuit is likely to disagree with at least several of the PTO’s statutory interpretations – potentially creating swaths of improperly issued patents or improperly rejected applications depending upon whether the PTO interpretation is too broad or too narrow. Although temporary, we have the potential here of creating a real bubble that will give us another 20+ year headache in similar fashion to the PTO’s low-quality examination of software and business methods in the late 1990s and early 2000s.¹

III. CASE LAW TO INTERPRET THE NEW LAW

It is easy to say that we should rely upon Supreme Court or Federal Circuit case law to interpret the *Leahy Smith America Invents Act* of 2011. That argument goes only as far as there are actual *decisions* by the Supreme Court or Federal Circuit that are reached by either of these bodies. Look at this new law in the context of judicial precedent to interpret the 1952 Patent Act and, particularly, the first ever statutory statement of a standard of “obviousness” under 35 USC § 103 in the history of the United States patent system. It was only fourteen (14) years later that the Supreme Court for the first time interpreted Section 103 in *Graham v. John Deere & Co.*, 383 U.S. 1 (1966). If a similar time metric is used for the important issues of novelty and nonobviousness under the *Leahy Smith America Invents Act* of 2011, it will not be until the year 2025 that we will gain a definitive Supreme Court interpretation of the patentability provisions of the *Leahy Smith America Invents Act* of 2011.²

But, what about the Federal Circuit?

² *Graham v. Deere* is not an isolated instance of a late interpretation of the 1952 Patent Act. Some provisions have *never* been reviewed by the Supreme Court, even today. Insofar as the novelty provisions of 35 USC § 102 are concerned, the first interpretation of provisions of the definition of novelty in the 1952 Patent Act did not occur until 1965 in *Hazeltine Research, Inc. v. Brenner*, 382 U.S. 252 (1965)(Section 102(e)). The first case interpreting patent-eligibility under 35 USC § 101 was *Brenner v. Manson*, 383 U.S. 519 (1966).

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Helsinn dealt with the first major ambiguity and point of first impression to reach the Federal Circuit: Is a patentee's secret commercialization of an invention operates as a statutory bar against the patentee: Did the new patent law statutorily overrule Learned Hand's landmark *Metallizing Engineering* case from 1946?

The *Metallizing Engineering* issue, here, was ducked by the Federal Circuit that invalidated the patent at issue under a different rationale, one that did not implicate *Metallizing Engineering*.

At least in *Helsinn*, there was widespread understanding of the case in the appellate process, including numerous *amici* filings to help flesh out the issue.

IV. THE PTAB WILL NECESSARILY CREATE THE CASE LAW

Whether one thinks it is “good” or “bad”, the body of case law to interpret the patentability provisions of the *Leahy Smith America Invents Act* of 2011 will be created by the Patent Trial and Appeal Board of the U.S. Patent and Trademark Office. The PTAB will do so because of the volume in the coming years of several *thousand* cases per year interpreting the patentability provisions of 35 USC §§ 102 and/or 103 under the *Leahy Smith America Invents Act* of 2011, whereas only a handful of such cases will be decided by the Circuit Courts of Appeal in the immediate future.

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The issue, then, is not whether the PTAB decisions *should* be the focus of case law but rather *how* will the PTAB make its decisions? To be sure, the talent level of the PTAB is extremely high with a rich mixture including persons with a distinguished patent firm or corporate background. The variable remains the quality of the briefing of the cases presented to the PTAB.

Another reason pointing to the relative importance of PTAB opinions in their interpretation of the patentability provisions of Sections 102 is that there are only a handful of even Federal Circuit opinions interpreting the *Leahy Smith America Invents Act* of 2011 *versus* the literally *thousands* of PTAB decisions that are coming forth from the PTAB.

While PTAB decisions surely will be subject to review by the Federal Circuit, if the PTAB decisions of the coming five or six years are properly briefed including public participation through *amici* filings, the PTAB decisions will be offer far better legal scholarship with, e.g., *amici* filings, vis a vis the situation that can occur today where unsophisticated briefing may take place that leave it up to the PTAB to *sua sponte* sort out the law. (It is not merely the possibility of occasional *amici* filings that offers stronger briefing, but also behind the scenes help offered to litigants to help shape their cases.)

PTAB decisions which receive wide circulation will also attract the attention of the growing number of full time academics devoted to the study and teaching of patent law. So, even for those appeals where special briefing has taken place but which do not reach a merits decision on the particular issue subject to such briefing, this will provide a mother lode of material for scholars to write about the issue, further enhancing the knowledge of the issue.

V. A RULEMAKING POLICY IMPLEMENTATION

To facilitate better argumentation at the PTAB and also wider dissemination of information about pending cases, a set of new rules is proposed starting with 37 CFR § 1.1100, *Interpretations of New Statutory Provisions*.

37 CFR § 1.1101. Submission of *Question Presented*.

The Director of the Office or a party or member of the public is invited to identify *Question Presented* in an application or patent before the Office for proceedings either *sua sponte* by the Director or by a party or amicus through an Initial Submission under Section 1.1101(a).

37 CFR § 1.1101 (“(a) Initial Submission by Director. The Director may submit a *Question Presented* at any time.is focused upon cases of first impression to determine interpretation of standards of novelty under 35 USC § 102, and nonobviousness under 35 USC § 103.

(b) Initial Submission by Applicant or Patentee. A patent applicant or patentee shall have the following deadlines for submission of a *Question Presented*:

(1) In a prosecution prior to an appeal to the PTAB, prior to any final rejection of the application.

(2) In a reexamination as to a patent applicant or patentee in inter partes reexamination or post-grant review, within sixty days of the procedural start of proceedings by the Director.

(3) In a reexamination as to a third party including any amicus party within sixty days of publication on the Office website of the *Question Presented*.

37 CFR § 1.1102. Content of the *Question Presented*. A *Question Presented* shall be focused upon a point of law under the *Leahy Smith America Invents Act* of 2011 which the party or member of the public certifies is either a case of first

impression never before decided by the Federal Circuit or one in which there is an interpretation by the PTAB or the Federal Circuit that the party or member of the public identifies and explains why that interpretation is incorrect.

37 CFR § 1.1103. Response to the *Question Presented*. The patentee in answer to the *Question Presented* may respond in the following manner:

- (a) The patentee may explain in up to 250 words *why* the patentee's position on the law is incorrect; or
- (b) The patentee may concede, *arguendo*, the point raised by the opposing party or member of the public, and limit his reliance in proceedings at the PTAB as accepting the position of the party or member of the public.
- (c) The *Question Presented* and any opposing argument by the patentee should be limited to 250 words and start with a statement of such *Question Presented* following the styling of a *Question Presented* in a Supreme Court petition for *certiorari*.

37 CFR § 1.1104. Publication of the *Question Presented*.

- (a) The PTAB shall provide a section on the website of the Office that shall promptly post information about each case involving a *Question Presented* including publication of the full *Question Presented*, which shall be promptly updated with links to subsequent filings.
- (b) The deadline for a filing by the patentee or a member of the public is two months from the date of publication of the *Question Presented* on the PTAB portion of the website of the Office.

37 CFR § 1.1105. Deadline for submission of the *Question Presented*. The following nonextendable deadlines shall be observed.

- (a) A *Question Presented* posed by the appellant patent applicant or patentee shall be filed not later than concurrently with the deadline for an opening brief at the PTAB.
- (b) The deadline for submission of a *Question Presented* by an opposing party or amicus filing by a member of the public shall be two months from the posting of the *Question Presented* on the website of the Office.

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(c) Any submission by a an amicus party (or any party other than the patentee or a party directly involved in proceedings) shall be filed by a registered patent attorney who shall state under oath or in a declaration in lieu of oath that either identifies the true party in interest on whose behalf the filing was made or to state that the filing is pro bono for the submitter or a bar association or other like organization without sponsorship by any party to the proceeding.

37 CFR § 1.1106. Concession of the *Question Presented*. A patentee in lieu of a statement regarding the *Question Presented* may rely upon alternative grounds that do not implicate the *Question Presented* and in furtherance of such an approach, the patentee may concede, for purposes of this proceeding only, that the opponent's statement of the *Question Presented* should be decided in his favor.

37 CFR §1.1107. Acceptance of the *Question Presented*. Where the PTAB has determined that a valid *Question Presented* worthy of consideration appears in any proceeding, it shall (1) promptly publish a notice that it has certified a *Question Presented*; (b) invite any member of the public to submit a statement of no more than 500 words explaining its view on the *Question Presented* that shall be due two months from the date of such publication; and (c) suspend all deadlines in the proceeding until the expiration of the two months period.

37 CFR §1.1108. Publication of Board Decisions. A special website entry shall be provided for relevant decisions of the Board.

(a) Decisions of the Board involving a case with any *Question Presented* shall include a statement of the *Question Presented* and the outcome of the decision, together with a link to the decision.

(b) Where a *Question Presented* has been set forth by the proceedings but for whatever reason is not part of the decision of the Board, or where proceedings are terminated before a final decision, the *Question Presented* shall also be published to permit members of the public to benefit from the arguments made in the proceedings.

(c) Where a *Question Presented* has been answered (whether posed as such or not) by the Federal Circuit, the decision of the Federal Circuit shall also be included on the Office website.

37 CFR §1.1109. Citation of Non-Precedential Board Decisions. Whether a decision of the Board is electronically or otherwise published does not impact whether the decision is or is not “precedential” or “nonprecedential”. For nonprecedential opinions, the primary usage is for study of the underlying briefing to see whether issues were not completely considered and, if not, to permit argumentation that the particular nonprecedential case had not considered such issues.

VI. “PRECEDENTIAL” VS. “NON-PRECEDENTIAL” DECISIONS

Nothing in this paper should be in any way interpreted as seeking a greater number of “precedential” Board decisions. To be sure, a properly briefed case may lead to some decisions worthy of being categorized as “precedential”, but that’s not the major point of this exercise.

Rather, it is important that all Board decisions be based upon the best briefing with the best arguments *on both sides* as to how the *Leahy Smith America Invents Act* of 2011 should be interpreted. It is self-understood that this is important for the minority of decisions which *are* designated as precedential.

But, what about those cases that never go to a final decision, such as where prosecution is continued in a new application? Or, where the decision by the Board is on a *different* issue? Here, too, keeping records of the *Questions Presented* will be helpful because a current applicant or party at the Board is able to go to the PTO website to check the *arguments made* on both sides. The litigant today may well note such arguments (citing what would now be a patented or abandoned file) and repeat the arguments made in that case, *but provide arguments showing that the arguments lacked basis in the legislative history or otherwise.*

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If the holding in the earlier case was on point and supports the applicant's position, the earlier case can be referenced in the following manner:

"The decision in *Ex parte* 'Smith' is cited, here, *not* as precedent (as the case is designated as non-precedential) but, instead, to show that the same issue was present, and the successful litigant used the following arguments which apply with equal force to the present case. A copy of the relevant arguments is attached as an appendix."

VII. CONCLUSION

Providing for *Questions Presented* and open briefing by *amici* should materially assist the PTAB in its interpretation of new issues of law under the *America Invents Act* of 2011.