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Via Electronic Mail  
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Attention: Hiram H. Bernstein  
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IBM Corporation Comments regarding implementation of the Leahy-Smith America Invents Act in the area of "Patents:" scope of prior art and correspondence between prior art and the grace period.

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IBM thanks the United States Patent and Trademark Office ("Office") for the opportunity to provide preliminary input and comments regarding implementation of the Leahy-Smith America Invents Act ("AIA").<sup>1</sup>

Our comments below are directed to the scope of prior art defined in Section 102(a)(1) of H.R. 1249, and the correspondence between prior art and the grace period, as described in Section 102(b)(1). We are providing our views on a wide range of issues relating to the scope of prior art to assist the Office in developing as complete guidance as possible, although we understand some of these issues may be beyond the power of the Office to control. We are concurrently submitting separate comments covering matters pertinent to the Board of Patent Appeals and Interferences ("BPAI"). For comments regarding implementation of Section 8 of H.R. 1249 "Preissuance submissions by third parties," we refer the Office to the submission reflecting the expertise of the Peer to Patent project, which we expect to be submitted by either New York Law School or the Peer to Patent Steering Committee, of which IBM is a member.

### The Scope of Prior Art

#### *Available to the Public*

The House Judiciary Committee Report states that "... the phrase 'available to the public' is added to clarify the broad scope of relevant prior art, as well as to emphasize the fact that it must be publicly accessible."<sup>2</sup> We believe an interpretation of the scope of prior art defined in the AIA that reflects the standard under current law for public accessibility would provide certainty to the patent community and reflect the AIA's intended broad scope for prior art.

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<sup>1</sup> Note that citations to the language of the bill are made herein by reference to H.R. 1249.

<sup>2</sup> The House Judiciary Committee Report on H.R. 1249 (H. Rep 112-98), p. 43.

The well-settled standard for public accessibility in current law is described by the precedents of the Court of Appeals for the Federal Circuit. For example, a sale or use need not be enabling to be publicly available, and thus qualify as prior art. See, e.g. *In re Epstein*, 32 F.3d 1559, 1568 (Fed. Cir. 1994) ("Beyond this 'in public use or on sale' finding, there is no requirement for an enablement-type inquiry. See *J.A. LaPorte, Inc. v. Norfolk Dredging*, 787 F.2d 1577, 1583 (Fed. Cir. 1986) ('Our precedent holds that the question is not whether the sale, even a third party sale, 'discloses' the invention at the time of the sale, but whether the sale relates to a device that embodies the invention.'))<sup>3</sup>; see also *Lockwood v. American Airlines*, 107 F.3d 1565, 1570 (Fed. Cir. 1997).

As another example, it is also well-settled that even an entire claim may be anticipated by an inherent disclosure: "Because inherency places subject matter in the public domain as well as an express disclosure, the inherent disclosure of the entire claimed subject matter anticipates as well as inherent disclosure of a single feature of the claimed subject matter." *Schering Corp. v. Geneva Pharms., Inc.*, 339 F.3d 1373, 1379 (Fed. Cir. 2003); see also *SmithKline Beecham Corp. v. Apotex Corp.*, 403 F.3d 1331 (Fed. Cir. 2005).

We recommend the Office adopt guidance or regulations defining the scope of "public accessibility" for prior art under the AIA to be consistent with current law. We believe such definition provides clarity and certainty to the patent community and reflects the broad scope of prior art encompassed by the AIA.

#### *"Secret" Prior Art*

As the AIA limits prior art to that which is available to the public, we believe it is important to address the impact on patentability of secret commercial use by an inventor. IBM believes the change to the scope of prior art made by the AIA should not limit application of the rule that prevents an inventor from seeking patent protection after an extended period of secret commercialization. See *Pennock v. Dialogue*, 27 U.S. 1, 19 (1829) ("If an inventor should be permitted to hold back from the knowledge of the public the secrets of his invention; if he should for a long period of years retain the monopoly, and make, and sell his invention publicly, and thus gather the whole profits of it, relying upon his superior skill and knowledge of the structure; and then, and then only, when the danger of competition should force him to secure the exclusive right, he should be allowed to take out a patent, and thus exclude the public from any farther use than what should be derived under it during his fourteen years; it would materially retard the progress of science and the useful arts, and give a premium to those who should be least prompt to communicate their discoveries."). See also *Kendall v. Winsor*, 62 U.S. 322, 330 (1859) (citing *Pennock*).

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<sup>3</sup> Full citations inserted.

The modern Supreme Court, recognizing the importance of preventing the patenting of a long-held trade secret, has cited these principles with approval: "As the holding of *Pennock* makes clear, the federal patent scheme creates a limited opportunity to obtain a property right in an idea. ... As Judge Learned Hand once put it: '[I]t is a condition upon the 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.' *Metallizing Engineering Co. v. Kenyon Bearing & Auto Parts Co.*, 153 F. 2d 516, 520 (CA2), cert. denied, 328 U.S. 840 (1946)." *Bonito Boats v. Thunder Craft Boats*, 489 U.S. 141, 149 (1989).

We recommend the Office adopt guidance or regulations, to the extent possible, consistent with the principle preventing patenting of long-held trade secrets. We believe the principles set forth in *Pennock* and its progeny suggest a time limit for trade secret commercialization under the AIA that would give rise to a bar to patentability if commercialization begins generally one year or more before patent application filing, as this length of time is consistent with application of the grace period and/or prior user rights.

#### Grace Period and Prior Art Scope Should Be Equivalent

The House Judiciary Committee Report makes clear the importance of a robust inventor grace period to enable inventors to prepare and file applications and to benefit the public by encouraging early disclosure.<sup>4</sup> The Report states that the AIA intends to "maintain[ ] ... current law's grace period, which will apply to all actions by the patent owner during the year prior to filing that would otherwise create § 102(a) prior art."<sup>5</sup>

We agree that a robust inventor grace period promotes important goals of the patent system, such as early disclosure. We also believe that as a practical matter, a disparity between acts of inventors that can give rise to prior art and those that enjoy the grace period will cause confusion and could impede normal research and development activity. While we understand any difference in language may be driven by context or other factors, we have some concerns regarding the apparent disparity between the language used in Section 102(b)(1)'s definition of the grace period ("disclosure") and Section 102(a)(1)'s recitation of activities defining the scope of prior art ("patented, described in a printed publication, or in public use, on sale, or otherwise available to the public").

We urge the Office to issue rules or guidance, as appropriate, to make clear that the Office interprets the scope of the grace period as equivalent to the scope of prior art, consistent with the House Report. We believe such guidance

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<sup>4</sup> *See id.* at 41.

<sup>5</sup> *Id.* at 43.

will provide needed clarity for applicants and examiners, and ensure the grace period has its intended broad scope.

Conclusion

IBM thanks the Office for providing the public an opportunity to submit comments regarding implementation of the Leahy-Smith America Invents Act. We look forward to working with the Office on forthcoming regulations and guidance.

Respectfully submitted,

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