First-To-File or First-To-Invent: What's the Difference?

The U.S. Patent System Transitions

by Matthew R. Osenga

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The America Invents Act (AIA) of 2011 makes a number of changes to U.S. patent law.[1] One of the most significant will be the transition from a first-to-invent system to a first-to-file system that takes effect in 2013. The most significant implications of the transition to first-to-file include changes in awarding priority between applications claiming the same subject matter and in pre-dating prior art.

Current System: Priority Between Applications

In the vast majority of cases, when a patent application is filed, whether it is entitled to a patent is simply a matter of examining the application to determine whether it meets the requirements for patentability under the Patent Act. At times, however, two or more applicants may claim the same subject matter. If multiple inventors claim to have invented the same invention, which, if any, is entitled to a patent? Should the patent go to the party that filed its application first? Should it go to the party that invented the invention first? Should they both get a patent for the invention?

Throughout its history, the United States has decided between two applications that claim the same subject matter by awarding the patent to the first inventor. The facts of which party was the first to invent the subject matter was determined by a rather complex administrative procedure called an "interference." An interference is basically a mini-trial where the various parties submit evidence and testimony to the U.S. Patent and Trademark Office (PTO) to determine which inventor was the first. The mini-trial takes place before a panel of Administrative Patent Judges (APJs) that are part of the Board of Patent Appeals and Interferences (BPAI). The decision as to the priority between the applications is made by the APJs.

During an interference, the party that has the earlier patent application filing date is the "senior party," while the party that has a later filing date is the "junior party." The senior party is presumed to have been the first to invent the interfering subject matter. The junior party can overcome this presumption with evidence showing that its invention pre-dates the invention of the senior party. The senior party would then have the opportunity to demonstrate an earlier invention date by presenting its own evidence.

To prove that it was the first to invent, a party needs to show corroborated evidence that it was the first to "conceive" of the invention and that it worked diligently from the time of that conception to "reduce the invention to practice."[2] "Conception" refers to "formation in the mind of the inventor of a definite and permanent idea of the complete and operative invention, as it is thereafter to be applied to practice."[3] In other words, conception is the mental act of thinking of the idea of the invention and how it would be implemented. "Reduction to practice" refers to the act of actually making the invention work for its intended purpose.[4] Alternatively, constructive reduction to practice occurs when an inventor files a patent application for the invention that complies with the requirements of the Patent Act.[5]

Current System: Pre-Dating Prior Art

Under current patent rules, once a patent application is filed, the examiner will review the application for compliance with the Patent Act and patent rules. This includes performing a search of the prior art to determine whether the invention meets the statute's novelty and non-obviousness requirements. Under current rules, if the search finds prior art that was published less than one year before the patent application's filing date, the applicant has the opportunity to file an affidavit with evidence to demonstrate that he invented the claimed subject matter prior to the publication date of the prior art.[6] If the applicant can make

such a demonstration, he can still obtain a patent despite the intervening publication.

The standard for pre-dating the prior art is similar to that for an interference as stated above. The inventor must demonstrate conception of the invention prior to the prior art publication date. Because patent applications are filed on an *ex parte* basis, this is significantly less onerous than in the interference context.

New System: First-to-File

The AIA changes the first-to-invent system to a first-to-file system. The new first-to-file rules will apply to most patent applications filed after March 16, 2013 (eighteen months after enactment of the AIA).[7] Under the new system, applicants will no longer be able to rely on earlier inventive activity to pre-date prior art or to win an interference over a senior party. Instead, if multiple applications are filed that claim the same subject matter, the patent will generally be awarded to the first applicant to file an application that meets the patentability requirements.

We will be working under both the first-to-invent and the first-to-file systems for quite some time. Patents whose applications were filed before the transition date will be subject to the first-to-invent rules throughout their enforceable lives, up to twenty years or more from their earliest filing dates. Further, some applications that are filed after the transition date will still be subject to the first-to-invent rules. In some circumstances, an applicant can file another patent application, known as a continuation application, based on the invention disclosure in an earlier application. Continuation applications that include only claims that are supported by the disclosure of an application filed prior to that date will still be governed by the current first-to-invent system.[8] In that case, the applicant may still use earlier inventive activity to pre-date prior art and overcome a senior party in an interference.

Derivation Proceedings

The AIA contains a potential exception to the strict first-to-file rule. If a junior party can prove that a senior party "derived" the invention from the junior party, the junior party may still be entitled to the patent.[9] Situations where such derivation might occur include where an inventor has left the company where the inventive activity took place and took the invention with him.

These proceedings may be somewhat akin to interference proceedings with a significant difference: in an interference, the junior party must provide evidence to prove that it conceived of the invention before the senior party's filing date; in a derivation proceeding, the junior party must provide evidence that the senior party "derived" the invention from the junior party. In the interference context, if such evidence exists, it will be in the possession of the junior party. In a derivation proceeding, if such evidence exists, it will often not be available to the junior party.[10] It may therefore be more difficult for a junior party to prevail in a derivation proceeding than in an interference.

To initiate a derivation proceeding, the PTO will require a petition that: states with particularity the basis for finding that a named inventor in the earlier application derived the claimed invention from an inventor named in the petitioner's application; and is filed within one year of first publication of the earlier application.[11] The derivation proceeding will then proceed before a panel of APJs who are part of a new Patent Trial and Appeal Board (PTAB). The APJs will decide whether the invention was derived by the senior party from the junior party in a manner similar to how interferences are currently decided.

The Dilemma

What does the change from first-to-invent to first-to-file mean for clients? It seems that one implication will be a rush to the PTO to file applications earlier in the invention process.

Rushing to the PTO may have several negative effects on patent applications. First, a rushed patent application may not be adequate to protect the invention. Patent applications must include disclosure of the invention in such detail to enable one of ordinary skill in the art to make and use the invention.[12] This typically requires more than mere conception of the invention; it usually requires a significant understanding of how it can be implemented. If a patent application does not include sufficient disclosure to meet this requirement, the claims of the patent will not be valid.

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Second, applications will likely be filed before the invention is fully developed. As an inventor works to reduce an invention to practice and implement the invention in ways that will be of

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commercial significance, improvements or changes are inevitably developed. Often, these improvements or changes can alter the invention in significant ways. An earlier filed patent application may not even cover the invention once it reaches this stage of development. Currently, by keeping good records of inventive activity, inventors can take advantage of the pre-dating procedures to wait until an invention is perfected or at least well developed before filing a patent application. This will not be the case under a first-to-file system.

Further, the race will create more pressure on patent attorneys. Each day that an invention disclosure or patent application is not filed is a day that could result in loss of the race to the PTO or the ability to pre-date new prior art. Attorneys will be required to file applications more quickly or risk the loss of patent rights for their clients.

File Early, File Often

The best advice for winning the race to the Patent Office is to be the first one to file.[13] File a patent application at an early stage in the inventive process. As the invention is developed further and improvements and other changes take place, additional patent applications should be filed. Each filing will provide protection to the inventor against filings by other parties.

During the first year of an invention's development, applicants may choose to file a provisional patent application.[14] A provisional patent application is a patent application that may be filed at the PTO that can be used to establish an early filing date. The PTO does not examine provisional applications, but merely keeps them in its records. The application expires a year from its filing date. In order to claim the benefit of the provisional application filing date, a non-provisional application and any foreign applications must be filed within that twelve month period. The public does not get access to a provisional application unless and until a non-provisional application that claims the benefit of the provisional application filing date is published.[15]

In order for a later-filed non-provisional application to obtain the benefit of the filing date of an earlier provisional application, the claims of the non-provisional application must be supported by the disclosure of the provisional application. The applicant must include sufficient detail in the provisional application to permit one of ordinary skill in the art to make and use the invention.[16] Otherwise, the application is only entitled to the filing date of the non-provisional application.

Currently, inventors often file a quick provisional application before a public disclosure and then wait a year to file a full non-provisional application that includes sufficient detail to warrant a patent. Under the first-to-file system, if the first provisional is not adequately supported and enabled, an intervening filing by a competitor may trump the first provisional. That first provisional still has merit, but during the first year of development inventors should consider filing additional provisional applications often as details of the invention are developed to prevent the harm from intervening applications. Applicants will no longer be able to rely on inventive activity to pre-date prior art.

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Although the March 16, 2013, deadline may seem a long way off, now is the time for clients and attorneys to prepare for the change to the U.S. patent system. Inventors should seek to file applications prior to the deadline to take advantage of the current rules as long as possible. Then, they must gear up for a system that will require a race to the Patent Office after that date by preparing to file more patent applications with greater frequency.

Endnotes:

1 Leahy-Smith America Invents Act of 2011, Pub. Law 112-29, 125 Stat. 284.
2 35 U.S.C. § 102(g) (2006).
3 *Townsend v. Smith*, 36 F.2d 292, 295 (CCPA 1930).
4 *Eaton v. Evans*, 204 F.3d 1094, 1097 (Fed. Cir. 2000).
5 *Hyatt v. Boone*, 146 F.3d 1348, 1352 (Fed. Cir. 1998).
6 37 C.F.R. § 1.131.
7 Pub. Law 112-29, 125 Stat. 284, 293.
8 *Id.*
9 Pub. Law 112-29, 125 Stat. 284, 289.
10 http://www.intellectualpropertylawfirms.com/resources/intellectual-property/patents/first-file-derivation-proceedings.htm.
11 PTO proposed rules.
12 35 U.S.C. § 112, ¶ 1 (2006).
13 Additional information on transitioning to first-to-file is available at http://www.goodmanallen.com/images/uploads/2012_01_18-FirsttoFileTips.pdf.
14 Additional information on provisional applications is available at http://inventivestep.net/2011/10/31/provisional-patent-applications-2/.
15 35 U.S.C. § 122(b)(2)(A)(iii) (2006); 37 C.F.R. § 1.14(a)(1)(v).
16 35 U.S.C. § 119(e)(1) (2006).