

The Effects of the America Invents Act on Technological Disclosure

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(Note: Given the almost certain passage of H.R. 1249 by the Senate, this analysis refers to that version of the pending patent legislation. It is available [here](#).)

The principal justification for the impending changes to patent law is that they will promote technological progress in the United States (and thus create jobs). The questions relating to whether this intended result will be realized are numerous, and in this analysis I focus on just one important issue: the effects the America Invents Act may have on the disclosure of technological information. I conclude that while the new patent laws have the potential to encourage at least one category of disclosures, they may also negatively impact other types of information disclosures.

At least three aspects of the Act are likely to impact the quantity and quality of disclosures: the changes to the novelty rules of 35 U.S.C. § 102, the creation of a prior user defense, and the effective elimination of the best mode requirement. Changes to the effectiveness of the inequitable conduct doctrine are also likely to have an impact, perhaps good, perhaps bad, an issue I will discuss at a later time. Below, I offer a preliminary analysis of the effects of these changes with respect to two categories of disclosures: (1) the mandatory disclosures in the patent document itself, and (2) peripheral disclosures, which I define as the dissemination of information that would not occur but for the existence of a patent system.

Changes to Novelty Rules: The shift to a first to file system is central to the America Invents Act. Along with that change comes a revamped set of novelty rules - a complete rewrite of Section 102. Gone is 102(a), and the concept that prior art must precede the date of invention. Gone too is 102(b) and the one-year statutory bar. Instead, we will soon (i.e.: in eighteen months) have a new 102(a) under which a variety of things (i.e.: patents, printed publications, public uses, invention being on sale, etc.) that predate the patent's *effective filing date* constitute prior art, a much more potent statutory bar than presently exists.

This new rule comes with a major exception, however: prior art does not include disclosures (which I interpret as referring to any of the categories of prior art discussed in the new 102(a)) made within one year of filing if "the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor." (proposed language of 102(b)(1)(B)) (The section also contains an exception for disclosures by the inventor or another who obtained the subject matter from the inventor). In other words, inventors will have the ability to negate any prior art from the one-year period prior to filing by engaging in public disclosure.

This provision has the potential to encourage early disclosures of information by the inventor. Although on the surface it seems to provide no more ability for inventors to engage in disclosures than the existing one-

year statutory bar, under which an inventor was free to disclose whatever it wanted for the one-year period prior to filing, it perhaps may result in *more* disclosures than under the present structure. A disclosure race may be encouraged. If, as Gideon Parchomovsky has suggested, inventors involved in a patent race sometimes engage in strategic disclosures to stymie their competitors, the new 102(b)(1)(B) has the potential to fuel this behavior. Through early disclosure, inventors who are racing to develop a new technology can not only block their rivals from obtaining a patent—because the disclosure would operate as prior art against the rival's patenting attempts—but can also negate any subsequent attempt by the rival to disclose patent-blocking information of equivalent content. Rather than a race to invent, perhaps this will produce a race to engage in early public disclosures. Unfortunately, any such effects are likely to be largely limited to inventors who desire to only file in the United States due to the lack of a self-disclosure exception in many countries.

Creation of a Prior User Defense: Even as the changes to the novelty rules seem to encourage early peripheral disclosures of technological information, at least for US-only inventors, the creation of a prior user defense pushes towards less disclosure, albeit through different mechanisms. I see the creation of a prior user defense in Section 5 of H.R. 1249 as impacting the disclosure of technological information in two ways: it may reduce the quantity of patent applications filed, and thus the number of mandatory disclosures that accompany those applications, and it has the potential to shift investment in invention away from self-disclosing inventions to those that can be protected through secrecy mechanisms.

The types of inventions that the prior user defense most applies to are those with the capability of being protected through secrecy. A prior user defense is less important for inventions whose workings are readily understandable once they are placed on the market because these products already represent potentially invalidating prior art; thus, this type of defense has most relevance for non-self disclosing inventions, a category that includes many processes. Under the current law, inventors who develop non-self disclosing inventions are faced with a difficult choice: maintain the process as a trade secret, and run the risk of being blocked later by an inventor who obtains a patent, or file for a patent and disclose the process to the public. Both options have significant costs associated with their selection but the patent and disclose option is hardly foreclosed.

A prior user defense reweights this decision in favor of maintaining secrecy because it reduces the risk of being blocked by a later inventor. The directional effect of this change is to reduce the number of patents that are filed on secret inventions, and thus reduce the number of mandatory disclosures that accompany those patents.

Of course, not everyone accepts that these mandatory disclosures provide useful technological information. Consider, however, the effects on peripheral disclosures - specifically, the impact on investment in self-disclosing inventions. The creation of a prior user defense re-calibrates the scale as between secret inventions and self-disclosing inventions. By making secrecy a more valuable protection strategy for inventors to pursue, inventors are likely to focus their efforts towards the creation of such inventions as opposed to self-disclosing inventions, at least when the social utility that the inventor can monetize is

otherwise equal. But self-disclosing inventions are inherently valuable for the information that they provide to the public and future inventors - a spillover that inventors cannot fully capture. The directional result may be the creation of fewer of these valuable inventions.

Elimination of Best Mode Requirement: Section 15 of H.R. 1249 effectively eliminates the best mode requirement by amending the list of invalidity defenses to exclude best mode. While the best mode requirement remains in 35 U.S.C. 112, and thus theoretically could be used by a patent examiner to reject an application, failure to disclose best mode may also not be a basis for holding a patent unenforceable - i.e.: no inequitable conduct on this ground.

Although the best mode requirement has been subjected to substantial criticism on the grounds that it represents a trap for the unwary independent inventor while being wholly ineffective for disclosure purposes, the actual impact of the abolition of this requirement may be far broader than expected. From a directional standpoint, the only effect of this change is to weaken the mandatory disclosure obligations imposed on the applicant, and thus a decrease in the quality of individual disclosures should be predicted. How great a decrease, and whether the elimination of this requirement will result in more disclosure-providing applications being filed, will be an area to monitor.

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