



March 31, 2011

Congressman Bob Goodlatte
Chair, House Judiciary Subcommittee on Intellectual
Property, Competition, and the Internet
2240 Rayburn House Office Building
Washington, DC 20515

Re: **Patent Reform Issue**

Dear Representatives Goodlatte, Smith and Members of the House Judiciary Subcommittee on Intellectual Property, Competition, and the Internet:

We are writing to express our concerns with regard to an aspect of the recent patent reform legislation passed by the Senate. In particular, we are concerned that vagueness in the language defining the "grace period" in Section 102 of S.23 would dilute protections inventors presently have regarding early commercialization of products prior to filing for a patent. A similar provision in the House's Patent Reform Act of 2009 was clearer and would avoid diluting the existing protections. We ask that you consider this concern as the House Judiciary Committee takes up this important legislation.

Under the current patent system, a person is entitled to a patent unless "the invention was patented or described in a printed publication in this or a foreign country or in public use **or on sale** in this country, **more than one year prior to the date of the application** for patent in the United States." *See* 35 U.S.C. § 102(b). The current statute gives rise to an important grace period of one year for certain pre-filing commercialization activities prior to an inventor or an assignee filing a patent application. Without the grace period, these early commercialization efforts could create an immediate bar to patentability. Over the years, the courts have defined such commercialization activities fairly broadly to include, for example, an inventor or an assignee ordering goods on a commercial scale from a third party supplier (e.g., a foundry) for manufacturing goods that would be the subject of a patent application and other contracting

activities. *See, e.g., Special Devices, Inc. v. Oea, Inc.*, 270 F.3d 1353 (Fed. Cir. 2001). Thus, currently an inventor or an assignee, who relies upon a third party foundry to manufacture goods, has a year to file a patent application after making commercial orders for the manufacture of goods that include the subject matter of a patent application.

Under the legislation passed by the Senate, it is not clear whether these typical pre-filing commercialization activities are covered by the new grace period. Indeed, the proposed wording of Section 102 in S.23 leads to the opposite conclusion.

(a) Novelty; Prior Art- A person shall be entitled to a patent unless—

(1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention

(b) Exceptions-

‘(1) DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION- A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if—

‘(A) the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

‘(B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

Thus, under the new Sec. 102(a)(1), if a claimed invention is “on sale” prior to the effective filing date it is not entitled to a patent, unless that activity falls within the exceptions of Sec. 102(b). Sec. 102(b)(1) only makes an exception for **disclosures** made one year or less prior to the effective filing date by the inventor. But there is no language in S.23 that defines “disclosure” or indicates that it covers a patentee’s own early commercialization efforts, which could thus be interpreted as an immediate bar to patentability. Historically, and in many other countries, a “**disclosure**” is typically publicly available information that is sufficiently detailed to enable a person of ordinary skill to make the invented item, which generally means a printed publication or patent. There is no indication that the patentee’s own sales-related activities are to be considered a “disclosure” within the grace period in S.23. Without such definitional language, there will be uncertainty about patentability of many inventions likely leading to expensive litigation in the courts.

We note that a prior version of a revised Section 102 in the House's Patent Reform Act of 2009 contained clearer language regarding the nature of the one-year grace period that appears to include pre-filing commercialization activities. That legislation provided:

(a) NOVELTY; PRIOR ART.—A patent for a claimed invention may not be obtained if—

(1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public—

(A) more than 1 year before the effective filing date of the claimed invention; or

(B) 1 year or less before the effective filing date of the claimed invention, other than through disclosures made by the inventor or a joint inventor or by others who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor

(b) Exceptions-

(1) PRIOR INVENTOR DISCLOSURE EXCEPTION.—Subject matter that would otherwise qualify as prior art based upon a disclosure under subparagraph (B) of subsection (a)(1) shall not be prior art to a claimed invention under that subparagraph if the subject matter had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or others who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

We believe that the lack of clarity on the issue of the one-year grace period for sales-related activity is a significant problem with the wording of S.23. At best, it creates uncertainty where no uncertainty is needed. At worst, if the intent is to eliminate the current one-year grace period for the patentee's sales-related activities, that could delay commercialization efforts and also (under current case law defining "offer for sale") particularly disadvantage businesses and inventors that develop technology but do not manufacture all of their end products internally. This cannot be the intent of a bill which, in the words of Senator Leahy, is designed to "help create jobs, energize the economy, and promote innovation." Furthermore, a strict and immediate on sale bar may make the U.S. law more onerous than many first-to-file countries, which focus on information made publicly available rather than private commercialization attempts such as sales and offers for sale, which often are confidential.

In order to address this inequity bound in the language of the Senate bill, we ask that your consideration in drafting the relevant portions of the House bill to maintain the status quo of a one year grace period that includes pre-filing commercialization activities of the patentee. A grace period incorporating "disclosure" is already present in the Senate bill. On-sale activities could be easily incorporated into that grace period by, for example, clarifying that "disclosure" includes all

those activities listed in S.23's Section 102(a)(1). Alternatively, language similar to that used by the House in the Patent Reform Act of 2009 legislation could be used.

Regards,



A handwritten signature in blue ink, appearing to read "Jennifer Wuamett".

Jennifer Wuamett
Vice President, Chief IP Counsel
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A handwritten signature in black ink, appearing to read "Néstor F. Ho".

Néstor F. Ho
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/s/ Jason Fiorillo

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A handwritten signature in blue ink, appearing to read "DeAnn Work".

DeAnn Work
V.P. and Deputy General Counsel

cc: Congressman Lamar Smith
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