

The Limited Monopoly™

Prior User Rights: Substantially Expanded Under the AIA

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The Scenario

There has long been a tradeoff in obtaining a patent on an invention: a complete disclosure of the invention sufficient to enable one of ordinary skill in the art to practice the invention is required to be provided to the public¹, in exchange for the grant of the limited monopoly of a patent – i.e., the right to exclude others from making, using, or selling the invention for the term of the patent. Because of this tradeoff, you might elect instead to take advantage of trade secret protection in the manufacturing of your products. You can choose to keep your manufacturing methods, equipment, and material compositions secret instead of patenting them, knowing that once you patent them, and the patent expires, your exclusive rights end. In that case, the public is free to practice your inventions, and can do so using the “recipe” that your issued patent provides.

In some situations, keeping an invention as a trade secret is a good business decision. But what happens if a competitor independently invents and patents an invention that you have been practicing long before their invention was made and patented? Can you suddenly be found to infringe their patent and be stopped from making and selling the product that you have had on the market for years?



“Upon Enactment of the AIA, the prior user defense to infringement is available for almost all patents issued after September 16, 2011.”

Out With the Old Statute...

For the most part, up until the enactment of the America Invents Act on September 16, 2011, the answer was yes. The existing “prior user rights” statute, 35 USC §273, originated from the First Inventors Defense Act of 1999. The defense that it afforded was quite narrow, being limited to “a defense to an action for infringement” of a method in a patent being asserted. However, the “method” was specifically limited in the language of the statute to a “method of doing or conducting business.” In other words, the statute only applied to business method patents, which is a very narrow (and often controversial) subclass of patentable subject matter.

...and in With the New One

Under the America Invents Act, prior user rights have undergone a major expansion. Section 5 of the Act, titled, “Defense to infringement based on prior commercial use,” encompasses “subject

matter consisting of a process, or consisting of a machine, manufacture, or composition of matter used in a manufacturing or other commercial process, that would otherwise infringe a claimed invention being asserted.” Because this language covers all four classes of patentable subject matter, the statute applies to almost all patents issued after September 16, 2011.

There are a number of other key provisions in the statute:

- The prior use must have begun more than one year before the filing of the application for patent, or before a public disclosure of the claimed invention² by the patent applicant that preceded the patent application filing, whichever is earlier.
- The prior use must be in the United States. Prior uses in foreign countries do not qualify.
- There is a “derivation” exception. The defense may not be asserted if the subject matter on which the defense is based was derived from the patentee or “persons in privity with the patentee.”
- The burden of proof is on the person asserting the defense, with the requirement being “clear and convincing evidence” that the prior use occurred before the one year date described above.
- The defense is considered a “personal defense, i.e., it may be asserted “only by the person who performed or directed the performance of the commercial use... or by an entity that controls, is controlled by, or is under common control with such person.” The latter language is considered to extend the right to assert the defense to the person’s employer (who would likely be the defendant in any infringement action).
- There is a “university exception.” The defense may not be asserted if the invention as claimed in the patent in question “was, at the time the invention was made, owned or subject to an obligation of assignment to... an institution of higher education.” University technology transfer offices structured “to facilitate the commercialization of technologies developed by one or more such institutions of higher education” are included, even if they are organized as separate entities. (The university exception is one of many controversial provisions of the AIA. As the legislation progressed through the House and Senate, the university community was mostly opposed to its passage. The exception was added rather late in the legislative process, after which

academia generally altered its stance and favored passage.)

The Effect on Your Business

If you have brought a product to market with technology that you are keeping trade secret, then under the AIA you now have a better chance of defending yourself if a competitor independently invents the same technology, patents it, and then asserts the patent against you. Keep in mind that your commercial use must be in the United States, and keep good records of the commercialization of your product and the technology contained in it. Remember that the burden of proof will be on you. Much as keeping good records of invention dates and any communications with third parties remains important to patent applicants, keeping good records of the timing of commercial use of products that include inventions kept as trade secrets is equally important when that business strategy is used.

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1. 35 USC §112.
 2. Per 35 USC 102(b) as amended by the America Invents Act.

Photo credit: “Secret Method,” J.M. Hammond

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