

# A Look At The PTAB's Assessment Of Prior Art Exceptions

By **Louis Panzica and David Holman** (October 8, 2024)

Under the Leahy-Smith America Invents Act, Title 35 of the U.S. Code, Section 102(a), prior art is determined based on the effective filing date of the claimed invention, rather than the date of invention.

But not all art preceding the effective filing date of an invention necessarily qualifies as prior art due to certain exceptions under Section 102(b).

Although the AIA has been in effect for well over 10 years, case law addressing AIA Section 102(b) prior art exceptions remains relatively sparse. This is true both at the U.S. Court of Appeals for the Federal Circuit and at the Patent Trial and Appeal Board.

In this article, we explore the PTAB's approach to assessing Section 102(b) prior art exceptions.

## Section 102(b) Prior Art Exceptions

Under Section 102(a)(1), an invention is not patentable if "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."<sup>[1]</sup>

Section 102(b)(1) provides certain exceptions for Section 102(a)(1) disclosures made one year or less before the filing date of the claimed invention if:

- (A) the Section 102(a)(1) disclosure was made by the inventor or a joint inventor or by another who obtained the subject matter directly or indirectly from the inventor or a joint inventor; or
- (B) the Section 102(a)(1) disclosure had been previously publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter directly or indirectly from the inventor or a joint inventor.<sup>[2]</sup>

Under Section 102(a)(2), an invention is not patentable if the claimed invention was described in an issued patent, or a published patent application, that names another inventor and was effectively filed before the effective filing date of the claimed invention.<sup>[3]</sup> Section 102(b)(2) provides certain exceptions for Section 102(a)(2) disclosures if:

- (A) the Section 102(a)(2) disclosure was obtained directly or indirectly from the inventor or a joint inventor;
- (B) the Section 102(a)(2) disclosure was, before the effective filing date of the Section 102(a)(2) patent or application, publicly disclosed by the inventor or a joint inventor or another who obtained the disclosures directly or indirectly from the inventor or a joint inventor; or
- (C) both the Section 102(a)(2) disclosure and the claimed invention, not later than



Louis Panzica



David Holman

the effective filing date of the claimed invention, were owned by the same person or subject to an obligation of assignment to the same person.[4]

The Federal Circuit recently addressed Section 102(b) prior art exceptions in *Celanese International Corp. v. International Trade Commission* in August[5] and *Sanho Corp. v. Kaijet Technology International Ltd. Inc.* in July.[6]

In *Celanese*, the court addressed whether a prior sale of a product made using a secret process triggered the Section 102(a)(1) on-sale bar to patentability of that process. There, the court declined to assess the possibility of a Section 102(b)(1) prior art exception because the prior sale occurred more than one year before the effective filing date of the patent at issue.[7]

*Sanho*, an inter partes review appeal, however, squarely addressed Section 102(b) exceptions. In the IPR, *Sanho* argued that one of the asserted prior art patent references was not Section 102(a)(2) prior art due to a prior nonconfidential sale between the parties creating an exception under Section 102(b)(2)(B).

The PTAB found, and the Federal Circuit affirmed, that the prior sale — although nonconfidential — was nevertheless still a private sale and thus did not qualify as a public disclosure under Section 102(b)(2)(B).[8]

*Sanho* prompted us to examine other cases in which the PTAB has assessed Section 102(b) prior art exceptions. Below, we summarize these board decisions based on the types of evidence and arguments presented.

### **Prior Inventor Disclosure of Section 102(a)(1) Subject Matter**

The board recently addressed Section 102(b)(1)(A) exceptions — prior inventor disclosures — in *Murray & Poole Enterprises Ltd. v. Institut de Cardiologie de Montreal* in January.[9]

At issue in *Murray* was whether a published multiauthor study — "Bouabdallaoui" — qualified as an inventor disclosure under Section 102(b)(1)(A). Patent owner ICM argued that the sole inventor of the challenged patent was also the corresponding author of "Bouabdallaoui," and lead investigator of the clinical study.

Thus, according to ICM, "Bouabdallaoui" was excluded as prior art because it published less than one year before the challenged patent's effective filing date, and the relied-upon disclosures in "Bouabdallaoui" are those of the inventor.[10] In support of its argument, ICM submitted a declaration from the inventor explaining his role in the clinical study and his authorship of "Bouabdallaoui." [11]

Petitioner *Murray* argued that "Bouabdallaoui" had seven co-authors, and there was no evidence that the relied-upon disclosures in "Bouabdallaoui" were made by the inventor to satisfy Section 102(b)(1)(A).[12] *Murray* also argued that there was "no evidence from any other co-authors disclaiming contribution to the relevant subject matter." [13]

In its decision on institution, the board found that ICM's inventor declaration was insufficient to disqualify "Bouabdallaoui" as prior art because, inter alia, the declaration did not explain the inventor's relationship with all other co-authors, and thus, did not establish that the inventor was the sole inventor of the relied-upon disclosures in "Bouabdallaoui." [14]

The board instituted trial, concluding that this issue "will benefit from development during trial." [15] As of the writing of this article, Murray is still pending a final written decision from the board.

The board also addressed Section 102(b)(1)(A) and (B) inventor disclosure exceptions in *Incyte Corp. v. Concert Pharmaceuticals Inc.* in 2022. [16] Incyte's post-grant review petition asserted obviousness challenges that included a reference patent called "Silverman," which was Concert's own patent.

Incyte argued that Silverman was prior art under Section 102(a)(1) as of Silverman's 2016 issue date. In its obviousness arguments, Incyte alleged that Silverman's disclosure of a specific compound, Compound I, provided a lead compound for a skilled artisan to select and further develop.

Concert argued that the Compound I disclosures in Silverman were a publication by the inventor of the challenged patent and a public disclosure by the inventor. [17] As Concert explained, an inventor of the challenged patent had submitted a declaration, the Uttamsingh declaration, during prosecution of the Silverman patent, disclosing Compound I and associated data. [18]

According to Concert, the declaration became publicly available in the Silverman prosecution history before Silverman granted.

The PTAB considered concert's arguments but instituted the PGR, finding that concert's evidence "need[ed] to be tested at trial." [19] However, in its final written decision, the PTAB found that the Uttamsingh declaration is "a disclosure from an inventor of the challenged [] patent," which "result[s] in exclusion of the teachings a person of ordinary skill in the art would have gleaned from reading Silverman." [20]

And without Silverman's Compound I disclosures, "[n]o other information or argument was presented in the Petition to support a motivation to use Compound (I) of the genus of Formula A of Silverman." [21]

### **Prior Public Use or Sale of Section 102(a)(1) Subject Matter**

In *MerchSource LLC v. DODOCase VR Inc.* in 2019, the PTAB considered whether a prior public sale excluded a prior art reference under Section 102(b)(1)(B). [22]

MerchSource's IPR grounds included a reference called "Tech#," which, according to MerchSource, was a YouTube video that published online before the effective filing date of the challenged patent. MerchSource argued that Tech# qualified as a printed publication under Section 102(a)(1) because it was publicly available online.

DODOCase argued that Tech# was not prior art because public sales of its products, which DODOCase argued were prior public disclosures by the inventor under Section 102(b)(1)(B), occurred before the date of the Tech# video.

To support its argument, DODOCase relied upon videos from the inventor, assembly instructions for the product and a declaration from the inventor describing the prior disclosures. Notwithstanding DODOCase's evidence of prior sales, the PTAB decided the Section 102(b) issue would benefit from further development at trial, and instituted the IPR. [23]

In particular, the board stated that the "[p]etitioner will have an opportunity [during the IPR] to cross-examine the testimony of Patent Owner's declarant." [24] The proceeding was terminated prior to the PTAB issuing a final written decision.

### **Prior Public Use or Public Sale of Section 102(a)(2) Subject Matter**

The board addressed Section 102(b)(2)(B) exceptions — inventor public disclosures before prior art patents and applications — in *K/S HIMPP v. Bragi GmbH*. [25]

*K/S HIMPP*'s petition relied on disclosures in a patent reference called "Hensen," which was filed on Oct. 8, 2015, just before the challenged patent's effective filing date of Nov. 13, 2015. [26]

In its preliminary response, *Bragi* asserted that, before Hensen's October 2015 filing date, the inventor publicly disclosed the relied-upon subject matter in Hensen through a series of published articles and website disclosures discussing the product — the Kickstarter disclosures — and published videos demonstrating the product's use. [27]

Thus, according to *Bragi*, the relied-upon disclosures in Hensen were excluded as prior art under Section 102(b)(2)(B).

In an authorized preinstitution reply, *K/S HIMPP* argued that Hensen was entitled to an earlier claimed priority date that predated *Bragi*'s Section 102(b)(2)(B) Kickstarter disclosures. [28]

The board agreed with *K/S HIMPP*, deciding at institution that while *Bragi* had effectively shown that its Kickstarter disclosures predated Hensen's October 2015 filing date, and thus likely would have removed Hensen as prior art as of that date, *K/S HIMPP* had effectively rebutted that showing with evidence that Hensen was entitled to an earlier effective filing date that predated *Bragi*'s Kickstarter disclosures. [29]

The board concluded that *K/S HIMPP* has established that Hensen was prior art, and accordingly instituted trial. [30] *K/S HIMPP* is still pending a final written decision from the board.

The board similarly addressed Section 102(b)(2)(B) exceptions in *Wilson Elecs. LLC v. Cellphone-Mate Inc.* in April 2019. [31] Here, *Wilson*'s IPR grounds included a reference patent called "Van Buren."

In its preliminary response, *Cellphone-Mate* argued that it had publicly disclosed the invention before *Van Buren*'s effective filing date by publicly displaying the device, called "Force5," at a trade show. [32]

*Cellphone-Mate* also presented evidence of prior blog posts about the device, webinars and videos of the inventor discussing the Force5 product, as well as industry publications showing the device was on sale. [33] Unlike the cases above in which the board instituted trial to better develop the record, in *Wilson*, the board denied institution.

In particular, the board concluded that *Cellphone-Mate* presented evidence of publicly disclosing the relied-upon subject matter in *Van Buren* before *Van Buren*'s filing date, while *Wilson* "has not explained its challenge of the claims over *Van Buren* with sufficient particularity to show *Van Buren* is prior art." [34]

## **Commonly Owned Section 102(a)(2) Subject Matter**

The board has also addressed Section 102(b)(2)(C), or common ownership, exceptions.

For example, in *Sanofi Pasteur Inc. v. Pfizer Inc.* in June 2018,[35] Sanofi's IPR grounds included two PCT publications. In its preliminary response, Pfizer argued that the PCT publications were not prior art because they were commonly owned and subject to an obligation of assignment at the time the challenged claims were filed.

The PTAB agreed with Pfizer and denied institution, stating that Pfizer "provided evidence that these publications were subject to assignment to Patent Owner as of the effective filing date of the" challenged patent, and the assignments were recorded before the publication dates of the Patent Cooperation Treaty applications.[36]

Similarly, in *Incyte v. Concert*, Concert raised an alternative argument that the Silverman patent was not prior art under Section 102(b)(2)(C) because both Silverman and the challenged patent were assigned to Concert.[37] In its preinstitution reply brief, Incyte argued that the assignment to Concert was executed by the inventors 18 months after the challenged patent's effective filing date.[38]

Thus, according to Incyte, the inventors, not Concert, owned the challenged patent as of its effective filing date and there was no common ownership exception.[39] The PTAB instituted trial, finding Concert's later-executed assignment alone was insufficient to show common ownership under Section 102(b)(2)(C).[40]

During trial, Concert argued that the inventor was under an obligation to assign the challenged patent to Concert before the effective filing date, and submitted as evidence the inventor's employment agreement.[41]

The PTAB ultimately concluded that it did not need to reach the common ownership issue because Incyte had narrowed its trial arguments to whether Silverman qualified as Section 102(a)(1), not Section 102(a)(2), prior art.[42]

## **Conclusion**

While this sample size of board decisions is small, we note the following trends.

At the institution stage, the board may conclude that patent owner arguments attempting to disqualify art under Section 102(b)(1) or (b)(2) are insufficient for purposes of denying institution. However, patent owners may be able to maintain or even further develop those same arguments during trial, which can lead to successful disqualification of the prior art reference.

Evidence of common ownership — e.g., such as recoded assignments — may have a higher likelihood of successfully disqualifying prior art under Section 102(b)(2)(C) at the institution stage.

---

*Louis Panzica is an associate and David Holman is a director at Sterne Kessler Goldstein & Fox PLLC.*

*The opinions expressed are those of the author(s) and do not necessarily reflect the views*

*of their employer, its clients, or Portfolio Media Inc., or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.*

[1] 35 U.S.C. Section 102(a)(1).

[2] 35 U.S.C. Section 102(b)(1).

[3] 35 U.S.C. Section 102(a)(2).

[4] 35 U.S.C. Section 102(b)(2).

[5] *Celanese Int'l Corp. v. Int's Trade Comm'n*, 111 F.4th 1338 (Fed. Cir. 2024).

[6] *Sanho Corp. v. Kaijet Tech. Intl. Ltd. Inc.*, 108 F.4th 1376 (Fed. Cir. 2024).

[7] 111 F.4th at 1347.

[8] 108 F.4th at 1385.

[9] IPR2023-01064, Paper 9 (P.T.A.B., Jan. 16, 2024).

[10] *Id.*, Paper 6 at 4-5.

[11] *Id.*, Paper 9 at 52.

[12] *Id.*, Paper 7 at 2-3.

[13] *Id.*

[14] *Id.* Paper 9 at 55.

[15] *Id.*, Paper 9 at 56.

[16] PGR2021-00006, Paper 68 (P.T.A.B., May 11, 2022).

[17] *Id.*, Paper 68 at 17.

[18] *Id.*

[19] *Id.*, Paper 20 at 19.

[20] *Id.*, Paper 68 at 42.

[21] *Id.*, Paper 68 at 59.

[22] IPR2018-00494, Paper 12 (P.T.A.B., Aug. 22, 2018); see also, *MerchSource LLC v. DODOCase VR Inc.*, PGR2018-00019, Paper 11 (P.T.A.B., Aug. 29, 2019).

[23] IPR2018-00494, Paper 12 at 20.

[24] *Id.*

- [25] IPR2023-00901, Paper 14 (P.T.A.B., Nov. 13, 2023).
- [26] *Id.*, Paper 3 at 6.
- [27] See *id.*, Paper 11 at 17-37.
- [28] See *id.*, Paper 12 at 1-4.
- [29] *Id.*, Paper 14 at 12.
- [30] *Id.*, Paper 14 at 12, 27.
- [31] IPR2018-017798, Paper 10 (P.T.A.B., April 23, 2019).
- [32] *Id.*, Paper 8 at 28-29, 33-34.
- [33] See *id.*, Paper 8 at 28-36.
- [34] *Id.*, Paper 10 at 35.
- [35] IPR2018-00188, Paper 10 (P.T.A.B., June 5, 2018).
- [36] *Id.*, Paper 10 at 14.
- [37] PGR2021-00006, Paper 11 at 21.
- [38] *Id.*, Paper 17 at 2.
- [39] *Id.*
- [40] *Id.*, Paper 20 at 19.
- [41] *Id.*, Paper 37 at 18.
- [42] *Id.*, Paper 68 at 13 n.3.