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Article

THE PAST AND FUTURE OF ADMITTED PRIOR ART

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***238** Admitted prior art is a potent type of private prior art that can irreversibly limit patent rights. The Manual of Patent Examining Procedure (MPEP) succinctly defines admitted prior art as:

A statement by an applicant in the specification or made during prosecution identifying the work of another as “prior art” . . . which can be relied upon for both anticipation and obviousness determinations, regardless of whether the admitted prior art would otherwise qualify as prior art under the statutory categories of 35 U.S.C. 102.¹ The effects of these admissions are binding, even if made in error.² Yet despite the severity of such admissions, some aspects of the admitted prior art doctrine are still vaguely defined by case law. This Article will highlight two important areas where case law is unclear and discuss how future courts might rule on the subjects. This Article will also discuss how the 2011 America Invents Act affects admitted prior art law.

Section I summarizes the established portions of the admitted prior art doctrine. Section II discusses the unclear topic of the threshold between a mere statement and a binding admission in the background section of a specification. Finally, Section III addresses whether admitted prior art can be disqualified under 35 U.S.C. § 103(c).³

I. Summary of the Admitted Prior Art Doctrine

Many types of admissions can create admitted prior art. The four primary types of admissions are: (1) admissions that a reference⁴ is prior art, (2) characterizations about an admitted reference, (3) non-reference admissions, and (4) admissions relating to obviousness factors.⁵ This section will address each type of admission. It will also discuss the effects and limitations of each type of admission.

A. Admission of References

The most basic type of admission is admitting a reference is prior art. An admitted reference cannot be “sworn behind”⁶ using a Rule 1.131 affidavit.⁷ But ***239** the admitted prior art may not be the applicant’s own work.⁸ Any portion of the admitted reference pertaining to the applicant’s own work may be disqualified as admitted prior art.⁹ Finally, most of the adverse effects of admitting a reference is prior art will disappear on March 16, 2013, when the America Invents Act becomes fully effective.¹⁰

The case of *In re LoPresti* illustrates the effects of admitting a reference is prior art. In *LoPresti*, the claims were rejected over a patent issued to Craggs & McCann,¹¹ which had a filing date two days earlier than *LoPresti*’s¹² application.¹³ This made Craggs & McCann prior art under 35 U.S.C. § 102(e).¹⁴ *LoPresti* “attempted to antedate the [Craggs & McCann] reference by affidavits” using Rule 1.131,¹⁵ but the court held that *LoPresti*’s specification admitted Craggs & McCann was prior art.¹⁶ The court also held the admission was binding and could not be overcome using an affidavit.¹⁷

LoPresti therefore sets out the basic effect of an admission. By admitting that Craggs & McCann was prior art, *LoPresti* lost the ability to swear behind the reference.¹⁸ If *LoPresti* had never mentioned the existence of Craggs & McCann, he could have disqualified Craggs & McCann as a reference, but *LoPresti*’s admission changed the status of Craggs & McCann into admitted prior art that could not be disqualified.¹⁹

There are several limitations on the admitted reference doctrine. First, inclusion of a reference in an Information Disclosure Statement (IDS) is not an admission that the reference is prior art against an application.²⁰ Second, an ***240** admitted reference can be disqualified on a statutory basis from the prior art when the admitted reference is the applicant’s own work.²¹ *Riverwood* held an inventor’s “work product should not, without a statutory basis, be treated as prior art solely because he admits knowledge of his own work.”²² The court explained “[i]t is common sense that an inventor, regardless of an admission, has knowledge of his own work.”²³ If an admitted reference contains both the work of an applicant and the work of another, only the non-applicant portions may be used as admitted prior art.²⁴

Third, one important adverse effect of admitting a reference is prior art is rendered moot for applications filed after March 16,

2013. The AIA moved the U.S. to a first-to-file patent system on March 16, 2013.²⁵ The U.S. Patent Office examines applications filed after March 16, 2013, using an amended version of 35 U.S.C. § 102 promulgated by the AIA.²⁶ Notably, applicants may no longer swear behind patent references.²⁷ In the past, the most tangible effect of an admission was preventing an applicant from swearing behind a prior art reference. Thus, for applications filed after March 16, 2013, there is one less adverse effect to admitting that a reference is prior art. Other adverse effects will remain, however, such as admitting a foreign patent with a non-usable publication date is prior art.

B. Characterization of References

Characterizations of what a prior art reference teaches can also be held against an applicant.²⁸ A “characterization,” in this context, means a statement of what the applicant believes the reference teaches.²⁹ The characterizations, *241 however, may need to be reasonable in order to become binding.³⁰ In *PharmaStem v. ViaCell*, the applicant’s specification had an extensive background section that discussed and characterized several prior art references.³¹ The court held “there [is no] unfairness in holding the inventors to the consequences of their admissions, as their characterization of the prior art as showing the presence of stem cells in cord blood is hardly unreasonable.”³² The court, therefore, bound the applicants to their interpretation of the prior art.³³

Pharmastem suggests a characterization does not need to be fully accurate. The court only held that the characterization needed to be reasonable.³⁴ The court may have reasoned that if an applicant believes a reference teaches a feature, it proves the applicant did not believe he invented that feature.³⁵ So the applicant should not be allowed to claim that feature as a point of novelty. This case also suggests there are limits to how inaccurate a characterization may be and remain a binding admission. The court stated the inventor’s conclusions were not “unreasonable.”³⁶ This suggests that a blatantly false characterization of a reference may not be a binding admission.³⁷

C. Non-Reference Admissions

Applicants can also create admitted prior art that is unrelated to any reference. These admissions can be in the figures of an application,³⁸ the specification text,³⁹ or in Jepson claim preambles.⁴⁰ Non-reference admitted prior art law will be unaffected by the America Invents Act.⁴¹

Admissions in the specification may be made in any section of the specification.⁴² Admissions in the background section, however, are the most *242 common.⁴³ Non-reference admitted prior art is unique because there is no source for the prior art beyond the admission itself.⁴⁴ As illustration, consider *In re Nomiya*. In *Nomiya*, the applicant labeled two figures in the specification as “Prior Art.”⁴⁵ These figures were not from a patent or published source. The figures existed solely in the applicant’s specification. Yet the court held that the admission proved the applicants knew about the information in the figures prior to the inventive process.⁴⁶ The court therefore held the two figures were admitted prior art.⁴⁷

An applicant’s own work, however, may be disqualified as admitted prior art.⁴⁸ Non-reference admissions may sometimes mingle genuine prior art and the applicant’s own work. *Nomiya* teaches that in such a case it is “necessary to consider everything appellants have said about what is prior art to determine the exact scope of their admission.”⁴⁹ In *Nomiya*, the court determined that dotted lines within the two figures represented the applicant’s own improvements to the prior art.⁵⁰ The court therefore held that the dotted lines in the figures were not admitted prior art.⁵¹

Another limitation is that a Jepson preamble is only implied admitted prior art.⁵² The presumption that a Jepson preamble is admitted prior art may be rebutted.⁵³ The specification is consulted to determine how much, if any, of the preamble should be admitted as prior art.⁵⁴ For example, in *In re Ehrreich*,⁵⁵ the court reversed an initial finding that a claim preamble was admitted prior art.⁵⁶ The court held that the form of the claim was designed “to avoid a double patenting rejection.”⁵⁷ As such, the court held that the applicant had not intended to admit the preamble as prior art.⁵⁸

***243 D. Admissions Relating to Obviousness Factors**

Applicants may also admit information relating to obviousness factors. In *In re Schreiber*, the court held that “Schreiber acknowledges in the specification that the prior art pertinent to his invention includes patents relating to dispensing fluids. Schreiber therefore may not now argue that such patents are non-analogous art.”⁵⁹ Thus an applicant may admit a reference or

a field of art is analogous art.

Applicants may also admit it would be obvious to modify prior art. In *Constant v. Advanced Micro-Devices*, the court held that it was obvious to modify the prior art in view of “Constant’s own statements submitted to the PTO during prosecution, to the effect that all of the substitutes ‘can be made without undue experimentation by the routineer.’”⁶⁰ An applicant may therefore admit a modification is within the ability of one of ordinary skill in the art.

E. Other Types of Admissions

There are a few other types of admissions that will not be addressed for the sake of brevity. For example, failure to copy claims, when requested by the Patent Office, during interference proceedings is an admission the competing claims have priority.⁶¹ Also, failing to traverse an examiner’s official notice⁶² is an admission that the subject matter of the notice is true.⁶³

II. When Does a Statement in a Background Section Become an Admission?

Applicants often dispute that they have made an admission when admitted prior art is applied against them. Applicants especially dispute admitted non-reference art from the applicants’ own background sections. Thus, defining the threshold between a mere statement and a binding admission is an important area in admitted prior art law.⁶⁴ Yet very few cases address the threshold issue on point. This section analyzes current case law to extrapolate the threshold between a mere statement and a binding admission in a background section.

The MPEP requires applicants to include a background section in every patent application.⁶⁵ Material from these background sections is frequently applied as admitted prior art. Examiners and applicants often present two competing *244 “theories” for analyzing if an admission exists in a background. Some examiners hold that everything in a background section is admitted prior art. In response, some applicants argue the specification must explicitly use the words “prior art” before a statement becomes an admission. Case law suggests, unsurprisingly, the answer lies in between these two extremes.

A. Admissions Do Not Require the Words ‘Prior Art’ to Appear

A background can contain an admission even if the words “prior art” never appear in the specification. Several cases support this conclusion. In *Corning Glass Works v. Brenner* the court held that a reference (the Kistler publication) was admitted prior art based on the applicants’ “admission of prior art in their application and subsequent briefs.”⁶⁶ The specification in the Corning case does not contain the words “prior art.”⁶⁷ Instead, the specification describes the results of Kistler in a section that begins: “[m]ore recently, a theory of glass strengthening by low temperature ion exchange has been proposed.”⁶⁸ This statement is presumably⁶⁹ the admission that Kistler was prior art.

LoPresti is another example of an admission that did not involve the words “prior art.” The LoPresti specification did not use the words “prior art” in connection with the Craggs & McCann patent.⁷⁰ Yet the court held that the specification contained an admission that Craggs & McCann was prior art.⁷¹ Thus, an admission may exist without the words “prior art” appearing in the specification.

One caveat to this conclusion is that in both *Corning* and *LoPresti* the applicant confirmed the initial admission with a later second admission. In *Corning*, the court held there was an admission in the “application and subsequent briefs.”⁷² It is unclear if the court would have held Kistler was prior art solely on the specification absent the confirmation in the brief. Likewise, in *LoPresti* the initial admission in the specification was confirmed by a second admission in an appeal brief.⁷³ So there is no definitive proof that the *Corning* and *LoPresti* specifications would have been binding admissions alone.

Also, both *Corning* and *LoPresti* dealt with admission of references. None of the non-reference admitted prior art cases involve an admission that completely *245 lacks the words “prior art.” Nevertheless, *Corning* and *LoPresti* present compelling evidence that admissions do not require the words “prior art” to appear.

The Board of Patent Appeals and Interferences (BPAI)⁷⁴ squarely addressed whether a non-reference admission requires the words “prior art” in the non-precedential opinion *Ex parte Ji-Young Lee*.⁷⁵ In *Ex parte Ji-Young Lee* the applicant labeled a figure as “Background Art.”⁷⁶ The Board stated this created confusion because “[a]lthough terms like ‘background art’ (or

‘related art’ or ‘conventional’ or some other term) suggest an admission that the subject matter is ‘prior art’ to the applicant, the admission is not clear.⁷⁷ The Board then held “where terms such as ‘background art,’ or ‘related art,’ or ‘conventional’ are used, which raise the question of whether subject matter is, in fact, ‘prior art,’ the USPTO should be permitted to presume that it is ‘prior art’ absent an express denial by the applicant.”⁷⁸ The holding of *Ji-Young Lee* has no precedential effect.⁷⁹ But *Ex parte Ji-Young Lee* suggests that the BPAI does not believe an admission requires the words “prior art.” It also suggests that a rejection during prosecution using an admission without the words “prior art” will be upheld on appeal.

B. Including References in the “Background” Is Likely an Admission

Having proven one theory false, we now address the other theory. Is everything in the background section admitted prior art? The answer may depend on the type of admitted prior art.

LoPresti strongly suggests every reference listed in a background section will be treated as admitted prior art.⁸⁰ The LoPresti specification reads:

By way of example, but not by way of limitation, types of rope sideframe conveyors in which the present invention may be advantageously employed are shown in Craggs and McCann Patent No. 2,773,257 issued December 4, 1956 Additional flexibility and impact absorption may be obtained by using limber troughing assemblies such as described in the above-mentioned Craggs and McCann Patent 2,773,257. . . . The prior art, as it was at the time of the present invention, is described in Madeira Patent 2,850,146⁸¹ The LoPresti specification explicitly identifies the Madeira patent as “prior art.”⁸² By contrast, the specification does not identify Craggs & McCann as “prior art.”⁸³ *246 To the contrary, it precedes the introduction of Craggs & McCann with the statement “[b]y way of example, but not by way of limitation.”⁸⁴ Yet the court still held that the specification admitted Craggs & McCann was prior art.⁸⁵ This suggests that merely mentioning a reference in the background section⁸⁶ is an admission that the reference is prior art.

C. Describing an Unnamed Reference May Also Be an Admission

In fact, the reference may not even need to be mentioned by name in the background to become admitted prior art. Merely describing an unnamed reference may cause the reference to become admitted prior art, in its entirety.⁸⁷

In *Corning* the court held that the Kistler publication was admitted prior art based on the applicant’s “admission of prior art in their application,”⁸⁸ but the specification in the *Corning* case does not refer to the Kistler publication by name or title.⁸⁹ Instead, the specification describes Kistler’s work in a portion of the background section that begins: “[m]ore recently, a theory of glass strengthening by low temperature ion exchange has been proposed.”⁹⁰ Yet the court held that the Kistler reference (in its entirety) was prior art.⁹¹ *Corning* therefore suggests that describing part or all of the content of a reference, in the specification background, with sufficient specificity to identify the source of the content may be an admission that the entire reference was known to the applicant and is admitted prior art against him.

D. The Entire Background Section Is Probably Not Admitted Prior Art

LoPresti and *Corning* suggest that references in the background may always be admitted prior art. But is the entire text of the background prior art too? No case has ever directly addressed this question. *Sjolund*, however, suggests that the entire background section is not admitted prior art per se.

In *Sjolund*, the court held the “five devices as prior art.”⁹² The *Sjolund* specification discussed all five in a section entitled “Description of the Prior Art.”⁹³ *247 The court could have held that the title alone caused the entire section to be an admission. After all, the title explicitly admitted it was describing “prior art,”⁹⁴ yet the court chose to conduct a more thorough analysis. The court confirmed the prior art nature of the features by analyzing the entire text of the specification along with the testimony of the inventor.⁹⁵ By declining to hold the entire background as an admission based solely on the section title, *Sjolund* suggests that the entire background section is not automatically admitted prior art.⁹⁶

Further evidence that the entire background should not be treated as a per se admission can be found in the standard used to determine the scope of contested admissions. The scope of an admission addresses what was admitted rather than whether there was an admission.⁹⁷ In *Aktiebolaget*, the court held, “we cannot take an arguably ambiguous statement and construe it in

the manner most detrimental to [the applicant], regardless of its explanations and attempted clarifications. Rather, it is necessary to consider everything that has been said about what is prior art.⁹⁸ The logic of Aktiebolaget should also apply to whether there is an admission. It seems equally unjust to declare an applicant's entire background section is prior art without examining the text itself or allowing the applicant to clarify the intent of the alleged admissions.

E. The Background Section May Be Implied Prior Art

A background section, however, may be implied admitted prior art. Jepson claim preambles are treated as implied admissions.⁹⁹ The prior art status of a Jepson claim is confirmed by consulting the specification to see if the applicants intended the claim preamble to be an admission.¹⁰⁰ The process used to analyze the background of the Sjolund patent somewhat mirrors this "Jepson test."¹⁰¹ Also, backgrounds and Jepson claims are both non-reference admissions. It follows that a similar test would be used for both to determine if an admission has been made.

*248 Ex parte Ji-Young Lee suggests a similar standard. In that case, the BPAI held that terms like background art, related art, or conventional create a presumptive admission.¹⁰² Ex parte Ji-Young Lee also suggests that the USPTO be empowered to require an applicant to admit or deny whether such statements are admissions.¹⁰³ Finally, it suggests that such a denial would need to be supported by affidavit evidence.¹⁰⁴

In conclusion, the author believes each statement in the background section should be treated as an implied admission. But the admission should not be treated as binding until the statement is analyzed in the context of the entire specification. The author also endorses the Ex parte Ji-Young Lee approach that certain words and phrases cause statements to become presumptive admissions. These words might include: conventional, known, related, previous, and past.¹⁰⁵

III. Can Admitted Prior Art Be Disqualified Under 35 U.S.C. § 103(c)?

Prior to the AIA, section 103 of 35 U.S.C. allowed applicants to disqualify prior art if the prior art meets three criteria: (1) the prior art is applied in an obviousness rejection,¹⁰⁶ (2) the prior art is commonly assigned,¹⁰⁷ and (3) the prior art "qualifies as prior art only under one or more of subsections (e), (f), and (g) of section 102."¹⁰⁸ But can admitted prior art be disqualified under 35 U.S.C. § 103(c)?

A. MPEP § 706.02(I)(2) and Ex Parte Ji-Young Lee Both State: 35 U.S.C. § 103(c) Applies to Admissions

Two non-precedential sources state that admitted prior art can be disqualified under 35 U.S.C. § 103(c). MPEP § 706.02(I)(2) instructs examiners to disqualify admitted prior art under 35 U.S.C. § 103(c), and Ex Parte Ji-Young Lee also suggests admissions can be disqualified.

MPEP § 706.02(I)(2) states:

Under 35 U.S.C. § 103(c), an applicant's admission that subject matter was developed prior to applicant's invention would not make the subject matter prior art to applicant if the subject matter qualifies as prior art only under sections 35 U.S.C. 102(e), (f), or (g), and if the subject matter and the claimed invention were commonly owned at the time the invention was made.¹⁰⁹

*249 Since the MPEP has no precedential force before a court, this rule is currently only binding on patent examiners, as examiners are expected to abide by the MPEP. Nonetheless, MPEP § 706.02(I)(2) suggests admitted prior art can be disqualified using 35 U.S.C. § 103(c) and instructs examiners to do so.

Ex Parte Ji-Young Lee indicates the BPAI also believes that admitted prior art can be disqualified under 35 U.S.C. § 103(c). In that case, the BPAI analyzed whether a figure bearing the label "Background Art" was admitted prior art,¹¹⁰ stating: "Of course, § 103(c) permits applicants to disqualify subject matter which qualifies as prior art only under one of more of §§ 102(e), (f), and (g) . . . but presumably applicants would disclose that the subject matter is not prior art by virtue of this exception."¹¹¹ The BPAI also stated that non-reference admitted prior art (such as the figure in question) qualifies as prior art under 35 U.S.C. § 102(f).¹¹² The BPAI was ready to disqualify the 102(f) admitted prior art, had the applicant asserted it was commonly assigned.¹¹³ Thus, Ex Parte Ji-Young Lee suggests that the BPAI also believes that admitted prior art can be

disqualified under 35 U.S.C. § 103(c).

B. Riverwood Contradicts MPEP § 706.02(I)(2) and Ex Parte Ji-Young Lee

MPEP § 706.02(I)(2) and Ex Parte Ji-Young Lee, however, may contradict case law. The Federal Circuit's opinion in Riverwood suggests that admitted prior art will never meet the limitation that the subject matter qualifies as prior art only under 35 U.S.C. §§ 102(e)-(g).¹¹⁴ This means that 35 U.S.C. § 103(c) will never apply to admitted prior art.

In Riverwood, the court held that “section 102 is not the only source of section 103 prior art,” and “[v]alid prior art may be created by the admissions of the parties.”¹¹⁵ So Riverwood teaches that an admission creates a separate source of prior art outside of 35 U.S.C. § 102. This would suggest all admitted prior art qualifies as prior art under the admitted prior art doctrine, independent of any source under 35 U.S.C. § 102. As such, admitted prior art does not only qualify as *250 prior art under subsections 35 U.S.C. §§ 102(e)-(g), rather, every piece of admitted prior art also qualifies as prior art by virtue of the admission itself.

The case of Hellsund further supports this conclusion.¹¹⁶ In Hellsund, the specification referred to a copending application, “Opel,” having a common filing date.¹¹⁷ Opel was also commonly assigned.¹¹⁸ The specification admitted that the applicants knew of Opel's work prior to their filing date.¹¹⁹ In fact, the claims related to an improvement on Opel's work.¹²⁰

Because Opel shared a filing date with the application, the examiner and the BPAI tried to assert that Opel's admission made the work prior art under 35 U.S.C. §§ 102 (a), (f), or (g).¹²¹ But the majority decision written by Judge Almond explicitly stated this analysis was not needed because the admission alone rendered Opel admitted prior art.¹²² Judge Almond held that once an admission is made, the admitted prior art does not need to be categorized under any specific subsection of 35 U.S.C. § 102.¹²³

Judge Rich wrote a concurring opinion disagreeing with this approach.¹²⁴ He insisted that past cases had all involved admitted prior art that had a basis in the statute of 35 U.S.C. § 102.¹²⁵ Judge Rich stated that Hellsund would be the first case that would detach admitted prior art from the statutory text of section 102.¹²⁶ He strongly believed that all admitted prior art must have some statutory support.¹²⁷

But case law past Hellsund declined to follow Judge Rich's view. Instead, Riverwood explicitly held that “section 102 is not the only source of 103 prior art. Valid prior art may be created by the admissions of the parties.”¹²⁸ Thus, case law appears to state that admitted prior art qualifies as prior art by virtue of the admission, not by virtue of any subsection of 35 U.S.C. § 102.¹²⁹ Consequently, *251 since admitted prior art never only qualifies under 35 U.S.C. §§ 102(e)-(g), it cannot be disqualified under 35 U.S.C. § 103(c).

The MPEP also says a party moving to disqualify a reference has the burden of showing 35 U.S.C. § 103(c) applies.¹³⁰ Thus, an applicant bears the burden of proving that the admitted prior art only applies under 35 U.S.C. §§ 102(e)-(g). This burden seems difficult to meet given the holding in Riverwood. It also puts examiners in a difficult position, as the MPEP instructs them to disqualify admitted prior art when the art is commonly assigned and only applies under 35 U.S.C. §§ 102(e)-(g). Yet current case law teaches such admitted prior art cannot exist. Is the MPEP contradicting case law, or is there a way to reconcile the MPEP and Riverwood.

C. Reconciling the MPEP & Ex Parte Ji-Young Lee with Riverwood

MPEP § 706.02(I)(2) and Ex Parte Ji-Young Lee can be reconciled with Riverwood by drawing a distinction between creating prior art and qualifying as prior art. Riverwood teaches that an admission “create[s]” prior art.¹³¹ By contrast, 35 U.S.C. § 103(c) refers to “qualif[y]ing] as prior art.”¹³² These two words may have distinct meanings that allow admitted prior art to be disqualified under 35 U.S.C. § 103(c), even in view of Riverwood.

Art qualifies (or does not qualify) under a subsection of 35 U.S.C. § 102 based on whether the art meets the statutory language of the subsection.¹³³ In other words, qualification refers to meeting statutory language. Most of the time, meeting the statutory language causes the art to become prior art.¹³⁴ So the act of qualifying under the subsection also creates the prior art. This can easily lead to the belief that qualifying under a subsection of 35 U.S.C. § 102 is equivalent with the act of creating

prior art.

An admission of prior art, however, separates the creation of the prior art from the qualification step.¹³⁵ An admission removes the need for the art to qualify under a subsection of 35 U.S.C. § 102 because the admission is the source of the admitted prior art.¹³⁶ Yet this does not mean that the admitted prior art cannot still *252 be tested against the statutory language of 35 U.S.C. § 102. It merely means that we do not bother. 35 U.S.C. § 103(c) requires us to bother again.

Section 103(c) of 35 U.S.C. says that a reference may only qualify as prior art under 35 U.S.C. §§ 102(e)-(g).¹³⁷ By defining the word “qualify” as only testing if the admitted prior art meets the language of each subsection of 35 U.S.C. § 102 (in turn), 35 U.S.C. § 103(c) can be reconciled with Riverwood. The reconciliation requires a two-step process. First, decide if the applicant has admitted any prior art. If an admission exists, it creates the admitted prior art. Second, analyze what subsections of 35 U.S.C. § 102 this admitted prior art qualifies under. Admitted references may qualify under 35 U.S.C. §§ 102(a), (b), and/or (e). Non-reference admitted prior art might qualify under 35 U.S.C. § 102(a), if publicly known, or 35 U.S.C. § 102(f),¹³⁸ if private. This second step would then be used to determine if the admitted prior art can be disqualified under 35 U.S.C. § 103(c).

The author believes that if future courts want to allow 35 U.S.C. § 103(c) to disqualify admitted prior art, they will likely use this distinction to avoid conflict with Riverwood. That said, future courts may also hold that Riverwood prevents using 35 U.S.C. § 103(c) on admitted prior art. For now, the issue remains unresolved.

D. Effects of the America Invents Act on Disqualifying Commonly Assigned Non-Reference Admitted Prior Art

The America Invents Act removes 35 U.S.C. § 103(c) in its entirety.¹³⁹ But the AIA amends 35 U.S.C. § 102 to include a somewhat equivalent sub-section.¹⁴⁰ As amended, 35 U.S.C. § 102(b)(2)(C) states that a U.S. patent or patent application may be disqualified as prior art if “the subject matter disclosed . . . [was] subject to an obligation of assignment to the same person.”¹⁴¹ Section 102(b)(2)(C) does not contain the caveat that the prior art must only apply under 35 U.S.C. §§ 102(e)-(g). Instead, amended 35 U.S.C. 102 states that the disclosure (i.e. prior art) being disqualified must appear “in a patent issued under section 151, or in an application for patent published . . . under section 122(b) . . . [which] names another inventor.”¹⁴² In other words, 35 U.S.C. § 102(b)(2)(C) allows an applicant to disqualify commonly assigned patent references that were filed before (but published after) the applicant’s filing date. Yet 35 U.S.C. § 102(b)(2)(C) would not appear to apply to non-reference admitted prior art because an admission made in an applicant’s own specification does not meet the qualification that the disclosure appear in a patent naming a different inventor, as required by amended 35 U.S.C. 102. Thus, amended 35 U.S.C. 102 also appears to contradict *253 MPEP § 706.02(I)(2). As such, it is still unclear if commonly assigned admitted prior art can be disqualified.

The America Invents Act also amends 35 U.S.C. § 118 to allow assignees to directly file patent applications.¹⁴³ In other words, corporations will become “applicants.”¹⁴⁴ Thus, the AIA suggests a move towards slowly granting corporations some of the rights traditionally reserved for the human inventor. It could be argued that just as a single inventor is naturally aware of his own past work and should not be penalized for admitting its existence,¹⁴⁵ so too a corporation’s research team is naturally aware of its own body of work and should not be penalized for admitting its existence either. But this argument is speculative at best. Furthermore, amended 35 U.S.C. 102(b) explicitly grants exemptions to disclosures derived from the inventors, not to disclosures from the applicant or assignee.¹⁴⁶ Thus, amended 35 U.S.C. 102 continues to explicitly distinguish between the rights of the actual inventor versus a corporation’s research team.

E. The 2004 CREATE Act Suggests Congress Intended 35 U.S.C. § 103(c) to Apply to Admitted Prior Art

As a final note, the 2004 CREATE Act hints that Congress intended for 35 U.S.C. § 103(c) to apply to admitted prior art.¹⁴⁷ Congress first enacted what used to be 35 U.S.C. § 103(c) in 1984.¹⁴⁸ The original text stated that the section would apply if the claimed invention was “owned by the same person or subject to an obligation of assignment to the same person.”¹⁴⁹

In 2004 Congress expanded 35 U.S.C. § 103(c) to include joint research agreements.¹⁵⁰ This amendment was in response to OddzOn.¹⁵¹ OddzOn held that transfers of confidential information between the researchers in a joint research venture (subject to common assignment) could render the invention obvious.¹⁵² *254 Congress responded by broadening the scope of 35 U.S.C. § 103(c) to counteract OddzOn.¹⁵³ Congress showed a fairly clear intent that they wished all communication between

researchers under obligation of common assignment to be subject to 35 U.S.C. § 103(c). Thus, it would logically follow that Congress intended 35 U.S.C. § 103(c) to also apply to commonly assigned admitted prior art. The CREATE Act did not directly address admitted prior art, however, so Congress's intent in this matter is only speculative.

IV. Conclusion

In summary, admitted prior art is created when an applicant admits prior knowledge of subject matter, in either the specification or during prosecution. The admission creates binding admitted prior art that cannot be antedated. But the admission can be disqualified when the alleged prior art is the applicant's own work. Two important topics relating to admitted prior art remain unaddressed in case law.

The first unclear topic is the threshold between a mere statement and a binding admission in the background section of a specification. Case law suggests that statements in the background section are not admitted prior art per se; however, certain words and phrases may create a presumption that a statement is admitted prior art. Also, case law rebuts the suggestion that an admission requires the words 'prior art' to appear verbatim.

The second unclear topic is whether admitted prior art can be disqualified under 35 U.S.C. § 103(c). Riverwood appears to teach that admitted prior art never only qualifies under 35 U.S.C. §§ 102(e)-(g), as required by 35 U.S.C. § 103(c), because the admission itself is a second source of the prior art. But the courts may distinguish Riverwood by arguing that creating prior art through an admission is distinct from the prior art's qualifications under the subsections of 35 U.S.C. § 102. For now, the Patent Office is instructing examiners to disqualify admitted prior art under 35 U.S.C. § 103(c).

Footnotes

^{a1} Mr. Wilensky is a Patent Examiner and former associate at the law firm of Oliff & Berridge, PLC. The author would like to thank Jessica Cahill, Chris Crutchfield, Yankee Wilensky, and Chellie Goldwater for their comments and suggestions. The views in this Article are those of the author and do not necessarily reflect the views of the United States Patent & Trademark Office.

¹ U.S. Patent & Trademark Office, Manual of Patent Examining Procedure § 2129 (8th ed., rev. 9 2012) [hereinafter MPEP].

² *In re Hellsund*, 474 F.2d 1307, 1310-11 (C.C.P.A. 1973).

³ All citations to Section 35 of the United States Code refer to the code as it existed prior to amendment by the 2011 America Invents Act unless otherwise stated.

⁴ A reference may refer to an issued patent, a published patent application, or a non-patent publication.

⁵ *PharmaStem Therapeutics, Inc. v. ViaCell, Inc.*, 491 F.3d 1342, 1362 (Fed. Cir. 2007); *In re Schreiber*, 128 F.3d 1473, 1479 (Fed. Cir. 1997).

⁶ Prior to the America Invents Act (AIA) of 2011, the U.S. Patent and Trademark Office used a first-to-invent patent system. Applicants could overcome certain prior art rejections by submitting a sworn affidavit that the applicant invented the claimed subject matter prior to the filing date of the applied prior art. This practice is called swearing behind a reference. See Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, §3(o), 125 Stat. 284, 293 (2011) [hereinafter AIA] (stating that Congress is converting from a "first to invent" to a "first inventor to file" system).

⁷ *In re LoPresti*, 333 F.2d 932, 934 (C.C.P.A. 1964); 37 C.F.R. §1.131 (2012).

⁸ *Riverwood Int'l Corp. v. R.A. Jones & Co.*, 324 F.3d 1346, 1355 (Fed. Cir. 2003) (stating a reference "to the applicant's own prior

work was not prior art”).

9 In re Nomiya, 509 F.2d 566, 571 (C.C.P.A. 1975).

10 See AIA, supra note 6, §3(n) (stating “the amendments made by this section shall take effect upon the expiration of the 18-month period beginning on [Sept. 16, 2011,] the date of enactment of this Act”).

11 U.S. Patent No. 2,773,257 (filed July 11, 1955).

12 LoPresti is both the name of the case and the applicant in LoPresti.

13 In re LoPresti, 333 F.2d 932, 934 (C.C.P.A. 1964).

14 Id.

15 Id.

16 Id. The precise nature of what LoPresti’s specification said and why it was an admission is discussed separately in Part II, infra.

17 Id.

18 Id.

19 LoPresti, 333 F.2d at 934.

20 Riverwood Int’l Corp. v. R.A. Jones & Co., 324 F.3d 1346, 1355 (Fed. Cir. 2003) (stating patentees should not be punished for being inclusive in an IDS).

21 Id. (“One’s own work may not be considered prior art in the absence of a statutory basis, and a patentee should not be ‘punished’ for being as inclusive as possible and referencing own work in an IDS.”).

22 Id. (quoting Reading & Bates Constr. Co. v. Baker Energy Res. Corp., 748 F.2d 645, 650 (Fed Cir. 1984)).

23 Id. (quoting Reading & Bates, 748 F.2d at 650).

24 See In re Nomiya, 509 F.2d 566, 570-71 (C.C.P.A. 1975) (“We see no reason why appellants’ representations in their application should not be accepted at face value as admissions that...may be considered ‘prior art’ for any purpose....”).

25 AIA, supra note 6, §3(n).

26 Id. §3(b). Patents filed before March 2013 will be examined under current rules. Current pendency on patent applications is over 24 months before a first action on the merits. Thus, the effects of the America Invents Act on admitted prior art law will not be felt until early 2015.

27 Id. Amended 35 U.S.C. § 102 does include a grace period. See *id.* (amending 35 U.S.C. § 102(b) (2006)). However, this grace period is inconsequential to this discussion because it only applies to the inventor’s own work, which is already exempted from use as admitted prior art.

28 *PharmaStem Therapeutics, Inc. v. ViaCell, Inc.*, 491 F.3d 1342, 1362 (Fed. Cir. 2007).

29 *Id.*

30 *Id.*

31 *Id.* at 1361-62.

32 *Id.* at 1362.

33 *Id.* at 1362-63.

34 *PharmaStem*, 491 F.3d at 1362.

35 See *id.* at 1362-63 (stating that it was reasonable for the inventors and authors of the patent to make an inference “even though the prior art studies did not offer conclusive proof”).

36 *Id.* at 1362.

37 *Id.* at 1363.

38 *In re Nomiya*, 509 F.2d 566, 567 (C.C.P.A. 1975).

39 *Sjolund v. Musland*, 847 F.2d 1573, 1576-77 (Fed. Cir. 1988).

40 *Id.* at 1577. A Jepson claim describes prior art in its preamble while describing an applicant’s improvement to this prior art in the claim body. Jepson claims are used to efficiently claim improvements by focusing the claim language on only the improved feature(s).

41 AIA, *supra* note 6. The AIA does not address non-reference admitted prior art and none of its provisions would appear to affect non-reference admitted prior art. Thus, all current precedent should remain good law.

42 MPEP, *supra* note 1, §2129.

43 See *Sjolund*, 847 F.2d at 1576-77 (finding that the description of a “conventional crap trap,” as described in the background section of U.S. Patent No. 4,221,071 (filed Jan. 29, 1979), was admitted prior art).

44 *In re Nomiya*, 509 F.2d 566, 569-71 (C.C.P.A. 1975).

45 Id. at 567.

46 Id. at 570-71.

47 Id.

48 Id. at 571.

49 Id.

50 Nomiya, 509 F.2d at 570.

51 Id.

52 Sjolund v. Musland, 847 F.2d 1573, 1577 (Fed. Cir. 1988) (“[T]he preamble of a Jepson claim is impliedly admitted to be prior art.”).

53 In re Ehrreich, 590 F.2d 902, 909-10 (C.C.P.A. 1979).

54 In re Fout, 675 F.2d 297, 300 (C.C.P.A. 1982).

55 590 F.2d at 909-10.

56 Id.

57 Id. at 910.

58 Id.

59 128 F.3d 1473, 1479 (Fed. Cir. 1997). To avoid potential confusion, an admission that a reference is prior art (such as discussed in Part I, supra) is not an admission that the reference is analogous art.

60 Constant v. Advanced Micro-Devices, Inc., 848 F.2d 1560, 1569 (Fed. Cir. 1988).

61 In re Ogiue, 517 F.2d 1382, 1391 (C.C.P.A. 1975). The America Invents Act will remove interference proceedings in March 2013, thus rendering this scenario obsolete.

62 MPEP, supra note 1, §2144.03.

63 Id.

64 See, e.g., *In re LoPresti*, 333 F.2d 932, 934 (C.C.P.A. 1964) (endeavoring to define such a threshold).

65 MPEP, *supra* note 1, §§601 & 608.01(c).

66 470 F.2d 410, 419 (D.C. Cir. 1972).

67 U.S. Patent No. 3,790,430 cols.1-3 (filed Aug. 21, 1968).

68 *Id.* at col.2 ll.58-59.

69 See generally *Corning*, 470 F.2d 410 (The court in *Corning* never identified the text of the specification that constituted the admission. Also, as will be discussed *infra*, the link between the specification and *Kistler* is tenuous).

70 U.S. Patent No. 3,225,899 col.1 ll.28-32 & 37-40 (issued Dec. 28, 1965).

71 *In re LoPresti*, 333 F.2d 932, 934 (C.C.P.A. 1964).

72 *Corning*, 470 F.2d at 419.

73 *LoPresti*, 333 F.2d at 934.

74 The America Invents Act of 2011 changed the name of the BPAI to the Patent Trial and Appeal Board (PTAB). AIA, *supra* note 6, §3(i). But the old name will be used throughout the Article for consistency.

75 *Ex parte Ji-Young Lee*, No. 2006-2328, 2006 WL 4075454, at *20 (B.P.A.I. Feb. 23, 2007).

76 *Id.* at *5.

77 *Id.* at *20.

78 *Id.*

79 *Id.* at *1.

80 *In re LoPresti*, 333 F.2d 932, 934 (C.C.P.A. 1964).

81 U.S. Patent No. 3,225,899 col.1 (filed July 13, 1955).

82 *Id.* at col.1 ll.51-52.

83 Id. at col.1 ll.28-32 & 37-40.

84 Id. at col.1 ll.28-29.

85 LoPresti, 333 F.2d at 934.

86 LoPresti's patent ('899 Patent) does not actually contain a formal "Background" section. But the text of the specification indicates the intent of the relevant section of the specification. Modern patent applications are required to have a formal background section.

87 Corning Glass Works v. Brenner, 470 F.2d 410, 419 (D.C. Cir. 1972).

88 Id.

89 U.S. Patent No. 3,790,430 (filed Aug. 1, 1968).

90 Id. at col.2, ll.59-60.

91 Corning, 470 F.2d at 419.

92 Sjolund v. Musland, 847 F.2d 1573, 1579 (Fed. Cir. 1988).

93 U.S. Patent No. 4,221,071 cols.1-3 (filed Jan. 29, 1979).

94 Id.

95 Sjolund, 847 F.2d at 1576-79.

96 See id. at 1579 (stating that the fifth device "was of a different nature" than the first four devices that were described in the patent specification).

97 Aktiebolaget Karlstads Mekaniska Werkstad v. U.S. Int'l Trade Comm'n, 705 F.2d 1565, 1574 (Fed. Cir. 1983) ("[T]he parties agree that there has been an admission, but disagree over what has been admitted.").

98 See id. (discussing statements made to the Patent Office during prosecution, not the text of the specification and citing *In re Nomiya*, 509 F.2d 566, 571 (C.C.P.A. 1975), which applied the same standard to the scope of an admission in a figure, and so Aktiebolaget applies to non-reference admitted prior art).

99 Sjolund, 847 F.2d at 1577.

100 Id.

101 Id. It should be noted that Sjolund involved both admitted prior art in the specification background and in a Jepson claim. The

court used the specification to confirm the Jepson preamble recited prior art. But the court independently held portions of the background were admissions as well.

102 Ex parte Ji-Young Lee, No. 2006-2328, 2006 WL 4075454, at *20 (B.P.A.I. Feb. 23, 2007).

103 Id.

104 Id. at *21.

105 Id. at *20.

106 35 U.S.C. §103(a) (2011), amended by AIA, supra note 6, § 3(c).

107 Id. §103(b).

108 Id. §103(c)(1).

109 MPEP, supra note 1, §706.02(1)(2)(i) (citing In re Fout, 675 F.2d 297 (C.C.P.A. 1982), as “a decision involving an applicant’s admission which was used as prior art against their application. If the subject matter and invention were not commonly owned, an admission that the subject matter is prior art would be usable under 35 U.S.C. 103”).

110 Ji-Young Lee, 2006 WL 4075454, at *19-21.

111 Id. at *19.

112 Id. (citing OddzOn Prods., Inc. v. Just Toys, Inc., 122 F.3d 1396, 1403-04 (Fed. Cir. 1997)).

113 Id.

114 See Riverwood Int’l Corp. v. R.A. Jones & Co., 324 F.3d 1346, 1354 (Fed. Cir. 2003) (“Valid prior art may be created by the admissions of the parties.” (citing In re Fout, 675 F.2d at 300)).

115 Id.

116 See In re Hellsund, 474 F.2d 1307, 1311 (C.C.P.A. 1973) (suggesting prior art can be created solely by admission).

117 Id. at 1310.

118 Id. (Hellsund predates the creation of 35 U.S.C. §103(c). Thus, no mechanism existed to disqualify Opel under 35 U.S.C. §103(c).).

119 Id.

120 Id.at 1310-11.

121 Id. at 1311.

122 Hellsund, 474 F.2d at 1311.

123 Id. at 1311-12.

124 Id. at 1312 (explaining that Judge Rich’s opinion was concurring because he believed Opel was prior art under 35 U.S.C. §102(g)).

125 Id. at 1316.

126 Id.

127 Id.

128 Riverwood Int’l Corp. v. R.A. Jones & Co., 324 F.3d 1346, 1354 (Fed. Cir. 2003) (citing In re Fout, 675 F.2d 297, 300 (C.C.P.A. 1982)).

129 Id.

130 MPEP, supra note 1, §706.02 (I)(2) (“Establishing Common Ownership or Joint Research Agreement”).

131 Riverwood, 324 F.3d at 1354.

132 35 U.S.C. §103(c)(1) (2011), amended by AIA, supra note 6, § 3(c).

133 In re Hilmer, 359 F.2d 859, 879 (C.C.P.A. 1966); MPEP, supra note 1, §706.02 (“Rejection on Prior Art”).

134 MPEP, supra note 1, §706.02. See also In re Hilmer, 359 F.2d at 879 (clarifying that “rejections are based on statutory provisions, not on references, and that the references merely supply the evidence of lack of novelty, obviousness, loss or right or whatever may be the ground of rejection”).

135 Riverwood, 324 F.3d at 1354.

136 Id.

137 35 U.S.C. §103(e).

138 OddzOn Prods., Inc. v. Just Toys, Inc., 122 F.3d 1396, 1402-04 (Fed. Cir. 1997).

139 AIA, *supra* note 6, §3(c).

140 *Id.* § 3(b).

141 *Id.*

142 *Id.*

143 *Id.* §4(b).

144 *Id.*

145 See *Riverwood Int'l Corp. v. R.A. Jones & Co.*, 324 F.3d 1346, 1354 (Fed. Cir. 2003) (“[A] reference can become prior art by admission, [[however] that doctrine is inapplicable when the subject matter at issue is the inventor’s own work.”).

146 AIA, *supra* note 6, §3(b).

147 Cooperative Research and Technology Enhancement (CREATE) Act of 2004, Pub. L. No. 108-453, 118 Stat. 3596 (codified as amended in scattered sections of 35 U.S.C.).

148 Patent Law Amendments Act of 1984, Pub. L. No. 98-622, 98 Stat. 3383 (amending 35 U.S.C. §103 “by adding at the end” what used to be 35 U.S.C. §103(c)(1)).

149 *Id.*; 35 U.S.C. §103(c)(1) (2011), amended by AIA, *supra* note 6, § 3(c).

150 CREATE Act § 2; 35 U.S.C. §103(c)(2).

151 Jed Hayward Hansen, *What Does CREATE Create? An Examination of the Cooperative Research and Technology Enhancement Act and Its Impact on the Obviousness Requirement in Patent Law*, 2005 Utah L. Rev. 939, 958-60 (2005) (discussing and documenting Congress’ motives behind the CREATE act’s amendment to 35 U.S.C. §103(c)).

152 *OddzOn Prods., Inc. v. Just Toys, Inc.*, 122 F.3d 1396, 1403-04 (Fed. Cir. 1997).

153 Hansen, *supra* note 151, at 939.