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THE PATENT SYSTEMS HARMONIZATION ACT OF 1992: CONFORMITY AT WHAT PRICE?

I. INTRODUCTION

Presently, there is a possibility that Congress may approve a drastic reformation of the long-standing process by which one applies for a United States patent. Congress' stated purpose is to change the United States patent system to conform with patent systems of foreign countries.¹ This bill would transform the current United States "First-to-Invent" system into the more universal "First-to-File" system.² This proposal has spurred much debate among legal scholars³ and practicing patent attorneys.⁴ This Note provides an overview of the current United States "First-to-Invent" system, including its inadequacies; details the changes proposed to Congress; evaluates the arguments posed by opponents and proponents of

1. Introduced into Congress in 1992, the bill was "to amend [United States patent code] to harmonize the United States patent system with foreign patent systems." H.R. 4978, 102d Cong., 2d Sess. (1992); S. 2605, 102d Cong., 2d Sess. (1992).

2. H.R. 4978, 102d Cong., 2d Sess. § 3 (1992) ("First to File Provisions"); S. 2605, 102d Cong., 2d Sess. § 3 (1992) ("First to File Provisions").

3. See generally Kate H. Murashige, *The Hilmer Doctrine, Self-Collision, Novelty and the Definition of Prior Art*, 26 J. MARSHALL L. REV. 549 (1993); Vito J. DeBari, *International Harmonization of Patent Law: A Proposed Solution to the United States' First-to-File Debate*, 16 FORDHAM INT'L L.J. 687 (1993); Bernarr R. Pravel, *Why the United States Should Adopt the First-to-File System for Patents*, 22 ST. MARY'S L.J. 797 (1991).

4. See generally Teresa Riordan, *Patents: The Patent Office Takes a Stand on International Patent Policy, but It's Confusing to Many*, N.Y. TIMES, Feb. 7, 1994, at D2; *Patent Harmonization Proposal Stirs Lively Debate at PTO Hearing*, 46 Pat. Trademark & Copyright J. (BNA) No. 1150, at 508 (Oct. 14, 1993); *Patent Law Harmonization Hearings Scheduled, Comments Sought*, 46 Pat. Trademark & Copyright J. (BNA) No. 1144, at 370 (Aug. 26, 1993); *Patent Advisory Commission Urges Fundamental Patent Law Reforms*, 46 Pat. Trademark & Copyright J. (BNA) No. 1097, at 490 (Sept. 17, 1992); *Patent System Harmonization Legislation is Debated in Joint Senate-House Hearing*, 46 Pat. Trademark & Copyright J. (BNA) No. 1080, at 3 (May 7, 1992); *'First to File' is Debated at ABA's San Francisco Meeting*, 34 Pat. Trademark & Copyright J. (BNA) No. 843, at 403 (Aug. 20, 1987).

the proposed bill; and attempts to emphasize to the reader that the current "First-to-Invent" system is inherently more fair to inventors.

For over one-hundred-fifty years, an applicant for a United States Patent who demonstrates that he or she is the first in time to conceive of an invention has priority over all competing applicants.⁵ This method of establishing priority is commonly known as the "First-to-Invent" system. Presently, the United States and the Philippines are the only two countries that utilize a First-to-Invent system.⁶ Canada abandoned its First-to-Invent system effective October 1, 1989 in favor of the more universal "First-to-File" system.⁷ Canada enacted a First-to-File system in order to join the Patent Cooperation Treaty,⁸ a treaty with sixty member nations.⁹ The benefits of this treaty are beyond the scope of this Note.¹⁰

Simply stated, the First-to-File system grants priority to the applicant who, first in time, files a patent application with the patent granting office. The United States may soon follow in Canada's footsteps if bills currently pending in the Senate¹¹ and the House of Representatives¹² are approved.

5. See 1 DONALD S. CHISUM, PATENTS OV-8 to OV-9 (1995) (citing Patent Act of 1836, ch. 357, § 15, 117).

6. *Canadian Patent Law Changes, Including First-to-File System, Took Effect Oct. 1*, 38 Pat. Trademark & Copyright J. (BNA) No. 950, at 613 (Oct. 5, 1989).

7. *Id.*

8. *Id.* Patent Cooperation Treaty, June 19, 1970, 28 U.S.T. 7645, T.I.A.S. 8733. The benefits and burdens of this treaty are beyond the scope of this Note.

9. The Patent Cooperation added Uzbekistan as its sixtieth member on August 18, 1993. *Intellectual Property Treaty Update*, 11 J. PROPRIETARY RTS. 35 (1993). Member countries include, among others, Australia, Austria, Belgium, Brazil, Denmark, Finland, France, Germany, Japan, Korea, Norway, Sweden, Switzerland and the United Kingdom. Jacqueline A. Daunt, *Avoiding Legal Pitfalls in High Technology International Distribution*, C364 A.L.I.-A.B.A. COURSE OF STUDY 637, 666 (1988).

10. Significant benefits of the Patent Cooperation Treaty include the ability to file one universal application for patent protection in any or all member countries and streamlined international searching and examination procedures. Murashige, *supra* note 3, at 550.

11. This bill was introduced to the Senate on April 9, 1992 by Sen. Dennis DeConcini. S. 2605, 102d Cong., 2d Sess. (1992). The short title of this bill is the "Patent System Harmonization Act of 1992." *Id.* § 1(a). This bill has not yet been enacted and it has yet to be put to the Senate for a vote.

12. This bill was introduced to the House of Representatives by Rep. William J. Hughes on April 9, 1992. H.R. 4978, 102d Cong., 2d Sess. (1992), *supra* note 1. The short title of this bill is the "Patent System Harmonization Act of 1992." *Id.* § 1(a). This bill has not yet been enacted and it has yet to be put to the House of Representatives for a vote. 138 CONG. REC. D497 (1992).

II. HISTORY OF UNITED STATES INTELLECTUAL PROPERTY LAW

Modern United States intellectual property law has its origins in the Constitution of the United States.¹³ The Constitution granted Congress the power to promulgate laws protecting the rights of inventors and authors.¹⁴ Pursuant to its constitutional power, Congress enacted the first statutes relating to patents¹⁵ and copyrights¹⁶ in 1790. Congress made major revisions to the Patent Act in 1793, 1836 and 1952.¹⁷ Also, Congress has made major revisions to the Copyright Act in 1831, 1870, 1909 and 1976.¹⁸ The Patent Act of 1836 gave rise to our current First-to-Invent system of granting priority to patent applicants.¹⁹

Three types of patents are available in the United States: utility patents,²⁰ plant patents²¹ and design patents.²² Utility patents protect processes, machines, manufacturing, and compositions of matter;²³ plant patents protect man-made plant-life;²⁴ and design patents protect new, original and ornamental designs for articles of manufacture.²⁵ Regardless of the type of patent sought, the invention, discovery or improvement thereof must be new,²⁶ useful,²⁷ novel²⁸ and nonobvious.²⁹ The term of a

13. U.S. CONST. art. I, § 8, cl. 8.

14. The Constitution provides specifically for Congress to establish a system of patents and copyrights. In relevant part, the Constitution provides that "Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to Their respective Writings and Discoveries." The Constitution is silent, however, regarding protection of trademarks. *Id.*

15. CHISUM, *supra* note 5, at OV-3, n. 2 (citing Act of Apr. 10, 1790, ch. 7, 1 Stat. 109).

16. *See* 1 MELVILLE B. NIMMER ET AL., NIMMER ON COPYRIGHT OV-1 (1995) (citing Act of May 31, 1790, ch. 15, 1 Stat. 124).

17. ARTHUR R. MILLER & MICHAEL H. DAVIS, INTELLECTUAL PROPERTY-PATENTS, TRADEMARKS AND COPYRIGHTS 8 (2d ed. 1990).

18. *Id.* at 283.

19. CHISUM, *supra* note 5, at OV-2 to OV-3 (citing Patent Act of 1836, ch. 357 § 15, 117).

20. 35 U.S.C. § 101 (1984 & Supp. 1993).

21. 35 U.S.C. § 161 (1984 & Supp. 1993).

22. 35 U.S.C. § 171 (1984 & Supp. 1993).

23. 35 U.S.C. § 101.

24. 35 U.S.C. § 161.

25. 35 U.S.C. § 171.

26. 35 U.S.C. § 101.

design patent is fourteen years,³⁰ and, until June 8, 1995, the term of utility and plant patents was seventeen years.³¹ There are, however, certain exceptions.³² After term of protection expires, the patentee loses all exclusive rights, and the invention or discovery then enters the "public domain."³³ Thus, the patent system encourages innovation by granting the exclusive right to the inventor for a limited term in exchange for complete disclosure.³⁴

III. THE UNITED STATES' CURRENT FIRST-TO-INVENT SYSTEM

As stated, in the United States, one who is first in time to conceive of an invention has priority over subsequent applicants. The specific statutory language provides that priority is established by three factors: date of conception, date of reduction to practice, and due diligence.³⁵ The

27. *Id.*

28. 35 U.S.C. § 102 (1984 & Supp. 1993). This section does not define novelty, but, rather, defines conditions that negate novelty. *Id.* Examples of conditions that negate novelty are: (a) the invention was known or used by others in this country; (b) the invention was in public use or on sale in this country more than one year prior to the date of application for a United States patent; (c) a foreign patent application was filed more than twelve months prior to the United States patent application; and (d) the invention had been abandoned. *Id.*

29. 35 U.S.C. § 103 (1984 & Supp. 1993). In determining whether an invention is obvious, one must determine whether the subject matter of the invention was "obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains." *Id.* Courts have also provided further guidance in determining whether an invention is nonobvious. One early case stated that "[t]he new device, however useful it may be, must reveal the flash of creative genius." *Cuno Engineering Corp. v. Automatic Devices Corp.*, 314 U.S. 84, 91 (1941).

30. 35 U.S.C. § 173 (1984 & Supp. 1993).

31. 35 U.S.C. § 154 (1984 & Supp. 1993). Effective June 8, 1995, the term of utility and plant patents was extended to twenty years as measured from the date the patent application was filed. P.L. 103-465, § 532, 108 Stat. 4983.

32. Examples of such exceptions are patents which claim a method of manufacturing which uses recombinant DNA technology and patents which claim a new animal drug or biological product. 35 U.S.C. § 156 (1984 & Supp. 1993). The details of these exceptions are beyond the scope of this Note.

33. *See* 35 U.S.C. § 154.

34. *Id.*

35. 35 U.S.C. § 102(g). Diligence involves the continued application of the inventor to the task of reducing the conceived invention to practice. *Naber v. Cricchi*, 567 F.2d 382, 385 (C.C.P.A. 1977), *cert. denied*, 439 U.S. 826 (1978); *Preston v. White*, 97 F.2d

term "senior inventor" will be used to denote the inventor who first conceives of an invention, while "junior inventor" will be used to indicate one who later conceives of the same or similar invention. The time of conception is the date of "formation, in the mind of the inventor, of a definite and permanent idea of the complete and operative invention, as it is thereafter to be applied in practice."³⁶ A process is reduced to practice when it is successfully performed; a machine is reduced to practice when it is assembled, adjusted and used; a manufacture is reduced to practice when it is completely manufactured; and a composition of matter is reduced to practice when it is completely composed.³⁷ The due diligence requirement is not triggered until just prior to a junior inventor's conception.³⁸ In other words, the senior inventor will have priority over a junior inventor, unless (1) the junior inventor was the first to reduce to practice; and (2) the senior inventor did not use reasonable diligence from the time just prior to the junior inventor's conception.³⁹

IV. THE PRIORITY PARADOX

One inherent flaw in the United States' First-to-File system is the "priority paradox."⁴⁰ This is a possible result that arises if there are more than two competing applicants.⁴¹ In such a case, it is possible that more than one inventor may have priority over the others.⁴² It is even possible

160 (C.C.P.A. 1938). The law, however, does not require extraordinary diligence. *Keizer v. Bradley*, 270 F.2d 396 (C.C.P.A. 1959). Rather, the law requires reasonable diligence. *Radio Corp. of Am. v. Radio Eng'g Labs, Inc.* 293 U.S. 1, 13-14 (1934).

36. *Gunter v. Stream*, 573 F.2d 77, 80 (C.C.P.A. 1978).

37. *Eastman Kodak Co. v. E. I. DuPont de Nemours & Co.*, 298 F.Supp. 718, 723 (D. Tenn. 1969). Reduction to practice contemplates actual and complete use of the invention for its intended purposes. *Brown-Bridge Mills Inc. v. E. Fine Paper, Inc.*, 700 F.2d 759, 765-66 (5th Cir. 1983); *Farmhand v. Lahman Mfg. Co.*, 192 U.S.P.Q. 749, 756 (D.S.D. 1976). Generally, reduction to practice involves: (1) actual construction of the invention; and (2) physically testing the invention to determine whether it performs as contemplated. See ERNEST BAINBRIDGE LIPSCOMB III, LIPSCOMB'S WALKER ON PATENTS § 4:40 (3d ed. 1984 & Supp. 1995).

38. 35 U.S.C. § 102(g). Generally, the senior inventor will discover the junior inventor's conception only after the junior inventor applies for a patent. MILLER & DAVIS, *supra* note 17, at 62.

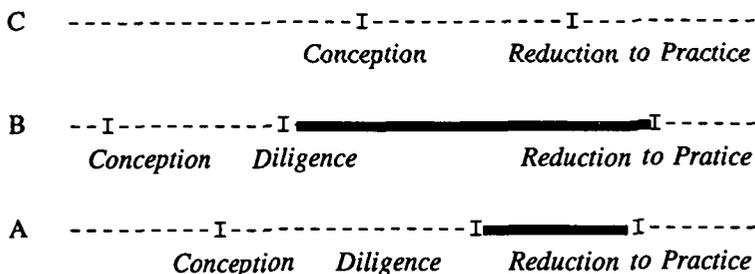
39. *Id.*

40. CHISUM, *supra* note 5, § 10.03[2].

41. *Id.*

42. *Id.*

that each inventor will have priority over *all* other inventors.⁴³ Conceptualizing the Priority Paradox can be aided by the following illustration:⁴⁴



Key: Darkened line indicates continuity of uninterrupted diligence.

In the above illustration, A is the senior inventor relative to B and B is the senior inventor relative to C. But, C is the senior inventor relative to A. In such a situation, it is clear that the statutory scheme of assigning priority to competing applicants fails.

V. PATENT SYSTEM HARMONIZATION ACT OF 1992⁴⁵

On April 9, 1992, the Patent System Harmonization Act bills were introduced into the Senate and the House of Representatives.⁴⁶ This Act, as it relates to patent application and priority, would extend the term of United States patents from seventeen years to twenty years⁴⁷ and would

43. *Id.*

44. MILLER & DAVIS, *supra* note 17, at 64.

45. S. 2605, 102d Cong., 2d Sess. (1992); H.R. 4978, 102d Cong., 2d Sess. (1992).

46. *Id.*

47. S. 2605, § 6(a) (amending 35 U.S.C. § 154); H.R. 4978, § 6(a) (amending 35 U.S.C. § 154). At the time the Act was introduced, the term of patent protection was seventeen years from the date of issuance. 35 U.S.C. § 154. Under the Uruguay Round Agreements Act, P.L. 103-465, 108 Stat. 4983, 35 U.S.C. § 154 was amended to measure the term of patent protection from the date the patent was issued until twenty years from the date the patent application was filed with the Patent and Trademark Office. P.L. 103-465, 108 Stat. 4983, § 532.

establish a First-to-File system of application.⁴⁸ The issue of whether the United States should adopt a First-to-File system has been the topic of debate for many years.⁴⁹ Although the debate has been carried on for so long, the arguments forwarded by both sides have largely remained unchanged and unevolving.⁵⁰ Congress' stated purpose in introducing these bills is to allow the United States to conform with the proposed patent harmonization treaty.⁵¹

The twenty-year patent term under the Patent System Harmonization Act is based on an entirely different scheme than the current seventeen-year term. Under the then-current statute, the term of the patent was measured from the time that the patent issued, regardless of the length of time which the patent was pending at the Patent and Trademark Office.⁵² Issuance of a patent may be delayed due to the Patent and Trademark Office's examining the application, searching for past patents, and reviewing technical literature to ascertain the applicant's claims of novelty,

48. S. 2605, § 3(a); H.R. 4978, § 3(a).

49. See generally *Patent Harmonization Proposal Stirs Lively Debate at PTO Hearing*, *supra* note 4; *Patent Law Harmonization Hearings Scheduled, Comments Sought*, *supra* note 4, at 370; Murashige, *supra* note 3; *First-to-File System Does Not Get Approval of ABA House of Delegates*, 45 Pat. Trademark & Copyright J. (BNA) No. 1118, at 323 (Feb. 18, 1993); DeBari, *supra* note 3; Pravel, *supra* note 3; *'First to File' is Debated at ABA's San Francisco Meeting*, *supra* note 4, at 403; *U.S. Offers to Adopt First-to-File as Part of Balanced Package of Reforms*, 33 Pat. Trademark & Copyright J. (BNA) No. 824, at 581 (Apr. 2, 1987).

50. See generally Skip Kaltenheuser, *The Quiet Riot Over the Blueprint of Our Future*, 1 NEV. LAW. 11 (1993); Murashige, *supra* note 3; DeBari, *supra* note 3, at 687; Pravel, *supra* note 3.

51. See Pravel, *supra* note 3, at 798; Murashige, *supra* note 3, at 564; DeBari, *supra* note 3, 691.

52. 35 U.S.C. § 154 (1984 & Supp. 1993). In 1985, the Patent & Trademark Office announced its goal to achieve an average pendency time (the time from the actual patent application filing date to the date of patent issuance or abandonment) of 18 months by the end of September 30, 1987 (the end of the 1987 fiscal year). John Quigg, *American Bar Association Address*, 67 J. PAT. & TRADEMARK OFF. SOC'Y 397 (1985). The actual average patent pendency time for the 1984 fiscal year was 24 months for utility and plant patents and 27 months for design patents. U.S. DEP'T COM. ANN. REP. FISCAL YEAR 1984 COMMISSIONER OF PAT. AND TRADEMARKS 21 (1984). However, achievement of this 18 month pendency time was deferred in view of budget constraints imposed by Congress. *Balanced Budget and Emergency Deficit Control (Gramm-Rudman-Hollings) Act*, Pub. L. No. 99-177 (1985). See *Trademark Laws Cannot Be Used As Subterfuge to Enforce Discrimination*, 31 Pat. Trademark & Copyright J. (BNA) No. 770, at 372 (Mar. 6, 1986).

usefulness, and nonobviousness.⁵³ In addition, an interference proceeding, conducted before the Patent Office Board of Appeals and Interferences,⁵⁴ may be required where two or more applicants make the same or similar claims.⁵⁵ Proponents of the First-to-File system claim that the current First-to-Invent system is flawed because no rights accrue between the time an application is filed and the time the patent is issued.⁵⁶

Proponents of the Act also claim that there may be a "surprise effect"⁵⁷ under our current First-to-Invent system because of the statutory requirement of confidentiality until the time of patent issuance.⁵⁸ One

53. MILLER & DAVIS, *supra* note 17, at 10-11.

54. The Patent and Trademark Office has original jurisdiction over interference proceedings involving a patent application even if one or more parties possesses a patent. 35 U.S.C. § 153(a). The United States District Courts have original jurisdiction over interference cases involving only issued patents. 35 U.S.C. § 291. The Patent and Trademark Office's Board of Patent Appeals and Interferences hears all interference proceedings for which the Patent and Trademark Office has jurisdiction. 37 C.F.R. § 1.191. Patent applicants may also file an appeal to the Board of Patent Appeals and Interferences if the applicant's application is twice rejected or finally rejected by the Patent and Trademark Office's patent examiners. *Id.* The United States Court of Appeals for the Federal Circuit has appellate jurisdiction from any case appealed from the Board of Patent Appeals and Interferences. 37 C.F.R. § 1.614.

55. *Id.* The official goal of the Patent and Trademark Office is to dispose of patent interference proceedings within twenty-four months of declaration. 49 Fed. Reg. 48, 449 (1984).

56. United States patent law provides for the right to exclude others from: (i) making, using, offering for sale, or selling a patented invention during the patent term; and (ii) using, offering for sale, selling or importing products made by a patented process during the patent term. 35 U.S.C. § 154. *See* Pravel, *supra* note 3, at 799.

57. The "surprise effect" occurs when one entity is making, using or selling products or using, selling or importing products made by a process for which a patent application has been submitted to the Patent and Trademark Office. *See* Pravel, *supra* note 3, at 799. If the patent is issued, this entity will experience surprise in finding itself possibly infringing on this new patent. *Id.*

58. 35 U.S.C. § 122 (1984 & Supp. 1993). The Patent and Trademark Office is precluded from publishing or otherwise disclosing the content of any original patent application unless and until a patent is issued. *Id.* *See also* ROSENBERG, *supra* note 41, § 1.09(2)(a)(1). The term "Patent Pending" as seen on many products serves only to notify that a patent application is pending before the Patent and Trademark Office, not that a patent is in force. *Conopco Inc. v. May Department Stores*, 24 U.S.P.Q.2d 1721, 1739 (E.D. Mo. 1992). "Patent Pending" also serves to notify that the marked products are not in the public domain and may be subject to future protection. *Id.* A "Patent Pending" notice gives one no knowledge whatsoever and cannot be the basis for willful infringement. *State Indus., Inc. v. A. O. Smith Corp.*, 751 F.2d 1226, 1236 (Fed. Cir. 1985). To willfully infringe a patent, the patent must exist and one must have knowledge of it. *Id.*

extreme example of the surprise effect is in the circumstances surrounding the patent issued to Gilbert P. Hyatt in July, 1990 for a single computer chip.⁵⁹ Mr. Hyatt had filed an application for this patent some twenty years earlier.⁶⁰ Because of the statutory confidentiality requirement, the computer industry was blind to Mr. Hyatt's patent application and was only aware of his patent at the time the patent was issued. The Patent System Harmonization Act addresses these "flaws" by affording damages for patent infringement prior to the issuance of the patent⁶¹ and providing for timely publication of the applicant's claims prior to the patent's issuance.⁶²

The Patent System Harmonization Act extends the term of a United States patent to twenty years.⁶³ The date at which patent protection begins to run is the date the patent is *issued* by the Patent and Trademark Office; and the date at which the patent would expire is twenty years measured from the date the patent application was *filed* with the Patent and Trademark Office.⁶⁴ Again, the then-current patent term was seventeen years from the date the patent was *issued*. The term extension under the Patent System Harmonization Act and Uruguay Round Agreements Act⁶⁵ may appear to shorten the term of the patent under certain circumstances, specifically, when there is a three-year or longer period between the date of application and the date of issuance. The Act does, however, provide that the patent application shall remain confidential for eighteen months after the application date.⁶⁶ Once this eighteen-month period expires, the patent application would be available for public inspection and duplication.⁶⁷ Thus the "surprise effect" is limited to the eighteen-month period between application and issuance. In the case of Mr. Hyatt's patent, his application would have been publicly available eighteen months following his application.

59. U.S. Patent No. 4,942,516.

60. Pravel, *supra* note 3, at 800.

61. S. 2605, 102d Cong., 2d Sess. § 3(a)(2) (1992); H.R. 4978, 102d Cong., 2d Sess. § 3(a)(2) (1992).

62. S. 2605, § 4(d); H.R. 4978, § 4(d). *See also* Pravel, *supra* note 3, at 800.

63. S. 2605, § 6(a); H.R. 4978, § 6(a). Effective June 8, 1995, the patent protection term has been extended to twenty years as measure from the date the patent application was filed with the Patent and Trademark Office. P.L. 103-465, 108 Stat. 4983, § 532.

64. S. 2605, § 6(a); H.R. 4978, § 6(a).

65. P.L. 103-465, 108 Stat. 4983, Dec. 8, 1994.

66. S. 2605, § 4(d); H.R. 4978, § 4(d).

67. S. 2605, § 4(d); H.R. 4978, § 4(d).

One might analyze Mr. Hyatt's patent under the Patent System Harmonization Act as follows. The Act provides protection against patent infringement for a period of from the date of issuance to twenty years from the date of from the date of filing. Mr. Hyatt's patent was issued approximately twenty years after the date he filed his application. Therefore, Mr. Hyatt would not be protected against patent infringement because, at the time the Patent and Trademark Office issued his patent, the statutory term would have expired. There is, however, something missing in this analysis. Specifically, the fact that under the Patent System Harmonization Act, and under First-to-File systems in general, there are no circumstances which give rise to an interference proceeding.

Interference proceedings are a product of competing claims of priority. In the current First-to-Invent system, priority is established based upon date of conception, date of reduction to practice and due diligence. In a First-to-Invent system, as in the Patent System Harmonization Act, priority is established by the date on which a patent application is filed with the Patent and Trademark Office.⁶⁸ Interference proceedings in the First-to-File world are, therefore, essentially nonexistent.

Proponents of the First-to-File system discount the argument by First-to-Invent supporters that the First-to-File system inherently favors large established businesses over small business and individuals.⁶⁹ First-to-Invent supporters claim that small business and individuals may not have the funds required to process and file patent applications as quickly as larger, more well-established businesses.⁷⁰

A number of arguments are forwarded by First-to-File proponents to

68. S. 2605, § 3(a); H.R. 4978, § 3(a).

69. Pravel, *supra* note 3, at 802; DeBari, *supra* note 3, at 710.

70. *Id.* Pravel, *supra* note 3; DeBari, *supra* note 3. However, the current cost of a patent under the First-to-File system is \$7,500 for corporations and \$3,750 for small businesses and individuals. Riordan, *supra* note 4. Because of the specialized nature of patents, an applicant should retain the services of a patent agent or patent attorney. In order to be registered to practice before the Patent and Trademark Office, one must be "possessed of the legal, scientific, and technical qualifications necessary to enable him or her to render applicants for patents valuable services." 37 C.F.R. § 10.7(ii). A patent agent or patent attorney must successfully pass the Patent Agent's Exam, a civil service examination administered by the Patent and Trademark Office. 37 C.F.R. § 10.7. A Patent Attorney is one admitted as an attorney who has passed the Patent Agent's Exam, whereas a Patent Agent is one who has passed the Patent Agent's Exam but who is not an attorney. 37 C.F.R. § 10.6. Patent Agents may practice before the Patent and Trademark Office only in patent case, whereas Patent Attorneys may practice before the Patent and Trademark Office in patent, trademark and other non-patent cases. 37 C.F.R. § 10.14(a).

counter this argument. First, it is contended that the First-to-Invent system carries greater monetary costs, especially when an applicant is faced with the expense of an interference proceeding.⁷¹ Secondly, due to the possibility of interference proceedings, inventors must maintain copious records of their work.⁷² Of course, First-to-Invent supporters counter these arguments.

Statistically, very few patent applications require interference proceedings. Between October 1, 1985 and September 30, 1988, there were only 530 interference proceedings.⁷³ There were, however, 231,055 utility patents issued during that same period.⁷⁴ Therefore, the number of interference proceedings is less than one-quarter of one percent.⁷⁵ Clearly, this is not a significantly large percentage of the patent applicants. The writer does concede that, to those applicants faced with interference proceedings, statistical analysis does not aid in resolution. Avoiding interference proceedings is certainly desirable in the patent application process, and there should be a mechanism in place to minimize such proceedings.

First-to-File supporters claim that the First-to-Invent system places a heavy burden on inventors in the requirement to maintain detailed notes and records pertaining to the invention.⁷⁶ This is important in the unlikely event of an interference proceeding. While inventors should maintain such records for the purpose of preparing for interference proceedings, it is not the burden that critics of the First-to-File system claim it to be. In the course of developing an invention, inventors are destined to produce written works, such as memoranda, development progress reports, manufacturing specifications, assembly instructions, requests for bids from sources outside the inventor's organization, and other communications.⁷⁷ Inventors are also destined to produce drawings and sketches, whether on the back of the proverbial napkin, the product of manual drafting, or from

71. Pravel, *supra* note 3 at 802.

72. *Id.* See generally RAMON D. FOLTZ & THOMAS A. PENN, *PROTECTING ENGINEERING IDEAS & INVENTIONS* (3d ed. 1989).

73. Calvert & Sofocleous, *Interference Statistics for Fiscal Years 1986 to 1988*, 71 J. PAT. OFF. SOC'Y 399 (1989).

74. *Id.* U.S. Patent Nos. 4,543,667 to 4,774,722.

75. *Id.* Statistically, there were 23 interference proceedings for each 10,000 patents issued during the three year period between October 1, 1985 and September 30, 1988.

76. Corroborating evidence is necessary to prove prefiling invention date. Reese & Katz v. Hurst, 661 F.2d 1222, 1225 (C.C.P.A. 1981); Ritter v. Rolm & Haas Co., 271 F.Supp. 313, 319 (S.D.N.Y. 1967). See also Pravel, *supra* note 3.

77. See FOLTZ & PENN, *supra* note 72.

a state-of-the-art CADD (Computer Aided Drafting and Design) system.⁷⁸ Small and large businesses, as well as individual, independent inventors will invariably produce such works, not necessarily in anticipation of interference proceedings, but, rather, in the normal course of doing business.⁷⁹

Each system has its own advantages and disadvantages, supporters and critics. Neither one appears to be the clear winner. But, the purpose of Congress's introduction of the Patent System Harmonization Act is not just to alter the United States' patent application process. Congress's stated purpose is to harmonize the United States patent system with foreign patent systems.⁸⁰ It is Congress' international concern that has led to this Act, not the supposed deficiency of the current First-to-Invent system.

VI. THE WORLD INTELLECTUAL PROPERTY ORGANIZATION DRAFT TREATY

The Patent System Harmonization Act, if approved, would take effect six months after the Commissioner of Patents and Trademarks certifies to Congress that the United States has entered a treaty agreement with at least Japan and members of the European Patent Convention which are members of the European Community.⁸¹ Some critics of the First-to-File system would concede their position providing that any international patent harmonization treaty provide benefits to the United States.⁸² One such benefit which is sought is an international "grace period"⁸³ such as the one currently in effect in the United States.⁸⁴ Under the current First-to-File system, an inventor is statutorily barred from patenting an invention which has, more than one year prior to his application date, been patented in a foreign country, sold or in public use in the United States, or described in a printed publication.⁸⁵ In the United States there is a one year grace period, during which an inventor may not be statutorily barred from

78. *Id.*

79. *Reese & Katz v. Hurst*, 661 F.2d at 1222; *Ritter v. Rolm & Haas Co.*, 271 F.Supp. at 313.

80. *See* S. 2605, 102d Cong., 2d Sess. (1992), *supra* note 1; H.R. 4978, 102d Cong., 2d Sess. (1992).

81. S. 2605, § 11(a); H.R. 4978, § 11(a).

82. *Pravel*, *supra* note 3, at 801.

83. *Id.*

84. 35 U.S.C. § 102(b).

85. *Id.*

conducting these activities.⁸⁶ It is in this area that international patent harmonization becomes important. Currently, a foreign patent holder may not obtain a United States patent unless the foreign patent was issued within one year of filing the United States patent application.⁸⁷ Likewise, the holder of a United States patent may be barred from obtaining foreign patents.⁸⁸ The draft treaty for international patent harmonization at the World Intellectual Property Organization⁸⁹ (hereinafter "WIPO") in Geneva provides for an international grace period of one year.⁹⁰ This treaty, if adopted by the United States, would afford foreign patent application to United States patentees who are currently barred. Uniform, worldwide protection of intellectual property is the aim of the Patent System Harmonization Act and of the WIPO draft treaty.

Of course, there may be selfish reasons for enacting the Patent System Harmonization Act. The Act, as drafted, requires the enactment of an international patent harmonization treaty with at least Japan and members of the European Community.⁹¹ At least one study has shown that American companies are much more dissatisfied with the Japanese patent system than with the European or the United States' systems.⁹² This study also resulted in the finding that United States based companies support a patent harmonization treaty "mainly because the treaty would require

86. *Id.*

87. *Id.*

88. Pravel, *supra* note 3, at 802.

89. Convention Establishing the World Intellectual Property Organization, July 14, 1967, 21 U.S.T. 1770, 828 U.N.T.S. 3. The World Intellectual Property Organization [hereinafter WIPO], organized as a special arm of the United Nations, is responsible for intellectual property concerns and administers intellectual property conventions. *Id.* The objectives of WIPO are "to promote the protection of intellectual property throughout the world through cooperation among States and, where appropriate, in collaboration with any other international organizations," and "to ensure administrative cooperation among the unions." 21 U.S.T. at 1772, 828 U.N.T.S. at 11.

90. *Draft Treaty Supplementing the Paris Convention for the Protection of Industrial Property as far as Patents are Concerned*, U.N. W.I.P.O., U.N. Doc. PLT/DC/3 (1990).

91. S. 2605, 102d Cong., 2d Sess. § 11(a) (1992); H.R. 4978, 102d Cong., 2d Sess. § 11(a) (1992).

92. *Foreign Laws: U.S. Firms' Patent Problems in Japan Confirmed by GAO Survey*, 46 Pat. Trademark & Copyright J. (BNA) No. 1138, at 224 (July 15, 1993). Over 300 chemical, semiconductor and biotechnology firms were surveyed. *Id.* Thirty-nine percent of those responding to the survey were dissatisfied with their experience with the Japanese patent system, whereas thirteen percent were dissatisfied with the United States system, and only 3% were dissatisfied with the European system. *Id.*

changes in the Japanese system.”⁹³ What, then, is Congress’s true purpose in introducing the Patent System Harmonization Act? Is it to harmonize United States intellectual property law with that of the majority of other countries, or is it a backdoor method of attempting to force Japan to revamp its patent laws to benefit United States firms?

VII. SHIFTING THE FOCUS FROM PROCEDURE TO THE SUBJECT OF PROTECTION

So far, this analysis of the current United States patent law and the proposed Patent System Harmonization Act has focused on the aspects of the procedure for obtaining a patent. A more significant issue is whether the inventor who is first-to-file should have priority over the inventor who is first-to-invent. There is no question that procedurally, the First-to-File system is simpler to enforce than the First-to-Invent system since there is no question of who has priority: the inventor whose application is first received by the Patent and Trademark office is the one with priority. Period. Likewise, there is timely disclosure, no “priority paradox” and an extended term of twenty years under the Patent System Harmonization Act. Should, however, the patent application process be turned into a race to the Patent and Trademark Office?

It is the writer’s opinion that legislators, litigators, Patent Attorneys and commentators should focus on *who* the patent laws are intended to protect as opposed to focusing on *how* to establish who is awarded protection.⁹⁴ Currently, the United States stands virtually alone in its First-to-Invent system. While there are, arguably, some flaws or inconsistencies in this system, United States firms are generally satisfied with its operation.⁹⁵ Patent protection is based upon the principles of equity. While the writer does not follow the adage that says “do not fix what is not broken,” he does believe that the First-to-Invent system is inherently more equitable than the proposed First-to-File system. After all, the First-to-Invent system is designed to protect the inventor who is first in time to invent or discover a process, machine, manufacture, composition of matter, product, plant or design.⁹⁶ In the writer’s view,

93. *Id.*

94. *See supra* note 14. An argument based on Constitutional intent that the Founding Fathers intended to protect inventors, not patent applicants, could certainly be made to oppose the adoption of a First-to-File system.

95. *Id.*

96. 35 U.S.C. §§ 101, 161, 171.

the current system attempts to protect the "true inventor." Because less than one percent of all patents issued are involved in interference proceedings and almost ninety percent of firms surveyed are not dissatisfied with the current system, the writer is of the opinion that the First-to-Invent system does function as intended. If Congress is to revise and amend the codified patent law, it should not adopt the Patent System Harmonization Act of 1992. Congress, instead, should focus on improving the current First-to-Invent system and eliminating its internal inadequacies and inconsistencies.

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