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Should Foreign Patent Law Matter?

TIMOTHY R. HOLBROOK*

INTRODUCTION

One of the most controversial issues in American law today is the extent to which it is appropriate for courts to consider foreign law when deciding issues of United States law.¹ The debate has engaged the courts, Congress, and commentators,² leading to discussions about completely banning references to non-United States law by courts.³ The reality is, however, that the United States courts often have to address or apply foreign law.⁴

This debate has not referenced intellectual property law, and likely for a good reason. Almost all of the changes to domestic, United States intellectual property law flow from international obligations or efforts to harmonize our laws with those of our trading partners.⁵ Changes in intellectual property law that have their genesis in international law or harmonization concerns include changing the patent term from seventeen years from issuance to twenty years from the application date;⁶ extension of United States copyrights to life of the author plus seventy years;⁷ restoration of copyright

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1. See, e.g., *Lawrence v. Texas*, 539 U.S. 558, 572–74 (2003); *Foster v. Florida*, 537 U.S. 990, 992 (2002) (Breyer, J., dissenting); Austen L. Parrish, *Storm in a Tea Cup: the U.S. Supreme Court's Use of Foreign Law*, 2007 U. ILL. L. REV. 637.

2. Parrish, *supra* note 1, at 638–40 (cataloging references and debates on this topic).

3. See, e.g., Michael Biesecker, *Bill Would Ban Courts From Using 'Foreign Law'*, NEWS & OBSERVER, Aug. 10, 2011.

4. See *Voda v. Cordiss Corp.*, 476 F.3d 887, 906–09 (Fed. Cir. 2007) (Newman, J., dissenting) (cataloging examples of where United States courts have applied foreign law).

5. See Agreement on Trade-Related Aspects of Intellectual Property Rights, art. 3, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299 (1994) [hereinafter TRIPS].

6. *Id.* at 4984. See generally Richard C. Wilder, *The Effect of the Uruguay Round Implementing Legislation on United States Patent Law*, 36 IDEA 33 (1995).

7. See *Eldred v. Ashcroft*, 537 U.S. 186, 195–96 (2003) (noting that extension harmonizes the United States with Europe).

protection for foreign works;⁸ the inclusion of offering to sell and importing the invention as forms of infringement;⁹ publication of most United States patent applications after eighteen months; addition of protection of process patents based solely on the sale of the product of the patented process; mitigation of discriminatory treatment of foreign inventors based on foreign inventive activities;¹⁰ and recognition of priority for foreign applications for trademarks and patents. The practice of intellectual property law, and patent law in particular, is effectively a practice in international law in the modern era.

The evolving international dimension of patent law thus presents an interesting question: to what extent, if any, should courts in the United States look to the laws and decisions of foreign jurisdictions? This issue may become particularly important as the courts begin to wrestle with the new prior art provisions in section 102 of the Leahy Smith America Invents Act (AIA), which, as of March 16, 2013, will switch the United States to a first-inventor-to-file system. This Article addresses this question and concludes that, in certain circumstances, consideration of foreign patent law would benefit the United States system.

One important caveat: foreign law should not *dictate* domestic United States law, but it can helpfully inform it. Moreover, when issues of the extraterritorial application of United States patent law arise, in those contexts consideration of foreign law is quite important to avoid conflicts of law. The benefits of such consideration that can flow to the United States include a form of soft-harmonization, where United States courts, after appraising themselves of foreign law, may adopt or be influenced by that law if they find it persuasive. In such cases, the barriers to trade and commerce that differing intellectual property standards can create will be reduced. Such consideration may then lead to international norms of patent law.

8. See *Golan v. Holder*, 132 S. Ct. 873, 880–81 (2012) (discussing copyright restoration resulting from TRIPS).

9. See Timothy R. Holbrook, *Liability for the "Threat of a Sale": Assessing Patent Infringement for Offering to Sell an Invention and Implications for the On-Sale Patentability Bar and Other Forms of Infringement*, 43 SANTA CLARA L. REV. 751, 752–53 (2003) [hereinafter Holbrook, *Threat of a Sale*].

10. TRIPS, *supra* note 5, 1869 U.N.T.S. at 4982–83 (codified at 35 U.S.C. § 104 (2006)). The shift in the Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 284 (2011), to a first-to-file system will eliminate any lingering discriminatory effects. The AIA has also eliminated the *Hilmer* rule by giving priority to qualifying foreign patent applications for all purposes, including assessing prior art. See *In re Hilmer*, 424 F.2d 1108 (C.C.P.A. 1970). See generally Philippe Signore, Steve Kunin & Jonathan Parthum, *Practice Implications of the Leahy-Smith America Invents Act*, 18 No. 21 WESTLAW J. INTELL. PROP. 2 (2012).

I. THE WAYS FOREIGN PATENT LAW DOES, MIGHT, AND *SHOULD* ENTER THE UNITED STATES PROCEEDINGS

This Section explores the various ways in which foreign law *does* presently enter into United States litigation. Next, this Section considers times when foreign law *might* enter into a court's consideration, which are circumstances where the court has yet to squarely discuss a particular issue comparatively. And finally, those situations are addressed where United States courts *should* consider foreign law in circumstances where they have affirmatively declined to do so.

A. *Where United States Courts Have Considered Foreign Patent Law*

Unlike many other legal institutions, United States patent law has engaged with the international community and laws for quite some time. The United States has long been a member of the Paris Convention, which created obligations for the United States to protect both patents and trademarks. United States laws, particularly with respect to validity, often confront activities and laws that occur outside of the country. Applicants for United States patents are entitled to rely on their foreign filing date so long as they file within one year of their home filing. The use of the Patent Cooperation Treaty means that almost all United States patent prosecutors practice international law. It should not be surprising that United States courts therefore have had to confront issues and interpretations of foreign patent and related laws. Thus United States patent law has had to confront activities that take place outside of the United States for quite some time.¹¹

1. *Whether Foreign IP Rights Constitute "Patented" Under United States Law*

A clear example of where United States courts have had to examine foreign law is in interpreting § 102(a) and (b) under the 1952 Patent Act, which precludes a patent if the invention has been patented anywhere in the world.¹² The America Invents Act also considers foreign patents to be prior art so long as they issue prior to the applicant's effective filing date.¹³ There is no uniform definition of what should be considered "patented" because there is significant diversity as to the various forms of intellectual

11. See Timothy R. Holbrook, *Territoriality Waning? Patent Infringement for Offering in the United States to Sell an Invention Abroad*, 37 U.C. DAVIS L. REV. 701, 706–23 (2004) [hereinafter Holbrook, *Territoriality Waning?*].

12. 35 U.S.C. §§ 102(a) & (b). The AIA preserves this language as well.

13. Leahy-Smith America Invents Act, Pub. L. No. 112-29, sec. 3, 125 Stat. 284 (adopting new § 102(a)).

property internationally.¹⁴ As a result, United States courts have had to determine whether foreign intellectual property rights are close enough to our views of a patent to qualify as “patented” under either § 102(a) or 102(b). In order to make that assessment, the courts necessarily have to investigate the legal structure of the rights and the process by which a party can obtain the relevant foreign protection. For example, in *In re Carlson*, the Federal Circuit and one of its predecessors, the Court of Customs and Patent Appeals (CCPA), had to determine whether design-like protection in Germany, called Geschmacksmusters, constitutes a “patent” for purposes of § 102.¹⁵ The courts have encountered other forms of foreign protection and have had to wrestle with whether they qualify as “patented.”¹⁶ Thus, the courts have already confronted issues of foreign law with which they had to grapple.

2. *Interpreting Provisions Adopted Pursuant to TRIPS*

The Federal Circuit also considered foreign law when it first encountered the form of infringement of offering to sell a patented invention. Congress amended § 271(a) in 1993, effective January 1, 1996, to include two new forms of infringement: offering to sell and importing the patented invention.¹⁷ Congress made these changes, among many others, to comply with treaty obligations under the Agreement on Trade-Related Aspects of Intellectual Property (TRIPS Agreement). The purpose of the TRIPS Agreement was to achieve a certain level of harmonization internationally by establishing minimum standards of intellectual property protection.¹⁸ In *Rotec Industries, Inc. v. Mitsubishi Corp.*, the Federal Circuit acknowledged one of TRIPS’ “declared purposes: harmonizing worldwide patent law.”¹⁹ As such, the court viewed it as appropriate to consider how at least one other country, the United Kingdom, defined infringement by offering

14. See Mark D. Janis, *Second Tier Patent Protection*, 40 HARV. INT’L L.J. 151, 162–77 (1999) (discussing various forms of second tier patent-like protections afforded overseas).

15. *In re Carlson*, 983 F.2d 1032, 1036–38 (Fed. Cir. 1992) (concluding Geschmacksmusters constitute “patented” for purposes of § 102(a)); *In re Talbott*, 443 F.2d 1397, 1398–99 (C.C.P.A. 1971) (holding that Geschmacksmusters do qualify under § 102(d) by adopting reasoning of *Ex parte Weiss*, 159 U.S.P.Q. 122 (Pat. Off. Bd. App. 1967)).

16. See, e.g., *Atlas Glass Co. v. Simonds Mfg. Co.*, 102 F. 643 (3d. Cir. 1900) (analyzing Danish enerets).

17. *Rotec Inds., Inc. v. Mitsubishi Corp.*, 215 F.3d 1246, 1251–52 (2000); Holbrook, *Threat of a Sale*, *supra* note 9, at 763.

18. See generally J.H. Reichman, *Universal Minimum Standards of Intellectual Property Protection Under the TRIPS Component of the WTO Agreement*, 29 INT’L LAW. 345 (1995).

19. *Rotec*, 215 F.3d at 1253.

to sell.²⁰ Although the Federal Circuit ultimately disagreed with the United Kingdom's interpretation, the court did offer a comparative analysis of the statutory provision.²¹ The court's interpretation, consequently, resulted in United States law not being harmonized with the United Kingdom's, but *Rotec* does demonstrate that the Federal Circuit is willing and able to consider foreign law to inform its analysis of the United States patent law.²²

In the future, the Federal Circuit and other courts should be willing to consider foreign implementations of the TRIPS Agreement where they have parallels in the United States.²³ For example, Congress enacted § 271(g) in 1988, which defines infringement as importing, selling, offering to sell, or using within the United States the product of a patented process.²⁴ Importantly, there are no geographic limits to this provision, so it applies where the steps of the process are performed entirely outside of the United States.²⁵ Along with creating this form of infringement, Congress also adopted a burden-shifting provision. Given that there could be difficulty obtaining discovery regarding the performance of a process occurring outside of the United States,²⁶ Congress created a rebuttable presumption of infringement in 35 U.S.C. § 295, which provides:

In actions alleging infringement of a process patent based on the importation, sale, offer for sale, or use of a product which is made from a process patented in the United States, if the court finds

- (1) that a substantial likelihood exists that the product was made by the patented process, and
- (2) that the plaintiff has made a reasonable effort to determine the process actually used in the production of the product and was unable to so determine,

the product shall be presumed to have been so made, and the burden of establishing that the product was not made by the process shall be on the party asserting that it was not so made.²⁷

20. *Id.*

21. *Id.*

22. *Cf.* Holbrook, *Threat of a Sale*, *supra* note 9, at 786.

23. Yes, technically this is an example of where the courts *should* consider foreign patent law.

24. 35 U.S.C. § 271(g) (2006).

25. *See* *Zoltek Corp. v. United States*, 672 F.3d 1309 (Fed. Cir. 2012) (“[Provision] is meant to give relief to process patent holders when the resulting products of their patented process are used within the United States—regardless of where the process is practiced.”). *See generally* Holbrook, *Territoriality Waning?*, *supra* note 11.

26. *See* *Aventis Pharm., Inc. v. Barr Labs., Inc.*, 411 F. Supp. 2d 490, 513 (D.N.J. 2006) (noting legislative history stating provision applies to “those cases, where the manufacturer is not subject to discovery under the Federal Rules of Civil Procedure”).

27. 35 U.S.C. § 295.

TRIPS contains parallel provisions to both § 271(g) and § 295. Specifically, Article 28(1)(b) requires all members of the World Trade Organization to provide protection for process patents as follows:

[W]here the subject matter of a patent is a process, to prevent third parties not having the owner's consent from the act of using the process, and from the acts of: using, offering for sale, selling, or importing for these purposes at least the product obtained directly by that process.²⁸

TRIPS also embraces the rebuttable presumption framework of § 295:

For the purposes of civil proceedings in respect of the infringement of the rights of the owner referred to in paragraph 1(b) of Article 28, if the subject matter of a patent is a process for obtaining a product, the judicial authorities shall have the authority to order the defendant to prove that the process to obtain an identical product is different from the patented process. Therefore, Members shall provide, in at least one of the following circumstances, that any identical product when produced without the consent of the patent owner shall, in the absence of proof to the contrary, be deemed to have been obtained by the patented process:

- (a) if the product obtained by the patented process is new;
- (b) if there is a substantial likelihood that the identical product was made by the process and the owner of the patent has been unable through reasonable efforts to determine the process actually used.²⁹

This provision of TRIPS does differ slightly from the United States' approach because the United States statute does not afford the presumption merely on the basis of the product being new, as the TRIPS provision does in paragraph (a). The United States is nevertheless TRIPS compliant because article 28 only requires members to afford the presumption "in at least one of the following circumstances."³⁰ Nevertheless, the United States could look to other countries who have adopted paragraph (b) to inform when there is a "substantial likelihood" that the product was made by the process and what constitutes "reasonable efforts to determine the process actually used." Of course, there could be variation among countries, particularly as to the "reasonable efforts" prong given the rather liberal discovery rules in the United States. Nevertheless, as this presumption is one of the minimum standards of TRIPS, adopted with the hopes of creating some level of harmonization, it would seem appropriate for United States courts to look to the interpretation of foreign courts as to when this pre-

28. TRIPS, *supra* note 5, at art. 28(1)(b).

29. *Id.*

30. *Id.*

sumption is triggered. There has been very little precedent within the United States as to the applicability of this provision.³¹

Consulting foreign law in circumstances like this could be difficult for a court if the litigants do not bring the law to the court's attention.³² Rule 44.1 of the Federal Rules of Civil Procedure requires a party raising "an issue about a foreign country's law" to give "notice by pleading or other writing."³³ But a court can unilaterally engage in such activity, even absent pleading by a party. Courts have broad authority to consider various sources to determine foreign law, even sources that the litigant has not brought before the tribunal.³⁴ Therefore, a court could consult various for-

31. The Federal Circuit summarily addressed the presumption, agreeing with the district court that it applied, but did not opine as to what acts would or would not trigger the presumption. *Creative Compounds, LLC v. Starmark Labs.*, 651 F.3d 1303, 1314–15 (Fed. Cir. 2011). Earlier, the Federal Circuit agreed with the International Trade Commission's (ITC) conclusion that the presumption was not triggered. *Nutrinova Nutrition Specialties & Food Ingredients GmbH v. Int'l Trade Comm'n*, 224 F.3d 1356, 1359–61 (Fed. Cir. 2000). The Federal Circuit views the presumption as a procedural issue, reviewed deferentially on appeal. *Id.* at 1360. The Federal Circuit briefly addressed § 295 in *Kemin Foods, L.C. v. Pigmentos Vegetales del Centro A.A. de C.V.* in an appeal seeking, *inter alia*, to modify the scope of a permanent injunction; the court did not address the substance of § 295, however. *Kemin Foods, L.C. v. Pigmentos Vegetales del Centro A.A. de C.V.*, 464 F.3d 1339, 1352 (Fed. Cir. 2006).

A number of district courts have addressed the presumption and whether it should apply in a given case. *See* *LG Display Co. v. AU Optronics Corp.*, 709 F. Supp. 2d 311, 335–38 (D. Del. 2010) (declining to apply presumption); *West v. Jewelry Innovations Inc.*, No. C07-1812 JF, 2007 U.S. Dist. LEXIS 54720 (N.D. Cal. Jul 17, 2007) (declining to apply the presumption); *Aventis*, 411 F. Supp. 2d at 509–14 (declining to apply presumption); *Kemin Foods, L.C. v. Pigmentos Vegetales del Centro A.A. de C.V.*, 240 F. Supp. 2d 963, 975–78 (S.D. Iowa 2003) (declining to apply presumption), *rev'd in part on other grounds*, 93 Fed. App'x 225 (Fed. Cir. 2004); *Ajinomoto Co. Inc. v. Archer-Daniels-Midland Co.*, No. CIV.A. 95-218-SLR, 1996 U.S. Dist. LEXIS (D. Del. Oct 21, 1996) (declining to apply presumption); *Pfizer Inc. v. F & S Alloys & Minerals Corp.*, 856 F. Supp. 808 (S.D.N.Y. 1994) (applying presumption). None of these cases look at foreign applications of the presumption.

32. In the context of the extraterritorial application of United States law to foreign activity, then, under the suggested approach, the litigants will know which foreign law is at issue and will have incentives to bring the law to the court's attention. *See infra* Part I.C.3.

33. FED. R. CIV. P. 44.1.; *United States v. Cohen*, No. 08-3282, 2012 U.S. Dist. LEXIS 18891, at *26 (C.D. Ill. Feb. 15, 2012).

34. FED. R. CIV. P. 44.1 ("In determining foreign law, the court may consider any relevant material or source, including testimony, whether or not submitted by a party or admissible under the Federal Rules of Evidence."). The Notes of the Advisory Committee state that in determining foreign law:

[T]he court is not limited by material presented by the parties; it may engage in its own research and consider any relevant material thus found. The court may have at its disposal better foreign law materials than counsel have presented, or may wish to reexamine and amplify material that has been presented by counsel in par-

eign sources to help inform its analysis of various provisions of U.S. law that implement the TRIPS Agreement. Of course, scouring the world's courts for interpretations of relevant TRIPS provisions may create considerable search costs. Moreover, United States courts may be loath to rely on sources not cited by the litigant.³⁵ Regardless, foreign interpretations of the TRIPS Agreement present opportunities to United States courts to inform their analysis of its implementations within the United States and to achieve informal harmonization. Courts should not shy away from this possibility.

B. *Where the Courts Could Consider Foreign Patent Law*

This section considers circumstances where courts could use foreign and international law to inform their analysis are discussed. Generally, these issues have not been squarely presented in court, and, as a result, the possibility remains for courts to look to foreign sources. The 800-pound gorilla in this regard is the recently enacted Leahy-Smith America Invents Act (AIA).³⁶ The AIA works considerable changes in United States patent law, both procedurally and substantively.

Unlike the amendments made in 1993 to the Patent Act to implement obligations under TRIPS, the AIA was an entirely unilateral measure, adopted by the United States without any obligation to do so under international law. Nevertheless, Congress expressly recognized that an important reason for adopting the AIA was to harmonize our law with our international trading partners.³⁷ Specifically, the AIA states:

It is the sense of Congress that converting the United States patent system from "first to invent" to a system of "first inventor to file" will improve the United States patent system and promote harmonization of the United States patent system with the patent systems commonly used in nearly all

tisan fashion or in insufficient detail. On the other hand, the court is free to insist on a complete presentation by counsel.

There is no requirement that the court give formal notice to the parties of its intention to engage in its own research on an issue of foreign law which has been raised by them, or of its intention to raise and determine independently an issue not raised by them.

FED. R. CIV. P. 44.1 advisory committee's note.

35. Rule 44.1 does permit the court to allow the parties to respond to the materials it has used. *See id.* ("Ordinarily the court should inform the parties of material it has found diverging substantially from the material which they have presented; and in general the court should give the parties an opportunity to analyze and counter new points upon which it proposes to rely.").

36. Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (to be codified in scattered sections of 35 U.S.C.).

37. *See id.* § 3(p), 125 Stat. at 293.

other countries throughout the world with whom the United States conducts trade and thereby promote greater international uniformity and certainty in the procedures used for securing the exclusive rights of inventors to their discoveries.³⁸

The “sense of Congress” is that the AIA will help harmonize United States patent laws with the rest of the world.³⁹ Courts, therefore, could (and should) look to other countries’ patent laws comparatively to see whether their rules would be appropriate in the United States. If some level of “soft” harmonization can be achieved through judicial decisions, then this “sense of Congress” can more readily be vindicated. However, if courts view foreign approaches to patent law as inappropriate for the United States, they would be free to disregard the foreign law. Such consideration of foreign law will only enhance an understanding of both United States law and foreign law.

1. *Post-Grant Review*

The AIA’s post-grant review procedure allows any person, other than the patent owner, to file a petition to request cancellation of the claims of an issued patent. The bases for cancellation are any of the grounds listed in 35 U.S.C. § 282(2) or (3), which are the traditional bases of invalidity: lack of eligible subject matter, utility, novelty, or obviousness; violations of § 112 disclosure and claiming obligations (excluding best mode);⁴⁰ and violations of § 251 pertaining to reissuance.⁴¹ Post-grant review is, therefore, far more robust than the traditional reexamination procedures found in the United States because the third party can raise issues beyond prior art concerns under §§ 102 and 103. The patent owner will be able to cancel or amend claims that are placed into issue during the post-grant proceedings, although any amendments cannot broaden the scope of the claims.

This new post-grant review is similar in structure to the opposition proceedings under European law in that there is a finite window to bring such a request. The window in the United States is nine months from the date the patent issues or is reissued, which is the same window available at the European Patent Office.⁴² As of this writing, the United States Patent and Trademark Office (USPTO) has promulgated proposed regulations for

38. *Id.* (noting the “sense of Congress”).

39. *Id.*

40. These violations include: insufficient written descriptions, insufficient disclosures, indefinite claims, inappropriate dependent claims, and impermissible multiple dependent claims. *See* 35 U.S.C. § 112 (2012).

41. *Id.* § 282.

42. *See* European Patent Convention, art. 99(1), available at <http://www.epo.org/law-practice/legal-texts/html/epc/2010/e/ar99.html> (last visited Mar. 28, 2012).

post-grant review proceedings.⁴³ Consideration of European practice in defining the scope of these regulations would benefit United States companies by minimizing the differences between the two procedures and thus creating greater predictability.⁴⁴

2. *Prior Commercial User Defense*

The AIA also expanded the scope of the prior commercial user defense.⁴⁵ Previously, the prior user defense was limited solely to persons who were practicing patented business methods.⁴⁶ The defense applied if two conditions were met: (1) the accused infringer “acting in good faith, actually reduced the subject matter to practice at least 1 year before the effective filing date” of the relevant patent; and (2) the accused infringer “commercially used the subject matter before the effective filing date” of the patent.⁴⁷ The AIA expands this defense and makes it applicable to all patents if the following conditions—proved by clear and convincing evidence⁴⁸—are met: (1) the party “acting in good faith, commercially used the subject matter . . . either in connection with an internal commercial use or an actual arm’s length sale or . . . transfer of a useful end result of such commercial use”; and (2) the prior use either more than one year before the earliest effective filing date or more than one year prior to a disclosure under the exceptions of 35 U.S.C. § 102(b).⁴⁹

In addition to expanding the scope of the defense, the AIA also required the USPTO to prepare a report for the House and Senate judiciary committees that compared the new provision with the laws of the European Union, Japan, Canada, Australia, and other industrialized nations.⁵⁰ The

43. For some of these rules, see Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. 6879 (Feb. 9, 2012) (to be codified at 37 C.F.R. pt. 42 and 90); Practice Guide for Proposed Trial Rules, 77 Fed. Reg. 6868 (Feb. 9, 2012) (to be codified at 37 C.F.R. pt. 42); Changes to Implement Inter Partes Review Proceedings, 77 Fed. Reg. 7041 (Feb. 10, 2012) (to be codified at 37 C.F.R. pt. 42); Changes to Implement Post-Grant Review Proceedings, 77 Fed. Reg. 7060, (Feb. 10, 2012) (to be codified at 37 C.F.R. pt. 42).

44. For a robust comparison of the AIA proceedings with European practice, see generally Michael A. Carrier, *Post-Grant Opposition: A Proposal and a Comparison to the America Invents Act*, 45 U.C. DAVIS L. REV. 103 (2011).

45. See 35 U.S.C. §§ 273(a)(1), (2).

46. Intellectual Prop. & Comm’n Omnibus Reform Act of 1999, Pub. L. No. 106-113, § 4302(a), 113 Stat. 1501, 1501A556 (2006) (to be codified at 35 U.S.C. § 273(a)(3)) (defining “method” as “a method of doing or conducting business”).

47. *Id.* (to be codified at 35 U.S.C. § 273(b)).

48. 35 U.S.C. § 273(b).

49. *Id.* § 273(a)(1), (2).

50. Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 3(m), 125 Stat. 284, 292 (2011).

USPTO submitted the report on January 13, 2012.⁵¹ Importantly, Congress recognized that expanding this defense brings United States patent law into increased alignment with our trading partners. The report itself provides a comparative study of the laws of the relevant countries that can serve as a useful introduction or guide to United States courts. Given congressional recognition for the need to compare our law with that of other countries, it seems appropriate for courts to look to other countries when disputes arise over the interpretation of this defense.

3. *Definitions of Prior Art*

Perhaps the most significant change made by the AIA was the shift to a first-inventor-to-file system, instead of our present first-to-invent system.⁵² In other words, the United States will now grant the patent to the first inventor to file a patent application—with some exceptions—instead of to the first person to create the invention. The AIA therefore moves the United States closer to the rest of the world by creating more of a “race” system—the first to the USPTO wins the patent!

A necessary part of this change is that our definitions of “prior art,” the information available to determine whether an invention is new and non-obvious, also had to change. Under the first-to-invent system, the key date for much of the prior art was the invention date: what was known to the public when the applicant created her invention?⁵³ Under the first-to-invent system, there were also the statutory bars that precluded an applicant from getting patent protection if the invention was on-sale or in public use within the United States or was disclosed in a printed publication or patented anywhere more than one year prior to the applicant’s filing date.⁵⁴

With the adoption of the AIA, as of March 2013, prior art will be assessed from the filing date, not the date of invention. Specifically, the new 35 U.S.C. § 102(a) precludes a patent if the invention was described in a printed publication, patented, on-sale, in public use, or otherwise available to the public prior to the effective filing date of the relevant patent application.⁵⁵ This new provision will affect a significant change in United States

51. U.S. PATENT & TRADEMARK OFFICE, REPORT TO CONGRESS: REPORT ON THE PRIOR USER RIGHTS DEFENSE (2012), available at http://www.uspto.gov/aia_implementation/20120113-pur_report.pdf.

52. See Leahy-Smith America Invents Act § 3, 125 Stat. at 285.

53. See 35 U.S.C. §§ 102(a), (e)–(g).

54. 35 U.S.C. § 102(b). Section 102(d) also was a bar of sorts, precluding a United States patent if the applicant filed overseas for patent protection and delayed too long in filing in the United States. See 35 U.S.C. § 102(d).

55. Leahy-Smith America Invents Act § 3(b), 125 Stat. at 286.

patent law. As such, it could present an opportunity for the courts to revisit and redesign the law surrounding the definitions of prior art.⁵⁶

First, under the 1952 Patent Act, only sales activities or public uses within the United States constitutes prior art.⁵⁷ The AIA eliminates this territorial restriction; therefore, when the AIA takes effect, public uses and sales anywhere will constitute prior art.⁵⁸ The question is whether the present interpretations of what constitutes public use or on-sale activity should also qualify under the AIA. The easy answer is that the standard should be exactly the same; the only difference is the elimination of the territorial constraint.⁵⁹ The alternative, however, would be to consider the law of other countries to see what acts they view as qualifying as a public use or offer to sell for purposes of prior art. For example, under United States law, only formal commercial offers to sell constitute potentially invalidating on-sale activity.⁶⁰ Because activities outside of the United States can qualify as prior art under the new § 102(a), the courts could look to the law of foreign countries or the country in which the sale activity took place to assess whether it qualifies. Under the current law, the Federal Circuit rejected using state law to determine what constitutes an offer to sell, instead deciding the issue as a question of federal law based on basic contract principles. While this approach is likely to survive the AIA, the courts could use the new act as an occasion to revisit the issue and consider foreign ap-

56. See Mark D. Janis & Timothy R. Holbrook, *Patent Law's Audience*, 97 MINN. L. REV. (forthcoming 2012).

57. 35 U.S.C. § 102(b); see also Margo Bagley, *Patently Unconstitutional: The Geographical Limitation on Prior Art in a Small World*, 87 MINN. L. REV. 679 (2003).

58. The Federal Circuit may have expanded the scope of the on-sale bar through its interpretation of what constitutes an infringing "offer to sell" a patented invention. See *Transocean Offshore Deepwater Drilling, Inc. v. Maersk Contractors USA, Inc.*, 617 F.3d 1296, 1309 (Fed. Cir. 2010) (defining offers to sell the patented invention within the United States for infringement purposes based solely on the location of the contemplated sale, not the negotiations or formal offer); Timothy R. Holbrook, *Territoriality and Tangibility after Transocean*, 61 EMORY L.J. (forthcoming 2012) [hereinafter Holbrook, *Territoriality and Tangibility*], available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1905167 (arguing that *Transocean* may have expanded the scope of the on-sale bar under 35 U.S.C. § 102(b)).

59. But see Robert A. Armitage, *Understanding the America Invents Acts and Its Implications for Patenting*, 40 AIPLA L.Q. 1, 42 (2012) (suggesting that the AIA overturned *Metalizing Eng'g Co. v. Kenyon Bearing & Auto Parts Co.*, 153 F.2d 516, 519-20 (2d Cir. 1946), which held that a secret use by an inventor barred patentability but a secret use by third party did not).

60. *Rotec Indus., Inc. v. Mitsubishi Corp.*, 215 F.3d 1246, 1252 (Fed. Cir. 2000); Lucas S. Osborne, *"Offer to Sell" as a Policy Tool*, 53 Santa Clara L. Rev. (forthcoming 2012) (manuscript at 1-7), available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2026941. But see Holbrook, *Threat of a Sale*, *supra* note 9, at 800-01 (arguing against "formal commercial offer" standard).

proaches to the issue. Other countries may view different forms of commercial activity as sufficient to qualify as prior art, even those that fall short of a formal commercial offer.

An even greater opportunity for the courts to consult foreign patent law is the interpretation of the new category of prior art, “otherwise available to the public.”⁶¹ The four other categories of prior art already exist under the statutory bars of the 1952 Patent Act. One could argue that, by using the same terminology, Congress intended to codify the existing judicial practice; the definitions of those categories therefore have not changed. The fifth category, however, is new. Potentially, it could be viewed as an empty set and only serves to reflect Congressional intent to offer an expansive view of what constitutes prior art. Such an interpretation, however, would render the section superfluous.

As a result, the courts will have to decide what constitutes “otherwise available to the public.” An obvious source is, of course, foreign law. Other countries take a more expansive view of prior art compared to current United States law. For example, in Europe, oral disclosures constitute prior art that can render an invention unpatentable.⁶² While oral disclosures may create evidentiary issues of proving what was actually said, other countries treat such disclosures as prior art. Consultation of foreign laws might lead courts to conclude that an oral disclosure qualifies as the invention being otherwise available to the public.

Because the AIA was adopted in part to harmonize, it would make sense for the courts to consult foreign law as persuasive, non-binding authority for interpreting its provisions.

C. Where the Federal Circuit Should (But Does Not Presently) Consider Foreign Law

The final category of situations where foreign law could matter are circumstances where the courts should consider it, but so far have failed or refused to do so. These circumstances include the use of foreign prosecution histories, hearing claims to infringement of foreign patents, and the extraterritorial enforcement of United States patents to cover activities arising in foreign countries.

61. See generally Armitage, *supra* note 59, at 53.

62. European Patent Convention art. 54(2) (“The state of the art shall be held to comprise everything made available to the public by means of a written or *oral* description, by use, or in any other way, before the date of filing of the European patent application.” (emphasis added)).

1. *The Use of Foreign Prosecution Histories*

The Federal Circuit has made it clear not only that the prosecution histories of related patents in foreign countries are admissible but also that they can be highly probative of various issues. For example, the Federal Circuit has used representations made to foreign patent offices to limit the scope of a patent, particularly under the doctrine of equivalents.⁶³ The Federal Circuit has also used representations to foreign patent offices in assessing whether a patentee has committed inequitable conduct at the USPTO, particularly if the disclosures or representations made abroad are inconsistent with those made during the prosecution of the parallel application before the USPTO.⁶⁴

In order to properly assess the import of these various representations and arguments made to foreign patent offices, however, one would think the court would need to understand the law of the jurisdiction to appreciate

63. See *Gillette Co. v. Energizer Holdings, Inc.*, 405 F.3d 1367, 1374 (Fed. Cir. 2005) (using arguments made to European Patent Office (EPO)); *Tanabe Seiyaku Co. v. U.S. Int'l Trade Comm'n*, 109 F.3d 726, 733 (Fed. Cir. 1997); *Caterpillar Tractor Co. v. Berco, S.P.A.*, 714 F.2d 1110, 1116 (Fed. Cir. 1983); *Kadant Johnson, Inc. v. D'Amico*, No. 10-2869, 2012 U.S. Dist. LEXIS, at *26-29 (E.D. La. Feb. 23, 2012) (relying on Chinese prosecution history); *ActiveVideo Networks, Inc. v. Verizon Commc'ns Inc.*, 801 F. Supp. 2d 465, 494 (E.D. Va. 2011) (using representations in Europe); *In re Omeprazole Patent Litigation*, 490 F. Supp. 2d 381, 430-31 (S.D.N.Y. 2007); *VAE Nortrak N. Am., Inc. v. Progress Rail Servs. Corp.*, 459 F. Supp. 2d 1142, 1154 (N.D. Ala. 2006) (using representations to EPO); *Tap Pharm. Prods., Inc. v. Atrix Labs., Inc.*, No. 03 C 7822, 2005 U.S. Dist. LEXIS 15176, at *15-16 (N.D. Ill. July 27, 2005) (relying on arguments made to EPO); *Sentry Protection Prods., Inc. v. Eagle Mfg. Co.*, No. 1:01 CV 2240, 2004 U.S. Dist. LEXIS 30459, at *5-6 (N.D. Oh. Sept. 30, 2003); *AK Steel Corp. v. Sollac & Ugine*, 234 F. Supp. 2d 711, 769-70 (S.D. Oh. 2002); *Gallant v. Telebrands Corp.*, 35 F. Supp. 2d 378, 400 (D.N.J. 1998); *Merck & Co., Inc. v. Mylan Pharms., Inc.*, 19 F. Supp. 2d 334, 344 n.17 (E.D. Pa. 1998) (looking at New Zealand prosecution history); *Intellectual Prop. Dev., Inc. v. UA-Columbia Cablevision of Westchester, Inc.*, 94 Civ. 6296 (SS), 1998 U.S. Dist. LEXIS 3901, at *15-24 (S.D.N.Y. March 26, 1998) (using representations before Canadian patent office). *But see* *AIA Eng'g Ltd. v. Magotteaux Int'l S/A*, 657 F.3d 1264, 1279 (Fed. Cir. 2011) (“[O]ur precedent cautions against indiscriminate reliance on the prosecution of corresponding foreign applications in the claim construction analysis.”); *TI Grp. Auto. Sys. (N.A.), Inc. v. VDO N.A., L.L.C.*, 375 F.3d 1126, 1136 (Fed. Cir. 2004) (declining to rely on foreign prosecution history); *Astra Aktiebolag v. Andrx Pharms., Inc.*, 222 F. Supp. 2d 423, 466-68 (S.D.N.Y. 2002) (questioning appropriateness of reliance on EPO prosecution history for claim construction purposes, yet still using the foreign prosecution history). See generally, *Holbrook, Territoriality Waning?*, *supra* note 11, at 716-17 (discussing role of foreign prosecution histories).

64. *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1295-96 (Fed. Cir. 2011) (en banc) (representations made at EPO inconsistent with USPTO); *Regents of the Univ. of Cal. v. Eli Lilly & Co.*, 119 F.3d 1559, 1574-75 (Fed. Cir. 1997); *Heidelberger Druckmaschinen AG v. Hantscho Commercial Prods. Inc.*, 21 F.3d 1068, 1072-73 (Fed. Cir. 1994).

the proper context of the argument. For example, under United States patent law, prosecution history estoppel is generally only triggered when issues of patentability are addressed at the USPTO.⁶⁵ To understand the purpose of the representation in the foreign office, one should want to consider the nature of the legal argument being addressed: a representation out of context does not provide sufficient context to appreciate what the applicant is arguing.

The Federal Circuit has recognized this concern, noting that reliance on these foreign sources must be tempered. The court in *Caterpillar Tractor* stated “the varying legal and procedural requirements for obtaining patent protection in foreign countries might render consideration of certain types of representations inappropriate.”⁶⁶ As one district court explained,

Additionally, adopting Masonite’s argument in this regard would require the court to rely upon extrinsic evidence of what happened before a foreign patent office, without a complete presentation of such evidence, nor a complete understanding of what happened before the foreign body and why that was important under foreign law. Therefore, while Masonite may raise this argument, should the doctrine of equivalents become important, the court will not use the incomplete evidence in the record on this issue as a basis for defining a claim term at the *Markman* hearing.⁶⁷

The courts therefore recognize that the import of these representations depend in large part on the foreign law that elicited the response. Yet the courts do not bother to engage in consideration of the foreign law and seemingly offer little explanation as to why, in a given situation, they chose to accept or ignore the representations made to the foreign office. Thus, the concern about these varying standards could be readily addressed by actual consideration of the relevant foreign law. If a party wishes to rely on those representations, then the court should require the party to demonstrate the nature of the foreign law and how it differs, if at all, from United States law.

65. See *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 30–31 (1997). The court noted:

But petitioner reaches too far in arguing that the reason for an amendment during patent prosecution is irrelevant to any subsequent estoppel. In each of our cases cited by petitioner and by the dissent below, prosecution history estoppel was tied to amendments made to avoid the prior art, or otherwise to address a specific concern—such as obviousness—that arguably would have rendered the claimed subject matter unpatentable.

Id.

66. *Caterpillar Tractor*, 714 F.2d at 1116.

67. *Burns, Morris & Stewart Ltd. v. Masonite Int’l Corp.*, 401 F. Supp. 2d 692, 698 (E.D. Tex. 2005).

2. *Hearing Claims of Infringement of Foreign Patents*

A clear situation in which a United States court would have to interpret and apply foreign patent law is if the court heard a claim for infringement of a foreign patent. Nothing in the patent law or rules of civil procedure preclude a court from hearing such a case, such as under supplemental jurisdiction.⁶⁸ Nevertheless, in *Voda v. Cordis Corp.*, the Federal Circuit effectively barred district courts from hearing claims to infringement of a foreign patent.⁶⁹ The court held that the district court abused its discretion in concluding it could hear foreign patent infringement claims because considerations of comity, judicial economy, convenience, fairness and other reasons required the court to decline supplemental jurisdiction.⁷⁰

As per Judge Newman's persuasive dissent, however, there is no real reason to preclude such suits. The concerns of comity are overstated given the general level of harmonization around the globe with respect to patents. Moreover, the only way in which issues of sovereignty could arise are if the United States courts are "second guessing" the decisions of foreign patent offices by opining on the validity of the foreign patent. Such a decision, of course, would not be binding in the foreign country, so it might have limited impact. Moreover, the United States courts could devise ways to minimize such a concern, such as precluding challenges to the validity of the foreign patent and addressing only infringement.⁷¹ Hearing claims of foreign patent infringement would require a United States court to confront the foreign law directly, including the various methods used to determine claim scope and potentially validity. Such engagement would permit the United States courts to assess those laws directly, which may help to educate them as to the differences and similarities to our laws. Such consideration could provide the opportunity to achieve some harmonization in our

68. See Timothy A. Cook, Note, *Courts As Diplomats: Encouraging an International Patent Enforcement Treaty Through Extraterritorial Constructions of the Patent Act*, 97 VA. L. REV. 1181, 1203–09 (2011).

69. *Voda v. Cordis Corp.*, 476 F.3d 887, 891 (Fed. Cir. 2007). It may remain possible to bring a foreign patent infringement claim under diversity jurisdiction or in state court. See *Baker-Bauman v. Walker*, No. 3:06cv017, 2007 U.S. Dist. LEXIS 23080 (S.D. Ohio March 29, 2007); Eric Chan, *Asserting Foreign Patent Claims in U.S. Federal Courts: What's Left After Voda v. Cordis?*, 18 ALB. L.J. SCI. & TECH. 1, 45–46 (2008).

70. *Voda*, 476 F.3d at 897–904. Judge Newman would have permitted the foreign patent infringement claim. *Id.* at 905–06 (Newman, J., dissenting).

71. For a discussion of how to mitigate some of the concerns with hearing claims of foreign patent infringement, see generally Yahn-Lin Chu, *Supplemental Jurisdiction over Foreign Patents: Permissible, So Long as Limitations Apply*, 26 EMORY INT'L L. REV. (forthcoming 2012). For other commentary, see Chan, *supra* note 69; Johanna G. Roth, *Voda v. Cordis Corp.: No Supplemental Jurisdiction over Foreign Patent Infringement Claims . . . for Now*, 16 TUL. J. INT'L & COMP. L. 523 (2008).

law or to highlight the differences between our law and the law of other countries, which itself is helpful to parties operating in a multinational context.

3. *Transnational/Extraterritorial Infringement Issues*

United States courts could also draw upon foreign patent law when determining whether to apply a United States patent extraterritorially. These situations have arisen in a variety of circumstances.⁷² First, the Patent Act expressly provides some forms of extraterritorial protection. Section 271(f) permits the holder of a United States patent to control to some extent the use of the patented invention in foreign countries if all or a non-staple component of the invention are made in the United States and exported abroad. Specifically, a party is an infringer if it:

[S]upplies . . . in or from the United States all or a substantial portion of the components of a patented invention, where such components are uncombined . . . in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States⁷³

It is also an infringement to supply a component of a patented invention that has no substantial non-infringing use if the exporter knows the component will be combined outside of the United States in a manner that would be infringing if done within the United States.⁷⁴ By targeting the exportation of the components of an invention, this provision seeks to regulate activity outside of the United States and therefore provides extraterritorial protection to a United States patent holder.⁷⁵

While § 271(f) concerns exports from the United States, § 271(g) primarily deals with importation of the product of patented processes. Specifically, § 271(g) defines infringement to include the importation, sale, offer to sell, or use within the United States of the product of a patented process, so long as the product is not materially changed by subsequent processes or is a trivial and nonessential component of another product.⁷⁶ Importantly, the process can be performed anywhere: infringement is triggered whenever one of the listed four acts occur with respect to the product in the United States, even if the patented process is performed outside of the United

72. For a comprehensive discussion of the extraterritorial aspects of United States patent law, see generally Timothy R. Holbrook, *Extraterritoriality in U.S. Patent Law*, 49 WM. & MARY L. REV. 2119 (2008) [hereinafter Holbrook, *Extraterritoriality in U.S. Patent Law*].

73. 35 U.S.C. § 271(f)(1) (2006).

74. *Id.* § 271(f)(2).

75. See *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 442 (2007) (“[Section] 271(f) is an exception to the general rule that our patent law does not apply extraterritorially . . .”).

76. 35 U.S.C. § 271(g).

States. This provision, therefore, affords a level of extraterritorial protection by protecting the patentee against overseas uses of the patented process if the product eventually enters the United States.⁷⁷ Unlike § 271(f), providing such protection for patented processes is one of the minimum standards of TRIPS.⁷⁸

Aside from these express statutory provisions, the Federal Circuit has also offered interpretations of § 271(a) that provide extraterritorial protection notwithstanding the express language of the statute that all infringing acts must take place “within the United States.”⁷⁹ The Federal Circuit has found an infringing use of a patented system, where part of the system is outside of the United States, so long as the control and beneficial use of the system is within the United States.⁸⁰ The court has also concluded there can be an infringing offer to sell an invention whenever the contemplated sale is to take place within the United States, even if the offer itself takes place outside of the United States.⁸¹ Because an offer need not be accepted to trigger liability, the court would preclude infringement in circumstances where there is never activity within the United States at all, working a considerable expansion of the extraterritorial scope of infringing offers to sell.⁸²

Because these provisions and interpretations provide the ability for United States patent holders to regulate behavior outside of the United States, they create the traditional concerns that underlie the presumption against the extraterritorial application of United States laws: the potential conflict with another nation’s law, international comity, choice-of-law concerns, congressional intent, and separation of powers.⁸³ One way to resolve these concerns would be to have courts consider foreign patent law explic-

77. *Zoltek Corp. v. United States*, 672 F.3d 1309, 1333–34 (Fed. Cir. 2012), (Dyk, J., dissenting) (discussing extraterritorial nature of § 271(g)).

78. TRIPS art. 28(1)(b) provides:

[W]here the subject matter of a patent is a process, to prevent third parties not having the owner’s consent from the act of using the process, and from the acts of: using, offering for sale, selling, or importing for these purposes at least the product obtained directly by that process.

TRIPS, *supra* note 5, at art. 28(1)(b).

79. 35 U.S.C. § 271(a).

80. *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1317 (Fed. Cir. 2005). There was no infringing use of the method, however, because one step of the method was performed outside of the United States. *Id.* at 1318.

81. *Transocean Offshore Deepwater Drilling, Inc. v. Maersk Contractors USA, Inc.*, 617 F.3d 1296, 1309 (Fed. Cir. 2010).

82. See Holbrook, *Territoriality and Tangibility*, *supra* note 58 (discussing the extraterritorial reach of the *Transocean* holding).

83. Curtis A. Bradley, *Territorial Property Rights in an Age of Globalism*, 37 VA. J. INT’L L. 505, 513–17 (1997).

itly. If there would be a conflict in the law of the United States and that of the foreign country in which the activity is occurring, then courts could decline to find infringement of the United States patent. Elsewhere, I have offered a variety of suggestions as to how courts can expressly consider these potential conflicts with foreign law to guide their decisions as to whether to afford extraterritorial reach to a United States patent.⁸⁴ The baseline principle would be that, if the activity would not be infringing in the foreign country, then the courts should not permit the extraterritorial enforcement of a United States patent.

A number of benefits flow from this approach. First, by expressly considering foreign law in the infringement context, the courts would have the opportunity to resolve the concerns that underlie the presumption against extraterritoriality. At present, the application of the presumption is over-inclusive: it applies even if there is no conflict.⁸⁵ Instead of presuming there is some sort of conflict, the courts would expressly make that assessment. Moreover, unlike the circumstance where the court may want to look to foreign interpretations of TRIPS-implemented provisions, the cost of assessing the foreign law is greatly reduced here. The relevant law is that of the jurisdiction in which the activity is taking place. If the patentee wants to be afforded extraterritorial protection, then it would be incumbent on her to prove the absence of a conflict in the relevant jurisdiction. Finally, consideration of foreign law in these contexts could create a dialogue among courts about the interpretation of patent law, creating opportunities to harmonize our law or to expressly identify differing approaches, crystallizing those differences for other parties.⁸⁶

One can readily see how this approach could be utilized even outside of the patent context in the Federal Circuit's decision in *TianRui Group Co. v. International Trade Commission*.⁸⁷ In this case, the Federal Circuit had to determine whether the International Trade Commission (ITC) could appropriately exclude products imported into the United States under 19 U.S.C. § 1337, when that product was the fruit of the misappropriation of a trade secret.⁸⁸ In the case, however, the misappropriation took place in

84. Holbrook, *Territoriality and Tangibility*, *supra* note 58; Holbrook, *Extraterritoriality in U.S. Patent Law*, *supra* note 72, at 2163–83; Holbrook, *Territoriality Waning?*, *supra* note 11, at 748–58.

85. *See Morrison v. Nat'l Australia Bank Ltd.*, 130 S. Ct. 2869, 2877–78 (2010) (“The canon or presumption applies regardless of whether there is a risk of conflict between the American statute and a foreign law.”).

86. *See generally* Holbrook, *Extraterritoriality in U.S. Patent Law*, *supra* note 72, at 2185–88 (discussing the benefits of this approach).

87. *TianRui Grp. Co. Ltd. v. Int'l Trade Comm'n*, 661 F.3d 1322 (Fed. Cir. 2011).

88. *Id.* at 1326.

China, not in the United States.⁸⁹ The Federal Circuit nevertheless held that it would assess whether there had been a misappropriation under United States federal law, not state law or Chinese law.⁹⁰ Instead, the court applied United States law to activities occurring within China to see whether there had been trade secret misappropriation.⁹¹

The approach proposed in this Article for patent law shows how this issue could be more cleanly resolved.⁹² To its credit, the Federal Circuit did acknowledge that there was no conflict with Chinese law in this case.⁹³ But the court could have gone further and noted that the absence of a conflict was a necessary condition for the application of § 1337 in this circumstance; in the presence of such a conflict, where the activity in China would not constitute trade secret misappropriation under Chinese law, then there would be no cause of action. In this way, the provision would work in a manner akin to criminal extradition, which generally requires that the conduct of the relevant person be a crime in both the jurisdiction seeking extradition and the one in which the defendant resides.⁹⁴ With this approach, any potential conflicts with foreign laws are eliminated.

Thus the court could require that both United States and Chinese law on this matter be violated to trigger exclusion. In this way, if what the party did was okay in China but would not be if done in the United States, the imported good would not be excluded. Similarly, if what the party did in China was illegal there, but would be legal if done in the United States, then the imported good could be imported. This way, United States law would only be triggered if the acts were illegal in both countries. There would be no fear of extraterritoriality because the importer would only have problems if his acts were illegal in both jurisdictions, regardless of where the activity occurred.⁹⁵

89. *Id.*

90. *Id.* at 1327, 1332–33.

91. *Id.* at 1334–35.

92. The court also could have simply applied the law of China in determining whether there was a § 1337 violation. The basic rule would be that an importer could not do something illegal in his country of origin and then import the product of such illegal activity into the United States. That approach would not result in the extraterritorial application of U.S. law, but would instead be a choice to use Chinese law. The concerns that underlie the presumption against extraterritoriality would simply be inapposite.

93. *TianRui*, 661 F.3d at 1332–33.

94. RESTATEMENT (THIRD) OF FOREIGN RELATIONS § 476(1)(c) (1986); *see also* Holbrook, *Extraterritoriality in U.S. Patent Law*, *supra* note 72, at 2165–66 (making this comparison).

95. In this regard, the author disagrees with Judge Moore's dissent in *TianRui*, where she argues that "[e]ven if Chinese trade secret laws were identical to our laws, this does not give the Commission the power to interpret and apply Chinese laws to TianRui's unfair acts in China. If there has been some violation of Chinese law, any remedy must come from

In sum, one of the most potent circumstances when the courts should consider foreign law, but as yet have failed to do so formally, is when the issue of the extraterritorial application of a United States patent arises. Express consideration of foreign law in these contexts affords a number of benefits, particularly the chance for cross-fertilization of ideas and approaches to patent law and resulting harmonization. Indeed, one commenter has suggested that such analysis could spur the formal adoption of a treaty dealing with these issues.⁹⁶ In these circumstances, the courts should consider foreign patent law.

II. IMPACT OF *MORRISON* ON EXTRATERRITORIAL REACH OF PATENT LAW

This discussion of the extraterritorial reach of United States patent law and the need to incorporate consideration of foreign law ignores one key issue: the presumption against the extraterritorial application of United States law.⁹⁷ The presumption operates as a canon of statutory construction. Congress undisputedly does have the power to regulate extraterritorial activity; the question is instead when should the courts interpret a statute to cover such activity.⁹⁸ Generally, the courts have presumed that laws are intended to apply only within the jurisdiction of the United States, unless Congress's contrary intent is clearly expressed.⁹⁹ The presumption is based on a variety of policies, including avoiding conflicts with another nation's law, comity, choice of law concerns, and separation of powers.¹⁰⁰

Historically, the courts have haphazardly and inconsistently applied the presumption.¹⁰¹ The Supreme Court in *Morrison v. National Australia Bank, Ltd.*, however, appears to have bolstered the strength of the presumption.¹⁰² In *Morrison*, the Court had to assess whether § 10(b) of the Securities and Exchange Act applied to activity taking place in Australia.¹⁰³ In

Chinese courts.” *TianRui*, 661 F.3d at 1342 n.8 (Moore, J., dissenting). The question here is not one of judicial power, but of the court defining what constitutes unfair methods under § 1337. The statute could easily contemplate use of foreign law as a necessary condition for triggering exclusion.

96. Cook, *supra* note 68, at 1210–22.

97. See *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 454–55 (2007); *EEOC v. Arabian Am. Oil Co. (Aramco)*, 499 U.S. 244, 248 (1991).

98. *Morrison v. Nat'l Australia Bank Ltd.*, 130 S. Ct. 2869 (2010).

99. *Aramco*, 499 U.S. at 248.

100. Holbrook, *Territoriality Waning?*, *supra* note 11, at 729.

101. See *id.* at 729–30. The Supreme Court has made clear, however, that the presumption applies even in the absence of an express conflict. *Morrison*, 130 S. Ct. at 2877–78.

102. *Morrison*, 130 S. Ct. at 2877.

103. *Id.* at 2876.

concluding that there was no extraterritorial affect, and thus no cause of action,¹⁰⁴ the Court took the opportunity to bolster the presumption against extraterritoriality. Although it recognized the long history of cases applying § 10(d) to foreign activity, the Supreme Court nevertheless reversed the lower court and rejected such extraterritorial uses of § 10(b). The Court in fact seemingly ridiculed the approach the courts had used to apply § 10(d) extraterritorially, noting:

The results of judicial-speculation-made-law—divining what Congress would have wanted if it had thought of the situation before the court—demonstrate the wisdom of the presumption against extraterritoriality. Rather than guess anew in each case, we apply the presumption in all cases, preserving a stable background against which Congress can legislate with predictable effects.¹⁰⁵

In typical Scalia pithiness, the Court noted, “When a statute gives no clear indication of an extra-territorial application, it has none.”¹⁰⁶ It seems the Court intended to give the presumption some teeth by noting “the presumption against extraterritorial application would be a craven watchdog indeed if it retreated to its kennel whenever some domestic activity is involved in the case.”¹⁰⁷ The Court took pains to emphasize, however, that the presumption against extraterritoriality is not a “clear statement” rule.¹⁰⁸ Context can be consulted absent a statement by Congress that the law is intended to apply extraterritorially.¹⁰⁹

The question arises, then, as to how broadly applicable the language of *Morrison* is. Does *Morrison* represent a sweeping alteration to the presumption, creating close to a “clear statement” rule requirement, or is it limited to the context of § 10(b) of the securities law? In other words, should *Morrison* impact the scope of the ITC’s jurisdiction under § 1337 or

104. The Supreme Court held that determination of the extraterritorial reach is not a question of subject matter jurisdiction, but instead is a question on the merits. *Id.* at 2877.

105. *Id.* at 2881.

106. *Id.* at 2878. *But see id.* at 2892 (Stevens, J., concurring) (noting that the phrase “makes for a nice catchphrase” but overstates the point).

107. *Id.* at 2884 (majority opinion).

108. *Id.* at 2883. However, Justice Stevens wrote in his concurring opinion:

[T]he Court seeks to transform the presumption from a flexible rule of thumb into something more like a clear statement rule. . . . Yet even *Aramco*—surely the most extreme application of the presumption against extraterritoriality in my time on the Court—contained numerous passages suggesting that the presumption may be overcome without a clear directive.

Id. at 2891 (Stevens, J., concurring).

109. *Id.* at 2883 (majority opinion). Congress did respond to *Morrison* in the context of securities regulation. *See Cook, supra* note 68, at 1190–91 (discussing amendments to provide some extraterritorial reach to securities law).

of the extraterritorial reach of United States patents? Commentary has begun to explore this issue in other contexts.¹¹⁰ The courts are also beginning to address this issue.¹¹¹ Judge Dyk, in dissent, recently relied on *Morrison* to object to the en banc Federal Circuit permitting infringement by the government under § 271(g).¹¹² Yet, other decisions by the Federal Circuit have not paid much heed to *Morrison*. This Section explores the consistency of the Federal Circuit's decisions in a post-*Morrison* world.

With respect to the Federal Circuit's decision in *Tianrui Group Co. v. International Trade Commission*,¹¹³ *Morrison* should have limited impact. Although the Federal Circuit should have addressed *Morrison* more squarely, the context of the ITC should permit the extraterritorial reach afforded by the court under § 1337. To begin, *Morrison* addresses 10(b) law almost exclusively and does not adopt a bright line rule against all extraterritorial applications of United States law. Moreover, given that *Morrison* specifically states it is not adopting a "clear statement" rule means that the context of intellectual property can be taken into account.

The Supreme Court's reconciliation of *Pasquantino v. United States* is particularly apt to the ITC situation:

110. See generally Genevieve Beyea, *Morrison v. National Australia Bank and the Future of Extraterritorial Application of U.S. Securities Laws*, 72 OHIO ST. L.J. 537 (2011); Lea Brillmayer, *The New Extraterritoriality: Morrison v. National Australia Bank, Legislative Supremacy, and the Presumption Against Extraterritorial Application of American Law*, 40 SW. L. REV. 655 (2011); Anthony J. Colangelo, *A Unified Approach to Extraterritoriality*, 97 VA. L. REV. 1019 (2011); John. H. Knox, *The Unpredictable Presumption Against Extraterritoriality*, 40 SW. L. REV. 635 (2011); John Rothchild, *Exhausting Extraterritoriality*, 51 SANTA CLARA L. REV. 1187 (2011) (considering *Morrison* in the context of the exhaustion of intellectual property rights, but not more broadly).

111. See, e.g., *Sarei v. Rio Tinto, PLC*, 671 F.3d 736 (9th Cir. 2011) (concluding *Morrison* had no impact on extraterritoriality of the Alien Tort Claims Act); *United States v. Wiengarten*, 632 F.3d 60 (2d Cir. 2011) (applying *Morrison* and affording extraterritorial reach to relevant criminal statute); *Norex Petroleum Ltd. v. Access Indus., Inc.*, 631 F.3d 29 (2d Cir. 2010) (applying *Morrison* and finding RICO has no extraterritorial reach); *Love v. Associated Newspapers, Ltd.*, 611 F.3d 601 (9th Cir. 2010) (providing federal trademark law (Lanham Act) has extraterritorial reach even post-*Morrison*); *United States v. Campbell*, 798 F. Supp. 2d 293 (D.D.C. 2011) (applying *Morrison*, but giving extraterritorial reach to anti-bribery criminal statute); *European Cmty. v. RJR Nabisco, Inc.*, No. 02-CV-5771 2011 U.S. Dist. LEXIS 41219 (E.D.N.Y. 2011) (applying *Morrison* to find no extraterritorial application to RICO).

112. See *Zoltek Corp. v. United States*, 672 F.3d 1309, 1333 (Fed. Cir. 2012) (Dyk, J., dissenting) ("The majority here makes the same mistake as the Second Circuit made in *Morrison*."). The Federal Circuit held, *en banc* in relevant part, that 28 U.S.C. § 1498(a), which waives the United States' government's sovereign immunity for patent infringement, is not limited to 35 U.S.C. § 271(a) and also includes the protections for processes found in § 271(g). *Id.* at 1319 (en banc in relevant part).

113. *Tianrui Grp. Co. v. Int'l Trade Comm'n*, 661 F.3d 1322 (Fed. Cir. 2011).

In that case we concluded that the wire-fraud statute, U.S.C. § 1343 (2009 ed., Supp. II), was violated by defendants who ordered liquor over the phone from a store in Maryland with the intent to smuggle it into Canada and deprive the Canadian Government of revenue. 544 U.S., at 353, 371. Section 1343 prohibits “any scheme or artifice to defraud,”—fraud *simpliciter*, without any requirement that it be “in connection with” any particular transaction or event. The *Pasquantino* Court said that the petitioners’ “offense was complete the moment they executed the scheme inside the United States,” and that it was “[t]his domestic element of petitioners’ conduct [that] the Government is punishing.” 544 U.S. at 371. Section 10(b), by contrast, punishes not all acts of deception, but only such acts “in connection with the purchase or sale of any security registered on a national securities exchange or any security not so registered.” Not deception alone, but deception with respect to certain purchase.¹¹⁴

Here, the unfair methods must be in connection with the act of importation, but unlike *Morrison*, the act of importation is the key act. The key acts in *Morrison* were sales of securities, which must be in the United States.¹¹⁵ *Morrison* dealt with a situation where all acts—sales of securities—were outside the United States.¹¹⁶ Section 1337 is very different in that the regulated act—importation—is entirely domestic. The question then becomes which “harms” can be remedied through the importation of the good. There is a domestic, textual nexus to the behavior, in a manner akin to 35 U.S.C. § 271(f)’s exportation provisions and § 271(g)’s importation provisions. Unlike *Morrison*, the entire focus of § 1337 is protection of domestic rights holders against foreign imports. *Morrison* concludes that section 10(b) only regulates domestic trades, so trades outside the US are outside its scope and there is no extraterritorial reach.¹¹⁷ Under § 1337, the precise act sought to be regulated is the act of importation.

Indeed, contrary to the dissent’s contention, it is difficult to see how the ITC could fashion a remedy against importation of goods that was the product of trade secret misappropriation limited to the United States. The scenario would entail a “round trip” of sorts: a party steals the technology from the United States, sends the information overseas, and then imports a good that is the product of the misappropriation back into the United States.¹¹⁸ That would be an odd regulatory scheme for the protection of domestic markets from importations; indeed it would be redundant with a domestic cause of action for trade secret misappropriation. For patents,

114. *Morrison*, 130 S. Ct. at 2886–87.

115. *Id.* at 2887.

116. *Id.*

117. *Id.*

118. This is the scenario envisioned by the dissent. See *TianRui*, 661 F.3d at 1337 (Moore, J., dissenting).

copyrights, and trademarks, all of which are handled separately in § 1337, a violation arises when the good is imported. Unfair methods of competition, in contrast, suggest inappropriate pre-importation acts as well. When compared to the rest of the statute, it makes clear that the “unfair methods” is a different class of acts. Limiting the provision to the “round trip” approach would seem odd in the context of international trade.

Thus, statutes in *Morrison* and *TianRui* are different and the triggering acts (here, *in rem* jurisdiction over a physical object that has entered United States territory) makes the direct applicability of *Morrison* doubtful. Securities regulation, per the statutory text, contains no sense of an international dynamic. In contrast, the purpose of § 1337 is to give domestic rights holders a tool to combat abuses of those rights in the international market.

Of course, a strong argument could be made that even if Congress did speak to the extraterritorial reach in § 1337, the presumption should result in a narrower interpretation than a broader one, as per *Microsoft v. AT&T Corp.* That may counsel against the majority’s approach or suggest more subtlety in crafting the rule.

While the Federal Circuit’s decision in *TianRui* is consistent with *Morrison*, it is not so clear that its various extraterritorial expansions of patent infringement are. The Supreme Court expressly noted in *Microsoft* that the “presumption that United States law governs domestically but does not rule the world applies with particular force in patent law.”¹¹⁹ The statutory provisions of § 271(f) and (g) demonstrate clear Congressional intent to apply United States law extraterritorially.¹²⁰ This strong, pre-*Morrison* language already suggested a strong viewpoint on the part of the Supreme Court regarding the extraterritorial reach of United States patents. Because *Morrison* is an attempt to ratchet the presumption up even more, the Federal Circuit’s interpretations of infringing uses of transnational systems and offers to sell may be viewed as a bit more suspect. The Federal Circuit generally has been affording greater extraterritorial reach to United States patents, and *Morrison* may give the court occasion to reconsider some of those decisions.¹²¹ Nevertheless, *Morrison* could be viewed as dealing

119. *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 454–55 (2007); see *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 531 (1972) (“Our patent system makes no claim to extraterritorial effect.”), *statutorily abrogated in part by* 35 U.S.C. § 271(f).

120. The Supreme Court has noted, however, that even for these expressly extraterritorial provisions, the presumption against extraterritoriality should be used as a rule of statutory construction that favors an interpretation of a statute that minimizes the extraterritorial reach of the relevant law. See *Microsoft*, 550 U.S. at 454–56.

121. See generally Holbrook, *Extraterritoriality in U.S. Patent Law*, *supra* note 72, at 2129–62 (discussing the evolution of the extraterritorial reach of U.S. patent protection); Holbrook, *Territoriality and Tangibility*, *supra* note 58 (discussing evolution of extraterritorial reach of “offer to sell” infringement).

solely with the extraterritorial reach of United States securities law, and no more. Additionally, given the manner in which international law has impacted domestic United States patent law, the context should be viewed quite differently. Much of United States law is now a product of international law, thus the extraterritorial application might be more readily expected.

Ultimately the Supreme Court's goal in *Morrison* was to bolster the strength of the presumption against extraterritoriality generally. However, *Morrison* makes this Article's comity-based analysis even more attractive. For example, if the Federal Circuit required a violation of Chinese law as a necessary condition for a violation, as per this Article's recommendation, then the issue of extraterritoriality goes away because the court would be relying on Chinese law to regulate conduct in China. Thus *Morrison* makes this Article's solution even cleaner. Instead, the court would be applying Chinese law to Chinese acts and then determining whether such acts, if illegal, justify exclusion of the article from the United States market.

CONCLUSION

The world continues to become smaller and smaller. As markets become increasingly global, it is highly likely that the United States' nationally-rooted patent laws will have to confront issues of foreign patent law and extraterritorial application of United States patents. The United States no longer lives in isolation with respect to its intellectual property laws. As this Article suggests, there are times when the courts have, could, and should consider foreign law in assessing United States patent law. Such consultation would have the laudatory effect of potentially creating harmonization of United States law with the rest of the world. And, in those circumstances when the courts choose to disagree with foreign patent law or identify a conflict, then the courts can rightfully refuse to apply that law or deny extraterritorial reach to United States patents. Once such conflicts are crystallized, parties in the international context can plan appropriately, and potentially those conflicts could be addressed formally through future negotiations and treaties.