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Harmonization of U.S. and Foreign Patent Law and H.R. 2795: The Patent Reform Act of 2005

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NOTE

HARMONIZATION OF U.S. AND FOREIGN PATENT LAW AND H.R. 2795: THE PATENT REFORM ACT OF 2005

*Ryan M. Corbett**

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I. INTRODUCTION

Patent law is among the most dynamic areas in the practice of law today. The increased number of patents filed¹ combined with the importance placed on intellectual property rights by industry² have

* J.D. 2006. To my wife and family for all their love and support.

1. COMM'N ON INTELLECTUAL PROP. RIGHTS, INTEGRATING INTELLECTUAL PROPERTY RIGHTS AND DEVELOPMENT POLICY: REPORT OF THE COMMISSION ON INTELLECTUAL PROPERTY RIGHTS at 112 (2002) (stating that the number of patents issued in the United States increased by 159% from 1981 to 2001).

2. See generally WENDY H. SCHACHT & JOHN R. THOMAS, CRS REPORT FOR CONGRESS, PATENT REFORM: INNOVATION ISSUES at 1 (2005).

contributed to the sudden expansion of this area of the law. Despite this explosion of growth, patent law has existed in the United States for centuries, as evidenced by its express inclusion in the U.S. Constitution.³ Throughout its long history, American patent law has experienced many procedural and substantive changes, with some changes coming from domestic pressure while others are due to international influences.⁴

Since there is no global patent system, an inventor who wishes to acquire patent protection must apply for a patent from each individual country in which protection is sought.⁵ The sheer number of filings required to obtain global patent protection is expensive and time consuming.⁶ Additionally, because each country has its own patent laws, applicants face an additional obstacle to acquiring patent protection in multiple jurisdictions.⁷ The difference between U.S. and foreign patent law has spawned the need for the harmonization of international patent law.⁸

Responding to the need for harmonization, U.S. patent law has evolved over the years to conform in many respects with the patent laws of many foreign nations,⁹ most notably the patent laws of Europe and Japan.¹⁰ However, there are still several important aspects of U.S. patent law that are in conflict with the patent laws of many foreign countries.¹¹ Currently, pending legislation¹² is the latest attempt to harmonize U.S. patent laws with those of the rest of the world. This Note will attempt to identify some of the remaining inconsistencies between U.S. and foreign patent law, how the proposed legislation intends to address those inconsistencies, and how those changes will affect the patent law regimes of the United States and other foreign countries.

3. U.S. CONST. art. I, § 8, cl. 8 (stating 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").

4. *See generally* The Patent Cooperation Treaty, June 19, 1970, 28 U.S.T. 7645, T.I.A.S. No. 8733; *see also* Paris Convention for the Protection of Industrial Property, as last revised, July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305.

5. SCHACHT & THOMAS, *supra* note 2, at 8.

6. *Id.*

7. *See id.*

8. *See id.*

9. David V. Radack, *Patent Harmonization: Creating Uniform Patent Laws*, 49 JOM 66, 66 (1997). On June 8, 1995, a major step toward patent harmonization was accomplished by the General Agreement on Tariffs and Trade Treaty (GATT). Prior to GATT, U.S. patent terms were 17 years from the date the patent was issued. Under the terms of GATT, U.S. patent terms are 20 years from the date of filing. The new patent term was codified under 35 U.S.C. § 154(a)(2). *Id.*

10. *See id.*

11. SCHACHT & THOMAS, *supra* note 2, at 8.

12. Patent Reform Act of 2005, H.R. 2795, 109th Cong. (2005) [hereinafter Reform Act].

II. CURRENT DIFFERENCES BETWEEN U.S. AND FOREIGN PATENT LAW

Before examining the changes in the proposed patent legislation, it is necessary to look at the current status of U.S. patent law and its differences from foreign patent law. After identifying several of these differences, the arguments supporting each side will be discussed.

A. Patent Priority

Patents in the United States are issued on a “first-to-invent” basis.¹³ This means that when two independent inventors file patent applications for the same invention, the patent will be awarded to the applicant who actually invented the device first.¹⁴ The first inventor is awarded the patent regardless of whether the first inventor was the first to file a patent application for the claimed invention.¹⁵ Almost every other country in the world employs a “first-to-file” system, which grants priority to the first applicant who files a patent application for the invention, regardless of whether that applicant actually invented the device first.¹⁶

B. Grace Periods

Currently, U.S. patent law bars the issuance of a patent for a particular invention if certain events have occurred prior to the filing of the application for that patent.¹⁷ For example, a U.S. patent will not be issued for an invention if the invention was described in a printed publication anywhere in the world more than one year before the application was filed in the United States.¹⁸ Also, a U.S. patent will not be issued for an invention that was in public use or on sale in the United States more than one year before the application was filed.¹⁹ The one-year “grace period” granted by the statute allows inventors to attract investors, develop marketing strategies for the new invention, and refine their invention prior to filing the patent application.²⁰ Under U.S. law, the one-year clock begins

13. See generally Peter A. Jackson, *Adoption of a First-to-File Patent System: A Proposal*, 26 U. BALT. L. REV. 67, 67 (1997).

14. See 35 U.S.C. § 102(g) (2005). The statute also requires that the first inventor did not abandon, suppress, or conceal the invention.

15. *Id.*

16. Jackman, *supra* note 13, at 67.

17. 35 U.S.C. § 102(b) (2005).

18. See *id.*

19. See *id.*

20. See SCHACHT & THOMAS, *supra* note 2, at 16.

running with a printed publication, public sale, or public use by either the inventor or any third party.²¹

Most other countries are not as forgiving with prior publications or uses. In fact, most countries throughout the world have an absolute novelty policy,²² which means that a patent will be rejected if there has been any disclosure prior to the filing date.²³ Japanese patent law provides a 6-month grace period only for disclosures made by the inventor.²⁴ Therefore, a third party disclosure of the invention just one day prior to the filing of the application would cause the application to be rejected under Japanese patent law.²⁵ The contrast between a grace period and an absolute novelty requirement penalizes the American inventor for disclosing the invention prior to filing by foreclosing patent protection in nearly every other country in the world.²⁶

One other difference between grace periods involves the priority system established by the Paris Convention.²⁷ The Paris Convention system allows an inventor to file an application in one signatory country and within twelve months, file an application in another signatory country.²⁸ The result is that the latter application will receive the effective filing date of the earlier application.²⁹

Currently, U.S. patent law limits this priority system by not issuing any patent when a printed publication of the invention occurred more than twelve months before filing a U.S. application.³⁰ For example, an inventor may publicly disclose his or her invention and receive a Japanese patent so long as he or she filed the application within the six-month Japanese grace period.³¹ Under the Paris Convention system, the inventor would then have twelve months to file an application in the United States and receive the effective filing date of the earlier Japanese application.³²

21. *See id.*

22. *See, e.g.,* European Patent Convention, art. 54(2), 1 B.D.I.E.L. 985 (1984).

23. Robert W. Pritchard, *The Future Is Now — The Case for Patent Harmonization*, 20 N.C. J. INT'L L. & COM. REG. 291, 318 (1995).

24. Japanese Patent Act, Law No. 121 of 1959, art. 29(1) (Japan) [hereinafter Japanese Patent Act].

25. SCHACHT & THOMAS, *supra* note 2, at 16.

26. *See* Pritchard, *supra* note 23, at 318.

27. *See* Convention of Paris for the Protection of Industrial Property, art. 4, Oct. 31, 1958, 13 U.S.T. 1, T.I.A.S. No. 4931.

28. *Id.*

29. SCHACHT & THOMAS, *supra* note 2, at 17.

30. 35 U.S.C. § 119(a) (2005).

31. *See* Japanese Patent Act, *supra* note 24.

32. *See* SCHACHT & THOMAS, *supra* note 2, at 18.

However, under U.S. law, the inventor would only be eligible to receive a patent if he or she filed a U.S. application within 12 months from the date of disclosure, not from the date of the earlier application.³³ An inventor who was not aware of this difference may forfeit his or her patent protection rights in the U.S. despite complying with Japanese and Paris Convention regulations.³⁴

C. Prior User Rights

Prior user rights arise when one party never filed a patent application for an invention that the party was using, and another party subsequently received a patent for the invention.³⁵ The concept of prior user rights is closely related to first-to-file patent systems.³⁶ In the United States' first-to-invent patent system, prior user rights are not really needed because the earlier inventor's prior use would invalidate the subsequent inventor's patent.³⁷ In fact, the only prior user rights granted by U.S. patent law are rights to inventors of a method of carrying out or conducting business that was subsequently patented by another party.³⁸

Most foreign countries grant prior user rights to users of an invention claimed by a subsequently filed patent.³⁹ Since the vast majority of the countries in the world employ a first-to-file system, many commentators view prior user rights as a corollary to the first-to-file system.⁴⁰ Commentators believe that prior user rights are a necessary safeguard from the potentially harsh effects of adopting a first-to-file priority system.⁴¹

D. Best Mode Requirement

The "best mode" requirement is another aspect of patent law employed by the United States but not many other countries.⁴² In order to obtain a U.S. patent, an applicant must disclose in the application the best mode of

33. *Id.*

34. *Id.*

35. See Kim Taylor, *Patent Harmonization Treaty Negotiations on Hold: The "First To File" Debate Continues*, 20 J. CONTEMP. L. 521, 528 (1994).

36. *See id.*

37. *See* Pritchard, *supra* note 23.

38. *See generally* 35 U.S.C. § 273 (2005).

39. *See* Taylor, *supra* note 35, at 533-34.

40. *See* Pritchard, *supra* note 23, at 301 (citing Gary L. Griswold & F. Andrew Ubel, *Prior User Rights—A Necessary Part of a First-to-File System*, 26 J. MARSHALL L. REV. 567 (1993)).

41. *See* Taylor, *supra* note 35, at 533-34.

42. *See* SCHACHT & THOMAS, *supra* note 2, at 39.

carrying out the invention.⁴³ Allowing the inventor to disclose an inferior version of the invention while keeping the best embodiment a secret, goes against the disclosure goals of patent law and hinders the public's ability to compete with the inventor when the patent term expires.⁴⁴ Most other countries, including many European countries and Japan, do not require this extra disclosure requirement.⁴⁵

E. *Publication of Pending Applications*

Until several years ago, U.S. patent law required that pending patent applications remain secret until the U.S. Patent & Trademark Office (PTO) issued a patent for the invention.⁴⁶ Once the patent issued, the PTO would publish the issued patent for anyone to examine.⁴⁷ In 1999, Congress passed the American Inventors Protection Act of 1999⁴⁸ (AIPA), which provided for the publication of most applications eighteen months after the application filing date.⁴⁹ Under the AIPA, if an applicant certifies to the PTO that the invention will not be filed in another country requiring publication of the application 18 months after the initial filing date, the applicant can prevent the publication of his application.⁵⁰ Contrary to U.S. practice, most foreign countries publish every application eighteen months after the filing date.⁵¹

III. PROPOSED CHANGES TO U.S. PATENT LAW AND THEIR EFFECTS

Efforts to harmonize patent law have increased substantially over time with significant advances being made in the last quarter century.⁵² The

43. See generally 35 U.S.C. § 112 (2005).

44. See Jerry R. Selinger, *In Defense of "Best Mode": Preserving the Benefit of the Bargain for the Public*, 43 CATH. U. L. REV. 1071, 1097 (1994).

45. See SCHACHT & THOMAS, *supra* note 2, at 39.

46. Joseph M. Barich, *Pre-Issuance Publication of Pending Patent Applications: Not So Secret Any More*, 2001 U. ILL. J.L. TECH. & POL'Y 415, 416.

47. *Id.*

48. American Inventors Protection Act of 1999, 35 U.S.C.A. § 1 (2000).

49. 35 U.S.C. § 122(b)(1)(A) (2005).

50. 35 U.S.C. § 122(b)(2)(B)(i) (2005).

51. See John C. Todaro, *Potential Upcoming Changes in U.S. Patent Laws: the Publication of Patent Applications*, 36 IDEA 309 (1996) (citing as examples the rules of the European Patent Office, the Japanese Patent Office, and Canadian patent applications).

52. See JAY L. CHASKIN, *WHAT DO WE GAIN AND WHAT DO WE LOSE WITH PATENT HARMONIZATION I*, Address at CASRIP Nationwide Seminar, Fordham University School of Law (Dec. 10, 2001) (citing as examples, the Paris Convention of 1883, the Patent Cooperation Treaty, the WTO, and TRIPs agreement).

continued need for harmonization remains prevalent due to the globalization of commerce, the reduction of trade barriers, and the need for stability and predictability in international patent protection.⁵³ The most significant change to U.S. patent law in over a century, the Patent Reform Act of 2005,⁵⁴ is the latest attempt to achieve the ever present goal of patent harmonization.⁵⁵ The remainder of this Note will examine the proposed changes to the U.S. patent system and the arguments for or against these changes.

A. *First-To-File Priority System*

As noted earlier, the current U.S. patent system grants patent rights to the first inventor, rather than the first person to file a patent application.⁵⁶ The Patent Reform Act of 2005 would change the U.S. patent system to a first-to-file system, awarding the patent to the first party to file an application regardless of whether that person actually invented the device first.⁵⁷

Proponents of a first-to-file system assert a number of reasons supporting its alleged superiority over the currently employed first-to-invent system. One argument supporting adoption of a first-to-file system involves the elimination of expensive and time consuming interference proceedings.⁵⁸ The PTO conducts interference proceedings when one or more applications claim the same or similar invention in one or more applications or existing patents.⁵⁹ The purpose of the interference proceeding is to determine which inventor has priority, by determining who invented the device first.⁶⁰

In order to determine priority, interference proceedings examine dates of conception, dates of reduction to practice, and the inventor's diligence in reducing the invention to practice.⁶¹ Such a priority system requires keeping detailed records of all activities during the process of inventing

53. *See id.*

54. Reform Act, *supra* note 12.

55. *See* SCHACHT & THOMAS, *supra* note 2, at i.

56. *See* 35 U.S.C. § 102(g) (2005).

57. *See* Reform Act, *supra* note 12, § 3.

58. *See* Taylor, *supra* note 35, at 532; *see also* Clifford A. Ulrich, *The Patent Systems Harmonization Act of 1992: Conformity at What Price?*, 16 N.Y.L. SCH. J. INT'L & COMP. L. 405, 414-15 (1996).

59. *See generally* 35 U.S.C. § 135 (2005).

60. *See* Ulrich, *supra* note 58, at 414.

61. *See* Jackman, *supra* note 13, at 83.

the device.⁶² The discovery of this information greatly increases litigation costs.⁶³ Proponents of the first-to-file system assert that their system would negate the need for costly interference proceedings by determining priority simply by looking at which applicant filed the application first.⁶⁴

First-to-file proponents also claim that interference proceedings unfairly favor large, sophisticated entities to the detriment of smaller entities in two respects: (1) larger entities are much more capable of bearing the tremendous expense of interference proceedings, and (2) smaller, less sophisticated entities may not have the requisite understanding of patent law to keep the necessary records for proving the date of invention.⁶⁵ Opponents of the first-to-file system respond that smaller entities lack the funds necessary to quickly file applications⁶⁶ and compete with larger entities in the “race to the patent office” that would result from a first-to-file system.⁶⁷ First-to-file proponents counter that provisional applications balance any advantage that larger entities may gain from a first-to-file system.⁶⁸ Provisional applications allow the applicant to establish a priority date at a relatively low cost and with relaxed filing requirements.⁶⁹ The requirements are so minimal, most inventors can file the provisional application themselves.⁷⁰ Opponents of the first-to-file system further discount the alleged inequity created by requiring applicants to keep records of their invention process by claiming that both small and large entities produce these invention records in the normal course of business.⁷¹

Proponents of the first-to-file system further argue that only a very small number of applications are ever involved in interference proceedings⁷² and of these applications, less than half of these applications result in patents for the challenging party.⁷³ Therefore, these proponents claim that the benefit derived from interference proceedings is not worth the tremendous expense to the PTO and the parties involved.⁷⁴

62. *See id.*

63. *Id.*

64. *See Jackman, supra note 13, at 83-84; see also Ulrich, supra note 58, at 415.*

65. *See Jackman, supra note 13, at 83; see also Pritchard, supra note 23, at 313.*

66. *See Ulrich, supra note 58, at 414.*

67. *See Taylor, supra note 35, at 535.*

68. *See Jackman, supra note 13, at 85; see also Pritchard, supra note 23, at 321-22.*

69. *Pritchard, supra note 23, at 321-22.*

70. *See Jackman, supra note 13, at 85; see also Pritchard, supra note 23, at 321-22.*

71. *See Ulrich, supra note 58, at 415-16.*

72. *See Taylor, supra note 35, at 532.*

73. *See id.* at 532-33 (stating that approximately 30% are issued to the challenging party).

74. *See id.* at 533.

However, it seems that this argument cuts both ways. First-to-invent proponents point to the very small number of patents that are ever actually involved in interference proceedings to support their contention that interference proceedings are not cost prohibitive.⁷⁵ Conceding the high costs undertaken by applicants involved in interference proceedings, first-to-invent proponents argue that the relatively small percentage of applications that are challenged undermines the argument that costly interference proceedings support a first-to-file system.⁷⁶

Furthermore, international considerations play a role in determining whether the United States should adopt a first-to-file priority system. Due to the U.S. adoption of the General Agreement on Tariffs and Trade (GATT) and the North American Free Trade Agreement (NAFTA), the PTO must consider evidence of foreign uses in determining priority in interference proceedings.⁷⁷ First-to-file proponents claim that the additional burden of considering foreign use, especially the burden to smaller entity inventors, supports adoption of a first-to-file priority system that would eliminate the need for interference proceedings altogether.⁷⁸ Moreover, these same proponents claim that adopting a first-to-file system (and international patent harmonization) corresponds to the United States' philosophy of fostering world trade as evidenced by the recent adoptions of GATT and NAFTA.⁷⁹

Some commentators claim that adopting a first-to-file system would also give the United States an enhanced bargaining position to demand changes to foreign patent laws that would benefit the American inventor.⁸⁰ For example, the United States could demand that other countries adopt a grace period for publication⁸¹ similar to that employed by U.S. patent law.⁸² Commentators assert that American inventors, specifically smaller entities and university researchers who place a premium on publication, are harmed by their publications or preliminary sales by forfeiting patent protection in foreign countries.⁸³

75. See Ulrich, *supra* note 58, at 415.

76. See *id.*

77. See Jackman, *supra* note 13, at 84; see also Pritchard, *supra* note 23, at 317.

78. See Jackman, *supra* note 13, at 84.

79. See *id.* at 85.

80. See Jackman, *supra* note 13, at 85; see also Pritchard, *supra* note 23, at 317-18; see also Taylor, *supra* note 35, at 545 (claiming that adopting the first-to-file patent priority system is a powerful bargaining chip for the United States and should not be conceded unless foreign countries give equal value in return to the United States and American inventors).

81. Pritchard, *supra* note 23, at 318-19.

82. See generally 35 U.S.C. § 102(b) (2005).

83. Pritchard, *supra* note 23, at 318-19.

Adoption of a grace period by foreign countries would benefit American inventors by allowing them to protect their inventions abroad.⁸⁴ Thus, adoption of a first-to-file system could lead to foreign concessions on several other issues including, pre-grant oppositions,⁸⁵ international doctrine of equivalence⁸⁶, and English-language filings.⁸⁷ Some commentators argue that the benefits that would accrue to American inventors due to these concessions are well worth the relatively small price of changing U.S. patent law to a first-to-file priority system.⁸⁸

Despite these justifications, first-to-invent proponents assert that the current U.S. system is superior to a first-to-file system. First, these commentators argue that the patent system is intended to protect the inventor who was the first to invent or discover his invention.⁸⁹ Secondly, opponents of first-to-file claim that it is simply more equitable to award patent protection to the actual first inventor, rather than the first party to file a patent application.⁹⁰

Thirdly, first-to-invent proponents allege that a first-to-file system will create a "race" to the patent office.⁹¹ They argue that this will pressure patent attorneys and agents to file applications as quickly as possible, which will diminish the patent's quality and overall protection granted to the patent.⁹²

84. *See id.* at 319.

85. *See id.* (claiming foreign practices allowing pre-grant oppositions by third parties is conducive to abuse and the abuse of delays to the issuance of patents harms American inventors in foreign countries).

86. *See id.* at 319-20. In the United States, the doctrine of equivalence prevents a potential infringer from making minor alterations to an existing patented invention and thereby avoiding liability for infringement. *See id.* at 319 (citing *Sanitary Refrigerator Co. v. Winters*, 280 U.S. 30, 42 (1929)). Adoption of the doctrine of equivalence by foreign jurisdictions would prevent foreign patent offices from narrowly construing claims and afford broader patent protection to American inventions. *See Pritchard, supra* note 23, at 319-20.

87. *See Pritchard, supra* note 23, at 320-21 (noting two disadvantages to American inventors by forcing them to make initial foreign application in that countries' native language). First, in a race to the foreign patent office, an American inventor is disadvantaged compared to a foreign inventor due to the delays in translating the application to the native language. *See id.* at 320. Second, a translation error could result in more limited protection of the American invention or even a full rejection of the application. *See id.*

88. *See generally id.* at 318-21.

89. *See Ulrich, supra* note 58, at 418-19.

90. *Id.*

91. *See Pritchard, supra* note 23, n.137.

92. *See Taylor, supra* note 35, at 535.

Lastly, first-to-invent proponents contend that the U.S. Constitution expressly grants,⁹³ if not mandates, priority to the first inventor.⁹⁴ While this may be a valid argument, the constitutional issues arising from the proposed legislation exceed the scope of this Note.

There appear to be persuasive arguments on each side of the priority argument. Nonetheless, the need for international patent harmonization,⁹⁵ the safeguards that would accompany the proposed change in priority,⁹⁶ and the potential foreign benefits to American inventors that could result from the adoption of a first-to-file system,⁹⁷ arguably weigh in favor of adopting a first-to-file priority system.

B. Grace Periods

Current U.S. patent law gives inventors a one-year grace period in which to file a patent application following a printed publication, public use, or public sale of the invention by either the inventor or any third party.⁹⁸ The proposed legislation would limit the current one-year grace period to the inventor's activities (publication, sale, and use).⁹⁹ Under this proposed change, a disclosure by a third party just one day before the application is filed would constitute prior art.¹⁰⁰ Restricting the current grace period does not go as far as the absolute novelty bar employed by many countries,¹⁰¹ but does take a step toward harmonization by becoming very similar to Japan's grace period.¹⁰²

Many commentators believe that U.S. acquiescence to a first-to-file policy could be an important step toward achieving an international grace period that would increase foreign patent protection for U.S. inventors.¹⁰³ The proposed change could be seen as a sign of the United States' willingness to compromise on the issue of a grace period without substantially limiting American inventors' patent protection.¹⁰⁴ Smaller entities and universities stand to benefit the most from an international

93. See *supra* text accompanying note 3.

94. Taylor, *supra* note 35, at 534.

95. See *supra* text accompanying notes 52 & 80.

96. See, e.g., *supra* text accompanying notes 68 & 70.

97. See *supra* text accompanying notes 80-88.

98. 35 U.S.C. § 102(b) (2005).

99. See Reform Act, *supra* note 12, § 3.

100. See SCHACHT & THOMAS, *supra* note 2, at 17.

101. See *supra* notes 22-23.

102. See *supra* note 24.

103. See Pritchard, *supra* note 23, at 318-19.

104. See *id.*

grace period.¹⁰⁵ For instance, university faculty members are under constant pressure to publish their work.¹⁰⁶ The lack of an international grace period forces university researchers to forfeit their foreign patent rights in favor of early publication.¹⁰⁷

In an effort to protect American inventors' foreign rights, the proposed legislation would change the ending date of the grace period from the actual U.S. filing date to the Paris convention priority date,¹⁰⁸ conditioned upon Europe and Japan adopting grace periods analogous to that of the United States.¹⁰⁹ The proposed legislation attempts to achieve a compromise between the goals of international patent harmonization and protection of American inventors' international patent rights.¹¹⁰

C. Prior User Rights

U.S. patent law allows a prior user of a business method to continue using the business method after a subsequent inventor obtains a patent for the method, without subjecting the prior user to infringement liability.¹¹¹ Current U.S. patent law favors disclosure of inventions over secret commercial use of an invention by not allowing an inventor to obtain a patent if the inventor has used the invention in commerce for more than a year prior to filing a patent application.¹¹² Also, a secret prior use will not prevent a subsequent inventor from obtaining a patent on the invention.¹¹³

The rationale behind favoring patents to trade secrets is to encourage public disclosure to foster ingenuity and to limit the monopoly granted to the inventor.¹¹⁴ Under the current U.S. scheme, a prior use for less than a year prior to the filing of a patent application would invalidate a subsequent patent.¹¹⁵ In a first-to-file system employing broader prior user rights, a prior user would not be able to invalidate a subsequently obtained patent, but the prior user would retain the right to continue using the

105. See Kevin Cuenot, Note, *Perilous Potholes in the Path Toward Patent Law Harmonization*, 11 U. FLA. J.L. & PUB. POL'Y 101, 116 (1999); see also Pritchard, *supra* note 23, at 318-19.

106. Cuenot, *supra* note 105, at 116.

107. Pritchard, *supra* note 23, at 318-19.

108. SCHACHT & THOMAS, *supra* note 2, at 18.

109. See Reform Act, *supra* note 12, § 11(h).

110. SCHACH & THOMAS, *supra* note 2, at 27.

111. 35 U.S.C. § 273 (2005).

112. 35 U.S.C. § 102(b) (2005).

113. See generally *W.L. Gore & Assoc. v. Garlock, Inc.*, 721 F.2d 1540 (Fed. Cir. 1983).

114. See SCHACHT & THOMAS, *supra* note 2, at 29-30.

115. William S. Thompson, *Reforming the Patent System for the 21st Century*, 21 AIPLA Q.J. 171, 182 (1993).

invention that was the subject of the subsequent patent.¹¹⁶ The proposed legislation would broaden the application of prior user rights to not only business methods, but also any patentable subject matter.¹¹⁷

Many commentators consider prior user rights an essential safeguard to the adoption of a first-to-file system.¹¹⁸ Opponents of the first-to-file system claim that it is simply inequitable to award a patent to the first inventor to file an application, regardless of whether that inventor was the first person to actually invent the device.¹¹⁹ Without prior user rights, the patent holder would be able to prevent the prior user from making or using the claimed invention. Prior user rights reduce the harshness that accompanies switching to a first-to-file priority system.¹²⁰

Proponents of prior user rights stipulate that prior user rights should be limited to good faith use. The prior user must have independently derived the invention, in order to prevent an alleged prior user from copying the invention from the patent holder and claim prior user rights.¹²¹ Prior user rights benefit smaller entities and universities that may not have the necessary means to apply for patent protection and allows them to keep using their invention even after a subsequent inventor obtains a patent over the invention.¹²² Prior user rights proponents assert that allowing prior user rights in the United States would put American inventors on par with foreign inventors.¹²³

Since many countries employ prior user rights, American inventors obtaining foreign patents are not able to enjoin prior users in the patent issuing country from using the patented invention.¹²⁴ However, if the United States did not adopt prior user rights in a first-to-file system, foreign inventors that obtain U.S. patents for their inventions would be able to enjoin the use of the invention by prior users in the United States.¹²⁵ Thus, prior user rights proponents conclude that protection of American

116. *Id.*

117. See SCHACHT & THOMAS, *supra* note 2, at 29.

118. See Cuenot, *supra* note 105, at 111; see also Pritchard, *supra* note 23, at 308; see also Taylor, *supra* note 35, at 528.

119. See Ulrich, *supra* note 58, at 418.

120. See Cuenot, *supra* note 105, at 108.

121. See Pritchard, *supra* note 23, at 324.

122. See SCHACHT & THOMAS, *supra* note 2, at 31 (citing Gary L. Griswold & F. Andrew Ubel, *Prior User Rights—A Necessary Part of a First-to-File System*, 26 J. MARSHALL L. REV. 567 (1993)).

123. Pritchard, *supra* note 23, at 323.

124. See *id.* at 323; see also SCHACHT & THOMAS, *supra* note 2, at 31.

125. Pritchard, *supra* note 23, at 323.

inventors demands the adoption of prior user rights in a first-to-file priority scheme.¹²⁶

Opponents assert that prior user rights will not reduce the excessive time and money required to establish priority in interference proceedings, despite the claims of the first-to-file proponents.¹²⁷ These opponents claim that interference proceedings will still be necessary, not to determine priority, but to determine the scope of prior user rights.¹²⁸ The necessity of interference proceedings will remain placing the same burdens on applicants that adopting a first-to-file priority system would ostensibly avoid.¹²⁹

As the argument goes, the prior user would be the smaller entity or university and have the burden of bearing the extremely high cost of an interference proceedings.¹³⁰ The prior user would also have to produce evidence of the date of conception, the date of reduction to practice, and evidence of the ongoing use.¹³¹ These same burdensome record-keeping requirements of a first-to-file system is the basis for prior user rights in the first place.¹³²

Opponents of prior user rights further claim that inventors would be encouraged to keep their inventions secret, since the inventors would not be liable for infringement on a subsequently issued patent anyway.¹³³ Rather, prior user rights weaken the protection afforded by a patent by allowing other parties to use the patented invention without compensating the patent owner.¹³⁴ The value of the patent would be significantly decreased especially if the prior user competes in commerce with the patent owner.¹³⁵

Despite the fairly persuasive argument advanced by opponents to prior user rights, ultimately prior use rights are inseparably linked to a first-to-file priority system.¹³⁶ The gross inequity that would result from forcing a prior user from using his own independently derived invention demands that prior user rights accompany an adoption of a first-to-file system.

126. *See id.*

127. *See* Cuenot, *supra* note 105, at 115-16.

128. *Id.*

129. *See id.*

130. *See id.*; *see also* Jackman, *supra* note 13, at 83.

131. *See* Jackman, *supra* note 13, at 83.

132. *See id.*; *see also* Pritchard, *supra* note 23, at 313.

133. *See* Pritchard, *supra* note 23, at 308.

134. *See id.* at 309.

135. *See id.* at 308-09; *see also* Taylor, *supra* note 35, at 528.

136. *See* Cuenot, *supra* note 105, at 111; *see also* Pritchard, *supra* note 23, at 308; *see also* Taylor, *supra* note 35, at 528.

Furthermore, American inventors would be put at a significant disadvantage if foreign owners of U.S. patents could enjoin an American inventor's prior use of the patented invention in the United States. Meanwhile, an American owner of a foreign patent could not enjoin a foreign inventor's prior use of the patented invention in the country that issued the foreign patent. The protection of American inventors' foreign patent rights, combined with the overriding goal of international patent harmonization, weigh in favor of adopting prior user rights in a first-to-file priority system.

D. Best Mode Requirement

Currently, U.S. patent law requires that an applicant disclose in the application the best mode contemplated by the inventor of carrying out his or her invention.¹³⁷ The Patent Reform Act of 2005 would eliminate the best mode requirement from U.S. patent law.¹³⁸ The U.S. patent system strives to promote science by providing a limited monopoly on an invention as an incentive to inventors.¹³⁹ In return for the limited monopoly, inventors are required to make a complete disclosure of their invention, including disclosing the best mode, so that society can benefit from the invention, use it to advance science and compete with the patent owner once the patent term expires.¹⁴⁰

Some authorities claim that the best mode requirement is encompassed by the enablement provision¹⁴¹ of the statute, and therefore is superfluous and expendable.¹⁴² Others disagree, claiming that the enablement requirement is satisfied with disclosure of any mode of carrying out the invention, and the best mode requirement is a stricter standard, calling for the best mode known to the inventor.¹⁴³

Many countries do not require disclosure of the best mode in patent applications.¹⁴⁴ Opponents of the best mode requirement believe the

137. See generally 35 U.S.C. § 112 (2005).

138. See SCHACHT & THOMAS, *supra* note 2, at 21-22.

139. Dale L. Carlson et al., *Patent Linchpin for the 21st Century?—Best Mode Revisited*, 45 IDEA 267, 268-69 (2005).

140. See Albert L. Jacobs, Jr., *The Best Mode Requirement: What the Law is and What it Should Be*, 16 HOUS. J. INT'L L. 533, 535 (1994).

141. 35 U.S.C. § 112 (2005) (stating that the application must disclose the invention "in such full, clear, concise, and exact terms as to enable any person skilled in the art . . . to make and use the same . . .").

142. See SCHACHT & THOMAS, *supra* note 2, at 22.

143. See Carlson et al., *supra* note 139, at 272.

144. See *id.* at 287.

additional requirement of the U.S. patent system prevents foreign inventors from simply translating their original application into English and then filing in the United States.¹⁴⁵ Nonetheless, best mode proponents contend that this minor inconvenience is overshadowed by the necessity for a uniform disclosure policy and a complete global exchange of information.¹⁴⁶

Further, opponents of the best mode requirement argue that challenges to patent validity or best mode grounds, have become a procedural tactic that simply increases the cost of litigation.¹⁴⁷ Supporters of the requirement counter that ordinary discovery in patent litigation cases will encompass facts that are relevant to the issue of best mode, and therefore the best mode issue does not significantly add to litigation costs.¹⁴⁸

Opponents of the best mode requirement also contend that a uniform system of disclosure will result in a decrease in the cost of compliance.¹⁴⁹ However, supporters of the requirement counter that many foreign inventors currently file patent applications in the United States, and are already accustomed to the best mode requirement.¹⁵⁰

Therefore, adopting an international best mode requirement would not be a significant imposition on many applicants.¹⁵¹ The policy concerns of complete disclosure and the underlying goal of advancing science seem to vastly outweigh any inconveniences caused by contrasting disclosure requirements of different countries.¹⁵² Ultimately, the entire world is benefited economically by having the opportunity to compete with the patent holder.¹⁵³ Complete disclosure creates efficiency, allowing society

145. *See id.* at 281.

146. *See id.* at 287. The dissemination of information is particularly important for developing countries as a way of increasing the flow of technology into local markets and training the local work force. *Id.* at 289. Without the best mode requirement inventors in developing countries will reinvent technology that they otherwise would have been able to build upon had the best mode requirement been enforced. *Id.* Failure to implement a best mode requirement would only re-establish the "dichotomy between developing and developed countries." *Id.*

147. *See* SCHACHT & THOMAS, *supra* note 2, at 22.

148. Carlson et al., *supra* note 139, at 291.

149. *Id.*

150. *Id.* Many countries have started requiring disclosure of the best mode in a patent application. *Id.* at 284. The increased international support for the best mode requirement indicates that the best mode requirement is not just a bargaining chip that should be conceded to obtain another result, but rather is a legitimate result itself. *Id.* at 292.

151. *Id.* at 291.

152. *See id.* at 292.

153. Carlson et al., *supra* note 139, at 292.

to advance the goals of science by building upon the innovation of others.¹⁵⁴

E. Publication of Pending Applications

Under current U.S. patent law, the PTO will publish pending patent applications eighteen months after the filing date, unless the applicant certifies that the invention will not be the subject of a foreign patent application. If the invention will not be the subject of a foreign patent, the PTO will not publish the application.¹⁵⁵ The Patent Reform Act of 2005 would require the PTO to publish all pending patent applications regardless of whether the invention would be the subject of a foreign application.¹⁵⁶

Historically, patent applications were not published until the patent was issued.¹⁵⁷ This system allowed the applicant to evaluate the scope of the claims that would be allowed and decide whether to proceed with the patent application or protect the invention as a trade secret.¹⁵⁸

The apparent benefits to the applicant are outweighed, however by the benefits of disclosure. First, keeping applications secret promotes inefficiency and the waste of resources.¹⁵⁹ Under this system, inventors would invest time and money into developing an invention and find out later that someone else had already filed a patent application.¹⁶⁰ Early disclosure would eliminate this waste of resources that would inevitably occur under the old system.¹⁶¹

Furthermore, early publication would allow inventors to build upon the inventions of others and efficiently advance the cause of science.¹⁶² Early publication also allows applicants to cite other pending applications as prior art.¹⁶³ This reduces the PTO's search costs and supports efficiency within the system.¹⁶⁴ Finally, keeping pending applications secret allows

154. *See id.*

155. *See supra* notes 49-50.

156. *See* Reform Act, *supra* note 12, § 9(a).

157. *See* SCHACHT & THOMAS, *supra* note 2, at 25.

158. *See id.*; *see* Taylor, *supra* note 35, at 529 (specifically identifying that universities may wish to protect their inventions through trade secret considering that many universities do not have the resources to obtain patent protection).

159. *See* Pritchard, *supra* note 23, at 325.

160. *See id.*

161. *See id.*

162. *See id.*

163. *See id.*

164. *See* Pritchard, *supra* note 23, at 325-26.

the applicant to literally file an infringement suit on the day the patent issues, without any prior notice to the unsuspecting defendant.¹⁶⁵

Adopting a policy of eighteen-month post-filing publication for all applications would harmonize U.S. patent law with many foreign countries.¹⁶⁶ In addition to supporting the goal of harmonization, this relatively small concession could also be used as a bargaining chip to obtain other foreign patent rights for American inventors.

IV. CONCLUSION

All patent-issuing countries should seek the goal of patent harmonization. The creation of stable, efficient, and predictable patent law benefits patent applicants, national patent offices, and patent practitioners. The pending legislation discussed in this Note is a very significant step towards the achievement of the goal of harmonization.

Many commentators warn against achieving harmonization at all costs. Their contention is that the United States should make strategic concessions in order to protect the interests of American inventors abroad. The Patent Reform Act of 2005 is evidence that the United States is willing to compromise in order to achieve harmonization. With the cooperation of other foreign countries, the possibility of a uniform international patent system may not be that far off.

165. SCHACHT & THOMAS, *supra* note 2, at 25.

166. See John C. Todaro, *Potential Upcoming Changes in U.S. Patent Laws: the Publication of Patent Applications*, 36 IDEA 309, 310-11 (1996) (stating that most foreign countries publish all patent applications eighteen months after the initial application is filed).