



June 22, 2007

Hon. Jon Dudas
Under Secretary of Commerce for Intellectual Property and
Director of the U.S. Patent and Trademark Office
Madison West Building
Tenth Floor
600 Dulany Street
Alexandria VA 22313

ATTN: Mr. Jon P. Santamauro, Office of International Relations
VIA EMAIL: plharmonization@uspto.gov

Dear Mr. Santamauro:

We are writing to respond to the *Federal Register* notice of May 3, 2007, 72 Fed. Reg. 24566, entitled "Request for Comments on International Efforts to Harmonize Substantive Requirements of Patent Laws."

Intellectual Property Owners Association (IPO) is a trade association representing owners of patents, trademarks, copyrights, and trade secrets from various industries. IPO members file about 30 percent of the patent applications that are filed in the U.S. Patent and Trademark Office by U.S. nationals. Our members also file many thousands of patent applications globally each year under a patchwork of foreign laws, a process that is enormously burdensome and expensive because of complex and different rules for obtaining patent rights. Moreover, as manufacturers, many of our members must try to assess the scope of patent rights granted to others throughout the world. Patent rights issued from the USPTO and other national offices on the same application often differ and create uncertainty in terms of validity or scope. This makes it difficult to decide whether owners should invest in new products and processes when such uncertainties will result in unnecessary litigation.

We strongly support efforts to harmonize the substantive requirements of the world's patent laws in ways that will address these concerns. For many years, IPO has advocated for and supported international efforts to reduce the expense for U.S. innovators to obtain patent rights globally and provide more certainty about rights. Further, we believe that effective harmonization of patent laws should begin by selecting the "best practices" for harmonized international patent laws and not merely trading provisions of law among various countries for political purposes.

IPO positions are set forth below on each of the 10 numbered issues described in the *Federal Register* notice along with further comments on issues not addressed in the notice. These positions encompass the broad goals and actions that we believe can achieve maximum international cooperation on patent matters.

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1. Priority of Invention.

“The United States currently adheres to what is usually called the ‘first-to-invent system’ with respect to priority contests between independent inventors who are claiming rights to the same invention. In the context of current U.S. patent law, this entails the establishment of (1) conception of the invention and (2) reduction to practice of the invention by a particular date. Under certain circumstances, the U.S. system permits the party that has reduced the invention to practice later than another to prove that it was the first-to-invent, and thereby entitled to the patent, by establishing a prior date of conception of the invention. The remainder of the world uses what is referred to as a ‘first-inventor-to-file’ (also referred to as ‘first-to-file’) rule in determining the right to a patent. Generally speaking, this practice determines contests between two parties that have independently invented (as opposed to having derived the invention from the other) the same invention, and awards the patent to the inventor that files his or her application first in time with the patent authorities in the relevant national or regional patent system. While this topic itself is not one of the four categories of the limited package noted above [in the *Federal Register* notice,] this issue would need to be resolved to achieve an agreement on those issues, and has been raised in that context.”

IPO Position:

IPO supports adoption of a first-inventor-to-file system in the U.S. as a best practice.¹ We believe such a system could effectively protect inventors against derivation of their inventions by others and simultaneously avoid the complexity, cost and uncertainty of the current law and specifically patent interferences proceedings. Currently, fewer than one-tenth of one percent of patent applications become involved in interference proceedings. The possibility of the junior (second to file) party proving a date of invention earlier than the invention date of the first party to file causes uncertainty for the parties and third parties such as prospective licensees. Furthermore, data compiled by Gerald J. Mossinghoff in 2005, a former head of the PTO, indicated that small inventors fared no better under the first-to-invent system than they would under a first-inventor-to-file system.²

2. Prior Art Effective Date of Published U.S. Patent Applications.

“United States patent law provides that published patent applications and grants are considered prior art with respect to a second patent application provided the application is earlier filed in the United States and is published or granted as required by 35 U.S.C. 102(e). In other words, the

¹ This position and many of the other positions expressed in this letter were transmitted by IPO to the USPTO in a letter dated May 9, 2001. IPO also supported a first-inventor-to-file system in testimony in the U.S. House of Representatives and Senate in 2005, reviewing legislative proposals addressing patent reform.

² Washington Legal Foundation Civil Legal Issues No. 129, April 15, 2005.

prior art effective date of a published application or granted patent is its date of filing in the United States. The Paris Convention provides that applicants may file first in their country of origin and then have a twelve-month period in which to file in foreign markets without harming their ability to obtain protection in those foreign markets. According to U.S. patent law, applications from foreign applicants who rely on the Paris Convention priority date obtain a patent-defeating prior art effect only from the date of filing in the United States. *See, In re Hilmer*, 359 F.2d 859 (CCPA 1966) and 35 U.S.C. 102(e). In other patent systems in the world, applicants (including U.S. origin applicants) obtain prior art effect from the date of their first filing under the Paris Convention, usually 12 months prior to the filing in the country where protection is sought. However, current United States patent law does provide that international application publications under the Patent Cooperation Treaty are available as prior art as of their international filing date, if the international application was filed on or after November 29, 2000, designated the United States, and published in English under the rules of that Treaty. *See* 35 U.S.C. 102(e).”

IPO Position:

IPO favors a harmonization treaty that would reject the *In re Hilmer* restriction and give all patents and published patent applications prior art dates as of their global priority dates, in the interest of a uniform definition of prior art in a first-to-file system.

3. Scope of Prior Art Effect of Published Patent Applications.

“As noted above, United States patent law provides that published patent applications and grants are considered prior art for the purposes of both novelty and non-obviousness provided the application is earlier filed and is published or granted as required by 35 U.S.C. 102(e). *Hazeltine Research v. Brenner*, 382 U.S. 252, 147 USPQ 429 (1965). This practice helps to prevent grant of overlapping patent rights and to prevent third parties from being threatened by multiple patent infringement lawsuits for substantially the same acts. Other patent systems apply this type of prior art only with respect to novelty, due to concerns of the effect of what may be considered ‘secret’ prior art against a second-in-time inventor who was not aware that any prior art was in existence when its second-in-time patent application was filed. This prior art is considered ‘secret’ in these jurisdictions because this type of prior art has a patent-defeating effect as of its filing date which is prior to its publication. Such a novelty-only system, however, may allow for the granting of multiple patents directed to obvious variations of the same invention.”

IPO Position:

IPO favors providing that the global priority date may be used for purposes of both novelty and nonobviousness, to avoid granting patents on minor variations of

inventions, and also supports an appropriate solution to the problem of an applicant's own unpublished disclosure being used against the applicant.

4. Grace Period

“Through operation of the prior art definitions of 35 U.S.C. 102, United States patent law provides a ‘grace period’ of one year prior to the date of application in the United States. Disclosures by the inventor during the ‘grace period’ do not have a patent-defeating effect. During this period, only disclosures ‘by another’ have patent defeating effect. See 35 U.S.C. 102. The ‘grace period’ is considered by many to be necessary to allow inventors to disclose their invention without the penalty of extinguishing any patent rights for that invention. This is generally raised in the context of those applicants that either have strong incentives to publish early in their fields or, as in the case of independent inventors or small entities, those applicants that are not well versed in the patent system and may inadvertently extinguish their rights through publication. Some other systems, including that in the European Patent Convention (EPC), have an ‘absolute novelty’ requirement such that any disclosures, including those by an inventor himself, made prior to the date a patent application is filed, are considered prior art. Proponents of the ‘absolute novelty’ standard generally view this standard as providing increased legal certainty in that any publication will constitute prior art against a later filed patent application, regardless of the author.

An issue raised in this context is the appropriate length of the ‘grace period’ if introduced globally. Consistent with existing practice, the United States has argued for a twelve-month grace period to ensure optimal utility for applicants, and that the grace period should arise solely by operation of law. Some countries have raised the issue of providing for procedural mechanisms, such as a requirement for the patent applicant to make a declaration of intent to invoke the ‘grace period,’ that would require a patent applicant to list any disclosure that the applicant has made in the past twelve months in order to be considered to fall within the grace period. However, others have argued that such a procedural mechanism, which currently does not exist in United States practice, would vitiate the benefits of such a grace period and harm those parties most likely to benefit from such a grace period, e.g., small entities or other applicants less familiar with the patent system.

There are discussions ongoing as well as to the scope of any such grace period. Some have advocated for a broader grace period that would include any information disclosed by or on behalf of an inventor. Others have advocated the view that published patent applications should be excluded from the grace period on the grounds that applying a grace period to patent applications published at eighteen months would unduly extend, by an additional twelve months, the amount of time for applicants to file multiple patent applications on the same invention. Further, it is

argued that the equities are not the same in this situation as the application has already knowingly applied for patent protection on the same or related subject matter.”

IPO Position:

IPO supports retention of a 12-month, U.S.-type grace period for pre-filing disclosures made by or on behalf of the applicant (a “personal grace period”), to protect the applicant from accidental or unauthorized disclosures, but does not support retention of the grace period for other disclosures in a first-inventor-to-file system. IPO does not favor requiring the applicant to file a declaration of intent to invoke the grace period is productive. Such a requirement would vitiate the period for most applicants, including a high percentage of small inventors.

5. Geographical Limitations in the Definition of Prior Art.

“Recent discussions at the international level have indicated a willingness on the part of states to eliminate any geographical restrictions that limit the definition of prior art. Currently, United States prior art requirements limit certain types of non-written disclosures to acts within the United States, see 35 U.S.C. 102(a) and 102(b). Some have argued that these restrictions discriminate against countries, in particular certain developing countries where there are traditions of non-written disclosures that should be patent defeating if adequately established. It has also been argued that concerns about the reliability of oral or other non-written disclosures can be more adequately addressed through evidentiary provisions rather than through the substantive patent law.”

IPO Position:

IPO favors a harmonization treaty that has no geographical restrictions on the definition of prior art. Prior art should include any disclosure anywhere in the world that is reasonably accessible to the public. Anything known or retrieved from the Internet in one country, for example, can generally be known or retrieved by anyone in the world.

6. “Loss of Right” Provisions.

“Current U.S. patent law, 35 U.S.C. 102(b), bars the grant of a patent when the invention was ‘in public use or on sale’ more than one year prior to filing in the United States. The ‘on sale’ provision may bar patenting in this instance, even where the invention has not been disclosed to the public, if it remains ‘on sale.’ Secret commercial use by the inventor is also covered by the bar in order to prevent the preservation of patent rights when, although an invention has remained secret, there has been successful commercial exploitation of the invention by its inventor beyond one year before filing. *See, e.g., Metallizing Engineering Co. v. Kenyon Bearing & Auto Parts*, 153 F.2d 516 (CCPA 1946). These

provisions are generally considered to promote early disclosure of inventions through patents and to prevent unjustified extensions of the term of exclusive protection by requiring early filing of patent applications in these circumstances. Most other patent systems do not have such provisions. Advocates of eliminating such requirements argue that such requirements are not objective in nature and therefore add uncertainty and complexity to the patent system.”

IPO Position:

IPO favors elimination, in a first-inventor-to-file system, of the loss of rights provisions in U.S. patent code sections 102(b) (in public use or on sale), section 102(c) (abandonment), and section 102(d) (premature foreign filing). An invention "in public use or on sale" would, however, continue to represent "prior art" if reasonably accessible to the public anywhere in the world (see position 5, above).

7. “Experimental Use” Exception to Prior Art.

“United States patent law provides that a public use or sale by the inventor may be exempt from the prior art if that use or sale was experimental. The courts have considered a use or sale to be experimental if ‘it represents a bona fide effort to perfect the invention or to ascertain whether it will answer its intended purpose.... If any commercial exploitation does occur, it must be merely incidental to the primary purpose of the experimentation to perfect the invention.’ LaBounty Mfg. v. United States Int’l Trade Comm’n, 958 F.2d 1066, 1071, 22 USPQ2d 1025, 1028 (Fed. Cir. 1992) (quoting Pennwalt Corp. v. Akzona Inc., 740 F.2d 1573, 1581, 222 USPQ 833, 838 (Fed. Cir. 1984)). Contrary to the grace period, this exemption from the prior art is not time limited but is considered on a case-by-case basis. Most other systems do not contain such a limitation on prior art. If prior public uses are made, these items constitute prior art, subject to a time-limited grace period in some jurisdictions, regardless of whether the uses are experimental in nature, unless the use is not sufficiently informing to the public.”

IPO Position:

Consistent with position 5 above, IPO favors exempting experimental uses from prior art at least during the 12-month grace period. We continue to explore whether and under what conditions any further exemption from prior art for experimental uses should be retained.

8. Prior User Rights.

“While the issue is also not one of those expressly included in the four limited-package categories, this matter has been raised by numerous delegations in the context of patent law harmonization discussions. The

United States currently has a defense to infringement with respect to a person, acting in good faith, who had actually reduced the subject matter of an invention to practice at least one year before the effective filing date of a patent application for that invention by another. See 35 U.S.C. 273. This defense is limited in many respects, most notably that it can only be asserted if the invention for which the defense is asserted is a method, defined as a method of doing or conducting business, and further that it may not be asserted if the subject matter on which the defense is asserted is derived from the patentee or persons in privity with the patentee. These types of infringement defenses are generally referred to as ‘prior user rights.’ Other countries have varying practices, but more generally apply such defense to both products and processes and to persons that, in good faith, either use the invention or make effective and serious preparations for such use prior to the effective filing date for the patent application. Further, there is a split between jurisdictions that provide prior user rights. Some apply these rights more broadly to those parties that have derived their use from information from the patentee, including publications by the patentee or inventor prior to the filing date of the later application. Other jurisdictions take a narrower approach that limits prior user rights to those persons who, in good faith, independently developed the later patented product or process. Comments on any aspects of prior user rights, including whether this element should be included with the current talks on prior-art related matters, are welcome.”

IPO Position:

IPO favors a prior user right in any harmonization treaty to provide a limited defense against patent infringement for early commercial users of subsequently patented technology. This defense should be available for both method patents and product patents, where, in good faith, the user has either actually used the invention commercially or made effective and substantial preparations for such use prior to the effective filing date of another’s patent application. IPO sees no need to distinguish between uses derived from the patentee’s published prior art or any other prior art.

9. Assignee Filing.

“United States patent law now requires that a patent application be made, or authorized to be made, by the inventor or inventors. However, some systems allow for direct filing of patent applications by assignees. These systems generally require that the inventor be named in the application and the entitlement to the patent must derive from the inventor or his successor in title, such as an assignee.”

IPO Position:

IPO favors a system in which the real party in interest files the patent application. The requirement for the patent application to name inventors should be retained. Absent an assignment of rights or an obligation to assign, the inventor should remain the real party in interest. IPO supports assignee filing as a useful simplification in the procedure for filing applications.

10. Eighteen-Month Publication of Patent Applications.

“Most countries publish all patent applications at eighteen months after the application’s filing date (or priority date) and prior to grant of the patent. This is sometimes referred to as ‘pre-grant publication.’ This publication requirement is considered by many to be an important transparency mechanism for the patent system and to prevent the occurrence of so-called ‘submarine’ patents that may be pending in the patent office for an extended period of time and then are granted, potentially affecting good faith actors in the relevant field. It should be noted that if the patent application is withdrawn or abandoned by an applicant prior to the eighteen-month date in these jurisdictions, the application is not published. The United States currently provides eighteen-month publication for the large majority of patent applications filed in the United States. However, U.S. patent applications may not be published if an applicant requests at the time of filing of an application that the application not be published and the request certifies that the invention disclosed in the application has not and will not be the subject of a patent application in another country or under a multilateral international agreement that requires eighteen-month publication. See 35 U.S.C. 122(b)(2)(B). Most other systems do not have this type of ‘opt-out’ option. Advocates of eliminating this type of ‘opt-out’ procedure generally consider this type of provision to undermine the transparency and legal certainty provided by publication.

IPO Position:

IPO favors publishing all applications filed at the USPTO at 18 months and eliminating the “opt-out” option to create transparency of all filed applications.

OTHER COMMENTS

IPO continues to support the two lists of principles of patent law harmonization transmitted to the U.S. Patent & Trademark Office on a letter dated May 9, 2001, which are reproduced below. The first list suggests long term goals for harmonization. The second list suggests specific areas for concentration.

Principles (A):

“Intellectual Property Owners Association supports international patent law harmonization efforts where the long-term goals are:

“(1) to achieve dramatic Improvements in quality of patent examination and sustained reductions in the costs of acquiring multinational patent protection for inventors and industry by (a) fully harmonizing substantive laws regarding patents and patent applications, (b) adopting common procedural practices and requirements regarding patent applications; (c) eliminating unnecessary translation requirements; and (d) reducing or eliminating patent office fees whenever they are in excess of the costs of operating the office;

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“(2) to eliminate work by national patent offices that, with respect to harmonized substantive laws regarding patentability, represents redundant searching and examining of the same application;

“(3) to reduce the overall times of pendency of multinational patent applications, which times are now increasing alarmingly in the major patent offices of the world, including the United States PTO;

“(4) to develop cooperative practices and tools relating to standards for examination and examination procedures to assure uniformity in the scope of the patents granted by patent offices implementing harmonized laws on substantive patentability.

“(5) to provide consistency and certainty in patent enforcement, including in principles of claim interpretation, and to assure prompt resolution of patent controversies by enforcement authorities.”

Principles (B):

“In support of international patent law harmonization efforts, Intellectual Property Owners Association specifically supports:

“(1) the expansion of cooperative relationships among the major patent offices, including the establishment of joint projects of search and examination by major offices, and, to the extent permitted by harmonization of the laws of substantive patentability, the establishment of systems of full-faith and credit of one office's searches and examinations by the other cooperating offices;

“(2) accelerated establishment of comprehensive and universally accepted databases of information that qualifies as prior art and access to and use of such databases by the public and all examining patent offices;

“(3) the substantive harmonization of the patent laws of the major patent systems, including specifically, the efforts of the Standing Committee on Patents of WIPO; and

“(4) the further harmonization and unification of regional patent systems, to the extent such efforts are consistent with the efforts of objectives (1) through (3), such as those of the European Commission to establish a single patent that would have effect throughout the European Union”.

* * *

We appreciate the opportunity to comment and welcome any opportunity for discussion.

Sincerely,



Marc S. Adler
President