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Debunking the Myths about First-Inventor-to-File

With the strong bipartisan vote by the House Judiciary Committee to favorably report H.R. 1249, the America Invents Act, opponents of improving the US patent laws have increasingly focused their attacks on the change which the bill would make to the basis for determining which of rival inventors would receive a patent. Current law grants a patent to the inventor who can establish through complex and costly legal proceedings that he or she was the first to "make" the invention – the "first-to-invent." Under the bill, where two or more inventors seek a patent for the same invention, the patent would be awarded to the inventor who was the first to file an application.

The United States is the only industrialized nation in the world that does not grant patents to the first-inventor-to-file (FITF) a patent application. FITF has been widely acknowledged as a "best practice" by the vast majority of interested circles in the United States – from the more than 14,000 small and large companies of the National Association of Manufacturers to the more than 400,000 members of the American Bar Association to the current US Secretary of Commerce. It has been exhaustively studied and recommended over the last forty years, including recent studies that have demonstrated that small and medium-size companies would benefit from a change from the current first-to-invent system to the FITF system in H.R. 1249. Allegations that FITF will lead to a new "rush to file" leading to unnecessary patent applications simply do not stand up to careful scrutiny.

<u>Studies</u>

Over forty 40 years ago, President Lyndon Johnson's Commission on the Patent System issued its report advocating, among other things, greater patent law harmonization based upon a first-inventor-to-file system: "…when two or more persons separately apply for a patent on the same invention, the patent would issue to the one who is FIRST TO FILE his application…"

On the question of defining the criteria for determining patentability, the Commission recommended that

> "Prior art shall comprise any information, known to the public, or made available to the public by means of disclosure in tangible form or by use or placing on sale, anywhere in the world, prior to the effective filing date of the application." (Report of the President's Commission on the Patent System, 1966, p. 5)

In August 1992, the Secretary of Commerce's Advisory Commission on Patent Reform issued its report on the patent system. The Advisory Commission, like the President's Commission, supported adoption of a first-inventor-to-file system. On the first-inventor-to-file issue itself, the Advisory Commission saw the need to accompany it with contemporaneous reforms to the U.S. patent laws providing for a one-year "grace period" for inventors. The Commission's report concluded that

> "The proposed first-to-file system thus would provide a simple and inexpensive means for establishing priority of invention, while at the same time making it easier for all inventors to gain access to the patent system. The new system would reduce the time and expense of obtaining patents by providing a readily determinable date of priority, and would afford greater certainty in rights for U.S. inventors. (Advisory Commission on Patent Law Reform: Report to the Secretary of Commerce, August 1992, p. 12)

Again, in this millennium, the National Research Council of the National Academies of Science, following an intensive, multi-year examination of the U.S. patent system, set out a series of recommendations for addressing longstanding concerns over the operation of the U.S. patent system. Recommendation No. 7 urged that the United States "Reduce redundancies and inconsistencies among national patent systems," specifically mentioning the need for the United States to reconcile its application priority system with the first-inventor-to-file systems used in the rest of the world. (A Patent System for the 21st Century, National Research Council of the National Academies, June 2004)

Impact on Small Businesses

Opponents of H.R. 1249 argue that the FITF priority system benefits large companies at the expense of small companies. The most comprehensive review of existing data clearly demonstrates that the current first-to-invent system disserves "small entities" (independent inventors, small businesses, and universities) relative to a system grounded on the first-inventor-to-file principle. Former Commissioner of Patents Gerald Mossinghoff conducted an exhaustive review of what actually happened in the United States Patent and Trademark Office when rival inventors set out to prove who invented first. His findings make it abundantly clear that using the first-inventor-to-file would better protect the interests of small entities. Commissioner Mossinghoff's analysis reveals that the current first-to-invent system has cost the small entity more patents than it has secured for them. (Small Entities and the "First to Invent" Patent System: An Empirical Analysis, Journal of the Patent and Trademark Society, 2005)

Race to the USPTO

It is argued that a FITF system would result in a greater number of hurriedly and ill-prepared patent applications. This argument ignores reality. First, fully one-half of all US patent applications originate from abroad. These applications are the US counterparts of applications which have been previously filed in FITF countries. The number of these applications will not increase because the United States moves to a

FITF system. Second, as demonstrated by Commissioner Mossinghoff's careful analysis, anyone who delays filing a patent application relying on being able to later establish that they were the first to invent is risking the loss of their invention to another inventor because of the procedural hurdles they face in trying to overcome the presumptions favoring the first inventor who files an application. In addition, not only would such a person risk losing out in the United States to the 50% of applicants who file from abroad, but one who delays filing in the United States will clearly lose out on obtaining patent protection in the rest of the world which, as noted, follows the FITF.

The Department of Commerce Position

Some opponents have dredged-up decades old comments from government officials to demonstrate that the nation should not move to a FITF system of priority. Unfortunately for them, the Secretary of Commerce, Gary Locke, in a letter to Congress dated October 5, 2009, placed the Executive Branch squarely behind FITF

"We endorse transitioning the United States to a first-inventor-to-file system and recommend adopting more harmonized definitions related to the scope of prior art."

And the Director of the USPTO, David Kappos, at an address to the AIPLA on October 15, 2009, reiterated that support, noting that the move to a first-inventor-to-file system would be "…a major, positive step for the patent system."

"Grace Period" Strengthened

Under current US patent law, inventors can avoid having a public disclosure of their inventions cited against their patent applications, if they file their applications within one year of the date the disclosure was made, and can prove that they made the invention before that date. While this "safety net" can be helpful to inventors whose inventions are published before they file, they must still be able to prove that they made their inventions before the date of the disclosure. This can be particularly problematic if someone else files a patent application before the inventor.

The grace period contained in H.R. 1249 strengthens the current grace period by precluding the grant of a patent to all but the inventor who first published. This not only ensures that only the inventor who first published can receive a patent, it also benefits the public by encouraging inventors to publish their new technology earlier. Indeed, the Presidents of the six leading national education associations have endorsed the bill's grace period as "an effective grace period that continues to support broad dissemination of research results through publications in academic journals and conference presentations." [1]

[1] Letter from the Presidents of the Association of American Universities, the American Council on Education, the Association of American Medical Colleges, the Association of Public and Land-grant Universities, the Association of University Technology Managers, and the Council on Governmental Relations to Commerce Secretary Locke, October 22, 2009

Clear, Objective Definition of Prior Art

Opponents of H.R 1249 argue that the proposed definition of "prior art" in § 102 fundamentally redefines patentability to the detriment of small companies and new entrants. To the contrary, H.R. 1249 simplifies the definition of prior art in a manner that will greatly benefit small businesses and independent inventors by eliminating the possibility that they could forfeit the right to a patent because of their own secret offer for sale or other non-public public activity. Together with the adoption of a FITF priority system with a strengthened grace period, § 102 sets forth simple, objective rules for allowing patent examiners and the public to determine the patentability of an invention.

Constitutionality

When all other attacks against a legislative proposal are unconvincing, opponents resort to arguments that the proposal is unconstitutional. That argument has been advanced against the FITF provisions of H.R.1249, but it too fails. Article I, Section 8, Clause 8 of the U.S. Constitution authorizes Congress to establish a system "To promote the Progress of … useful Arts, by securing for limited Times to … Inventors the exclusive Right to their respective … Discoveries." While an argument might be advanced that Congress is only authorized to grant the limited exclusive right of a patent to an "inventor", there is nothing further limiting Congress' authority. The implementation of this Constitutional authorization is left entirely to the discretion of Congress. The FITF applicant is an "inventor" of the technology. There is nothing in the Constitution that requires the patent to go to the first person to think of the idea, merely to "inventors". The FTI statutes are merely a procedural mechanism established by Congress for the Patent Office to resolve disputes. FITF is also such a procedural mechanism to resolve disputes among inventors faster and cheaper. Beginning with the communication by President Johnson to the Congress of the Patent Reform Act of 1967 with a FITF system of priority, to the recent endorsement of FITF by the Secretary of Commerce, the Executive Branch has never questioned the constitutionality of FITF. Further, there has never been any court ruling suggesting that FITF would be unconstitutional.