Column No.9

U. S. Patent Law Reform Bill (1)

Transition from First-to-Invent Principle to First-to-File Principle

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Background to the U.S. Patent Law Reform Bill

While many major countries in the world have adopted the first-to-file principle, the US is the only country still sticking to the first-to-invent principle. It's currently believed that the US will not transfer to the first-to-file principle for the next several decades, but there is some support for the transition to the first-to-file principle. To understand this move, we can look at the actions of the US Congress Intellectual Property Subcommittee, which announced the 2005 Patent Law Reform Bill on April 14, 2005. This Bill contains such contents as the transition to the first-to-file principle, adoption of a post-grant review system, adjustment of the amount of compensation for damages and the like which concern the essential part of the US Patent Law.

As the background for this Reform Bill to be drafted, there are said to be indications of problems in the US Patent System by a report (2003) of the Federal Trade Commission and a report (2004) of the National Academies Committee. Also, it is said that a comment posted by Microsoft on the website on March 15, 2005, has a great influence, where lowering in quality of patents, increase in the number of lawsuits, necessity of international coordination and so on are pointed out. As seen in the Blackberry case (2004), the Microsoft case (2005), etc., what matter are expensive cost for settlement and compensation for damages. This may be due to the existence of the so-called Patent Mafia who gets a huge amount of money for settlement from big companies by paper patents could threaten sincere and proper economic activities.

Adverse Effect of First-to-Invent Principle

One of the problems pointed out in these reports is an adverse effect by the first-to-invent principle. The first-to-invent principle is a way of thinking that grants a patent to an individual who invented first, which in many ways is superior in concept to the first-to-file principle. However, to determine who invented first, it must be noted that a procedure for interference (□1) similar to a lawsuit is required, and burdens of cost and procedural time can be great.

Moreover, under the first-to-invent principle, if motivation for filing an application at soonest possible time with the Patent Office is weak, the US may fall behind the foreign countries that

have adopted the first-to-file principle. That is to say, if an application was first filed in the US and then in EU, Japan, China, etc., that have adopted the first-to-file principle, the applicant would allow competitors in other countries to acquire the right due to the delay in filing.

As such, under the first-to-invent principle, even if the applicant has obtained a patent, they cannot predict when a would-be first inventor appears and interferes proceedings, which causes uneasy feeling in the stability of the right. Given the potential for issue, the USA seems to have started considering that they may be falling behind foreign countries due to the lowering of international competitiveness, if it sticks to the first-to-invent principle.

Transfer to First-to-File Principle

The first-to-file principle that the US is planning to adopt has been labelled a first-inventor-to-file system by the inventors. That is, it is based on the effective filing date in the US, but whether they are the true inventors or not is still called into question. As such, when there are plural applications in such a relationship as prior or later applications, whether the first applicant is a true inventor or not will be determined by an interference procedure. However, at this time, whether the date of the invention is prior to or later than that of another's invention does not matter, but the true inventor will be determined on the basis of the effective filing date of the application in the US.

According to the Reform Bill set forth in June 2005, a patent is not to be granted if the invention related to the application is posted in a printed publication before the effective date of application, or if it has become publicly known. This way of thinking is the same as that of the usual novelty. When the inventor had made the contents of the invention public before the effective date of application, a grace period of one year is to be approved. However, as the US requests that Europe and Japan likewise approve a one-year grace period, we cannot predict how the matter will develop hereafter.

(Continued to the next issue)

☐1 Interference:

A procedure to compete between a patent or an application, or between applications as to which was filed earlier or later, in the case where "the same patentable invention" is claimed.