

Interview No.17

Influence on Japanese Enterprises by the Revision of the U. S. Patent Law

Big Switch from "First-to-Invent" to "First-to-File"

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A historical great revision of the U. S. Patent Law (America Invents Act) was established on September 16, 2011, signed by the U. S. President, Obama. The key element of this amendment lies in a great change from the "first-to-invent" principle, which was considered a principal cause of the increase in patent litigation fees, to the "first-to-file" principle which is an international mainstream tendency. Knowledgeable U. S. and Japanese people familiar with patent circumstances discussed what kind of influence this revision would likely give to Japanese companies.

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Chair: **Mr. Hiroshi Asakura**, Chief Editor, Intellectual Property Awareness, Nikkei Business Publications, TechnoAssociates, Inc.

Historic great revision for the first time in 60 years

Mr. Asakura: The amendment to the U. S. Patent Law this time is said to be the first significant revision in 60 years. What significance does it have for enterprises?

MOTS: Roughly speaking, it was an amendment to the law to become advantageous to large enterprises. Conventionally, the U. S. Patent Law adopted the "first-to-invent" principle, which was rather advantageous to non-corporate inventors. This is because, in the U. S., the patent system was positioned as a tool to protect non-corporate inventors from the monopoly of large enterprises. It can be seen that with the present amendment an axis has been slightly shifted toward the protection of big companies. What can be considered as the background, that is; the worsening economy, the rise of patent trolls, and the fact that Mr. David Kappos who served as Vice President of U. S. IBM Corp. is the U. S. Patent and Trademark Office Commissioner, have contributed to the revision favorable to big companies. Also, lobbyists made a significant contribution to the meaning of suppressing opposition.

Mr. Asakura: What are typical features in the present revision?

Mr. Ohsaka: The greatest ones are: (1) a shift to the "first-to-file" principle; (2) simplification of the attack to other patents; and (3) simplification of the information disclosure procedure (IDS). Of these, the greatest change is the shift to the "first-to-file" principle.

Mr. Asakura: The "first-to-file" principle in the U. S. seems a little different from the "first-to-file" principle in Japan and other countries.

Mr. Takamatsu: In the case of the U. S. A., they compete not only whether an application was filed first, like in Japan, but of those who filed applications within a year, the one who first publicly discloses obtains the right. This is a system peculiar to the U. S. A. According to this, it seems that a "first-to-invent" principle has only changed to a "first-to-disclose" principle. As evidence of a publicly disclosed date often remains, it will therefore become easier to prove the date of invention. However, hereafter, the date of public disclosure will be competed, won't it?

Mr. Ohsaka: When inventions are made separately, such a situation can be considered. In the revised "first-to-file principle," only when a misappropriated application for one's own invention is filed by a third party, derivation proceedings are made. In "the first-to-invent principle" before the amendment, large expense for verification of the date of the invention and a heavy burden were required on the inventor.

Mr. Asakura: Though the system is thus peculiar to the U. S., it has become easier for Japanese companies than before, hasn't it?

Mr. Ito: In short, there is now no risk that another inventor may suddenly say one day, "I invented first!".

Mr. Takamatsu: If presented in an academic meeting, the date can be clearly proved, but there are various ways of publishing such as selling earlier, using earlier and so on.

Mr. Ito: In this regard, it is important that "public disclosure" should be the proper disclosure of an invention, I guess. Even in a Japanese patent application, claims for a patent are required to meet support requirements.

Mr. Ohsaka: To publicly disclose, there is a way of posting on the Internet.

Mr. Ito: Even the Internet can be manipulated, so isn't it hard to prove the date?

Mr. Ohsaka: When posting on the company's website, I think it is necessary to secure the objectivity of the date of public disclosure.

Mr. Takamatsu: Do you mean to publicly disclose first, and then to file an application?

Mr. Ohsaka: I mean that by filing an application within one year after an invention has been publicly disclosed, the novelty will not be lost. If this rule is observed, the first to publicly disclose will win. In this sense, it may be called a "first-to-disclose" principle.

Mr. Takamatsu: What should not be misunderstood is that the "first-to-disclose" principle is effective only within the U. S. So, if we have publicly disclosed, we cannot obtain a patent as a rule in the countries of the "first-to-file" principle. The exception clause to the lack of novelty of an invention varies from country to country, and there are countries where the exception is "restricted to making the invention public in an international exhibition." So, we have to be careful.

Mr. Ohsaka: Just as you pointed out. If we publicly disclose an invention prior to filing an application, it may make it difficult to obtain a patent in countries other than the U. S. An invention intended for an international patent should not be disclosed before filing. In such a case, use of the system of a provisional application can also be taken into account. If you describe the contents of the invention in the text and drawings and file a provisional application, the filing date can be fixed. By this, you can get a right to an earlier application without losing novelty. A provisional application can be filed online, too.

Mr. Takamatsu: I agree. I think it is more reliable than publishing. The provisional application system was originally provided for protecting non-corporate inventors, so a non-corporate inventor should use this system. Japanese companies are also recommended to file provisional applications in the U. S.

Mr. Asakura: Then, it is not good to publicly disclose anything and everything, right?

Mr. Ohsaka: If you decide not to obtain a patent for the invention, you can publicly disclose it and get a prior art effect by which you can prevent an applicant of a later application from obtaining a patent on the same invention.

Mr. Takamatsu: Concerning the prior art effect (former § 102(e)), there was a system called the "Hilmer Doctrine") in the U. S. A. According to this, in the case where an application was first filed in Japan and then in the U. S. A., the date of the prior art effect was determined not by the Japanese filing date but by the U. S. filing date. On the side to utilize the effect, the date of the prior art effect will be delayed by the time difference between Japan and the U. S., so the system was disadvantageous to Japanese companies. The present revision solved the problem, and the date is now decided by the filing date in Japan.



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Mots: For attacking, there are three ways such as (a) a third party's provision of information; (b) an opposition system after a patent is established; and (c) an inter partes reexamination system. First, let's deal with (a) a third party's provision of information. Conventionally, it was required to provide cited references for eliminating a patent within 2 months after publishing, and besides, no argument could be filed to explain the cited references. After the revision, the cited references can now be provided up to 6 months after publicly disclosing or the issuance of a first office action, whichever is later. Furthermore, an argument for explaining that there is no patentability can be filed.

Mr. Ito: It is a great change that such an argument can now be made. Before, we could only file documents, and couldn't say anything. In fact, in many cases, examiners didn't understand from only seeing the documents.

Mr. Asakura: I hear that (b) the opposition system is newly established this time.

Mr. Takamatsu: In examinations, there are ex parte examinations and inter partes examinations. The former is to entrust the Patent Office and the applicant, while the latter enables the opponent to discuss with the demandants. The opposition system this time can be called inter partes.

Mr. Ohsaka: Before, there was no opposition system itself. After the revision, it is possible to file an opposition within 9 months after a patent is granted.

Mr. Ito: The U. S. patents were a mixture of good and bad things. Because of this, strange patents were established and patent trolls ill-used them. In short, there was no opportunity to review an examiner's judgment systematically. The present opposition system intends so-to-speak rationalization of examination, doesn't it?

Mr. Ohsaka: Yes, I think so, too. Like Japan, the U. S. is also intending homogenization of patents.

Mr. Ito: In the U. S., there is a provision (§ 282), reading "A patent shall be presumed valid." For this reason, even if we contest the validity in court, no judgment is given in a 50 : 50 case. This means that, once granted, the patent is valid unless it is evidently invalid. According to the opposition system this time, it is defined "more likely than not" which may be interpreted to be all right even if a balance is more or less than 50 : 50. However, as to whether such interpretation is correct or not, we must wait for the Patent Office's future interpretation.

Mr. Takamatsu: If I remember right, opponents had a limitation.

Mr. Ohsaka: Only interested parties can be an opponent. This is different from the former Japanese Patent Law. Meanwhile, anyone can provide information before the issuance of a patent.

Mr. Asakura: After a patent is granted, (c) there is a reexamination system. Why is there a reexamination system while there is an opposition system?

Mr. Ohsaka: As Mr. Ito pointed out earlier, the systems are different in their purpose. In the reexamination system it is possible to request only based on such documents as patent Gazettes and the like. In the reexamination system, we cannot discuss violation of requirements under § 112. We can only argue reasons for invalidation concerning novelty or inventive step. Meanwhile, in the opposition system, we can argue for various reasons from a viewpoint to rationalize the examination.

Mr. Asakura: You said earlier that the opposition system implies rationalization of patent examinations. Then, why does the reexamination system exist?

Mr. Ohsaka: The reexamination system in your question seems to concern "inter partes" reexamination in comparison with the opposition system. This is to get rid of defective patents as it is problematic to keep such patents alive. There is also "ex partes" reexamination in the reexamination system in which, when a patentee has found any defect, he can voluntarily correct the patent.



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Reduction of Applicant's Burden/Expenses

Mr. Asakura: What remains is, (3) simplification of information disclosure procedure (IDS), right?

Mr. Ito: I think this has a great impact on Japanese companies. Patent firms have also spent much money on the information disclosure procedures. Before the revision, for example, if there were Chinese and Korean applications corresponding to the U. S. patent application and some prior art documents were cited in an examination in each country, all those cited documents had to be filed with the U. S. Patent Office.

Mr. Takamatsu: Firstly, when a patent application is filed from Japan, it is filed in various countries including the U. S. A. Every document filed relative to the patent application in the U. S. A. should accompany an explanation. For example, if an application was filed in five countries and five documents relative to the invention per country were cited by an examiner in each country, 25 cited documents in total should be filed each with explanation.

Mr. Ito: In the previous U. S. system, everything relative to the claims should be disclosed when filing a patent application. In short, there was an assumption that an applicant should be honest, and if he didn't submit what he knew, it was taken as "bad faith." It causes trouble and costs money to submit everything, and it was no easy matter for patent firms such as ours. For example, we always had to check the status as to whether any office actions issued to the counterpart in each country, and if questionable (grey) documents were cited, we had to translate all of them into English and send them to the U. S. agent.

Mr. Asakura: How was it changed by the present revision?

Mots: An applicant is still obligated to file an information disclosure statement, but if a document fails to be filed, the applicant can supplement it later. Before the revision, in case of violating the information disclosure obligation, the applicant became unable to exercise the patent right. In some cases, applicants lost an opportunity to receive a royalty for billions of yen and it caused great trouble. This revision enables a procedure to have the Patent Office judge whether or not failing the document violates the information disclosure obligation. It is called the Supplemental Examination system. Specifically, (except when there is an evident bad faith) the applicant can request a supplemental examination before using the patent and clean the patent.

Mr. Ito: To supplement, I think before there were many companies which, being afraid of risks to be unable to exercise a right, thought any documents likely to be problematic (including grey ones) should be filed. Then, there was a tendency to take safety measures, so that unnecessary documents were also filed eventually. Hereafter, we can file only important documents and may not file grey documents which are thought "unnecessary." As a result, an applicant's burden and costs can be reduced.