

FEDERAL TRADE COMMISSION

**To Promote Innovation:
The Proper Balance of
Competition and Patent Law and Policy**

A Report by the Federal Trade Commission
October 2003



CALL TO ACTION

...or Abdicate

National Innovation Initiative" (NII) defines innovation as the
...section of invention and insight, leading to the creation of so-
...nd economic value.

...as always been deep in America's soul. From the nation's
...ve most fundamentally been about exploration, opportu-
...covery, about new beginnings, about setting out for the

...make incremental improvements to organizational structures
...and curricula.

Together, these large shifts suggest that we stand at an inflection
...point in history. Whether one looks at demographics, science, culture,
...technology, geopolitics, economics or the biological state of the
...planet, major changes are underway that will shape human society
...for the next century and beyond. The actions that enterprises, gov-
...ernments, educational institutions, communities, regions and nations
...take right now will determine this future.

What will America do? Will we plan and invest for the long term,
...rather than just the next quarter, putting in place the talent pool,
...innovation capital and infrastructure necessary for continuing suc-
...cess throughout the 21st century? Will we recognize the multifaceted
...nature of this challenge and invest accordingly?

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AIPLA
AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION
2001 JEFFERSON DAVIS HIGHWAY • SUITE 203 • ARLINGTON, VIRGINIA 22202

AIPLA Response
to the
September 2004

ABA
American Bar Association
Publishing Center

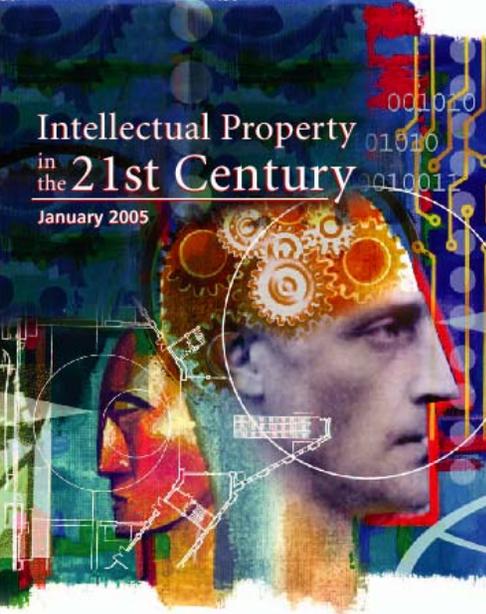
THE RESOLUTION ON
Intellectual
Property Law

**Resolution 102-2: Substantive Provisions for Implementation of a First-Inventor-to-File
Standard (Omnibus Resolution)**

RESOLVED, that the Section supports, in principle, in the context of ratification of an
international harmonization treaty involving at least Japan or major European countries that
adoption of a first-inventor-to-file system, eliminating from U.S. patent law:

**Intellectual Property
in
the 21st Century**

January 2005



BSA CEO Initiative for the Future

**A PATENT SYSTEM
FOR THE 21ST CENTURY**

NATIONAL RESEARCH COUNCIL
OF THE NATIONAL ACADEMIES




Association of General Counsel

Patent System Reform 2005

April 28, 2005

A Consensus on Patent Law Reforms: What Can Be Done NOW?

Patent Act of 2005

House Committee Print on April 14.

House Hearings on April 20 & 27.

Senate Hearing on April 25.

- Major Provisions:**
- Patentability rules
 - “Inequitable conduct”
 - Post-grant opposition
 - Willful infringement
 - Prior user rights
 - Remedies limitations
 - Claiming limitations
 - Application publication

CALL TO ACTION

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H.L.C.

[COMMITTEE PRINT]

109TH CONGRESS
1ST SESSION **H. R.** _____

To amend title 35, United States Code, relating to the procurement, enforcement, and validity of patents.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the Committee on _____

A BILL

To amend title 35, United States Code, relating to the procurement, enforcement, and validity of patents.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Patent Act of 2005”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Reference to title 35, United States Code.



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April 14, 2005 (11:08 AM)



Three Themes For Reform

- Impossible to look at a patent and figure out whether it is valid or not.
- Impossible to litigate a patent against a determined adversary without huge costs.
- Impossible to take a rational business decision to challenge certain patents.
 - Respect for patents has morphed into intimidation.

What are the consensus objectives for patent system reform?

- **Predictability** in assessments of what inventions will be validly patentable.
- **Simplicity** in the legal principles and concepts that underlie the system.
- **Reliability** of U.S. Patent and Trademark Office determinations once made.
- **Stability** in legal doctrines defining patent validity and enforceability.
- **Economy** in the patent procurement and enforcement processes.
- **Promptness** in final determinations of patentability and validity.
- **Fairness** to all categories of inventors, whether individual inventors or inventors affiliated with either small or large entities.
- **Balance** between providing strong protection for patentable innovations and preserving unfettered freedom to use unpatentable and unpatented subject matter.

Reform must eliminate subjective, discovery-intensive rules:

Inquiries totally removed from patent validity:

- What *the inventor knew* and when he knew it.
- What *the inventor contemplated* and when those thoughts occurred.
- What *the inventor did* to create the invention and when the inventor did it.

Validity inquiries remaining in the patent law:

- What *the public knew* and when the knowledge became public.
- What *the patent teaches* and how broadly the teachings can be applied.

How will we know when patent law reforms have succeeded?

A person of ordinary skill in the art with sufficient training in the patent law will be able to —

- (1) pick up a patent or published application for patent,
- (2) read through it and its prosecution history,
- (3) compare the claims to readily accessible prior art, and
- (4) make a complete and certain determination of the validity of the claims.

What are the “consensus” areas for needed reforms?

- First-inventor-to-file principle.
 - Eliminate dependence on “invention dates.”
 - Remove unnecessary “on sale” and other miscellaneous patent invalidity rules.
- Eliminate “best mode” requirement.
- Limit “inequitable conduct” defense to actual fraud (“but for” test); PTO referral.
- Publish all applications at 18 months.
- Permit filing by assignee.

The “first-inventor-to-file” rule: Is it now a consensus “best practice”?

- Endorsed as “best practice” by—
 - American Bar Association
 - American Intellectual Property Law Association
 - National Academy of Sciences
 - National Association of Manufacturers
 - Intellectual Property Owners Association
 - Biotechnology Industry Organization
 - Federal Circuit Bar Association
 - Business Software Alliance and
 - “Independent inventor” testimony dating back to 1967 proposals to eliminate the first-to-invent rule.

“Best practices” are predicate for an effective post-grant opposition—

- Create a 9-month opposition window in which any person can seek correction of any mistake made in issuing a patent.
 - Preponderance of the evidence.
 - 1-year/18-month statutory time limitation.
 - Limited discovery.
 - Estoppel only as to issues raised.
 - Federal circuit appeal right.
 - Opposer has “duty of candor and good faith.”

Other proposed constraints on the rights of inventors.

- Expand “prior user” rights.
- Limit “off-shore” infringement liability.
- Limit allegations of “willful infringement.”
- Eliminate any ability to broaden a claim after initial publication.
- Limit compensatory damages.
- Limit ability to stop infringement of a valid patent.

Conclusions

- Opportunity for a consensus on first-inventor-to-file, inequitable conduct, and (9-month) post-grant opposition reforms.
- Broad support for “willfulness” limitations; some support for prior user rights.
- Consensus yet to emerge on other elements of committee print.
 - Injunction, compensatory damages, and broadening claim limitations have stirred enormous controversy.
 - “Off-shore” infringement limitations are a lesser issue.