

THE “FIRST-TO-FILE” PATENT SYSTEM: WHY ADOPTION IS NOT AN OPTION!

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Cite as: Rebecca C.E. McFadyen, *The “First-to-File” Patent System: Why Adoption is NOT an Option!*, 14 RICH. J.L. & TECH. 3 (2007), <http://law.richmond.edu/jolt/v14i1/article3.pdf>.

[1] As the United States’ national pastime, baseball has taught valuable lessons to generations of Americans. For example, players often learn how to be good teammates, how to set goals, and how to exercise discipline. Baseball has other important life lessons to share as well such as the value of “chemistry.” Chemistry is that intangible quality that allows individual players, each with a differing skill set and personal agenda, to work together and propel the team forward. It is what makes a team, a team.

[2] Consider the following situation. The best player on the team, the shortstop, has been injured. The only player currently on the bench is left-handed. What are the coach’s options? The first option involves the coach making the changes necessary to move the players to their “logical” positions. For example, the coach could move the third baseman, the team’s second best fielder, to the shortstop position. He could then move his able-bodied first baseman to third base, a position with which he has some experience. Finally, he could put the left-handed player at first base, a position suitable for left-handed players. This series of “logical” changes to the defensive line-up has filled the void of shortstop. Because

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the coach avoided the potentially awkward placement of a left-handed player at shortstop, the first option seems like a good choice. Then there is the second option, in which the coach could simply allow the left-handed player to fill the void at shortstop.

[3] Although both options accomplish the task of replacing the injured shortstop, is one option better than the other? Which option should the coach choose? Most baseball aficionados instantly recognize that a left-handed player at shortstop is an awkward fit. For example, the throw across the diamond is more difficult for a left-handed player than it is for a right-handed player, and it is more difficult for a left-handed player to protect the middle of the field. The first option prevents this awkwardness while the second option embraces it. At first glance, the first option appears to be the best choice.

[4] However, for others – those who have studied the game of baseball – the second option is the preferred choice. Why? It is the option that provides the greatest number of players with an opportunity to be successful. As a coach, you must consider the role of each player on the field and how those players interact with one another. While the coach might be able to substitute the skill set of the injured shortstop, he is unlikely to replicate the injured shortstop's *comfort* level. His *feel* for the game. His *experience*. For example, he is familiar with that part of the field and can predict how the players in his immediate vicinity will react to certain conditions. He is accustomed to watching the batter from that position. He knows where he is supposed to be on any given play and understands the expectations and demands of his position. He has made the plays before. Armed with this knowledge, experience, and a sense of comfort, a player has the greatest chance for success. Now, which option should the coach chose?

[5] In many ways, Congress is the coach of Team Patent. Congress must ensure that the attorneys, inventors, agents, and examiners that comprise Team Patent have the best opportunity to succeed. Under the current “first-to-invent” patent system, each player knows the rules of the game. Each player knows how to prepare for the game and what to expect from his teammates. The players are comfortable in their respective roles. Like any other team, Team Patent will perform well on some days and stumble on others. Nevertheless, this team *is* successful. Any massive change to

the team's infrastructure jeopardizes the team's likelihood of success. The threat to the team's chemistry – that intangible quality that distinguishes the good from the great – intensifies.

[6] Congress is under increasing pressure to reform the rules of the game by which Team Patent plays. These changes to the rules have been described as “the most sweeping reforms to this country's patent laws in at least 50 years.”¹ Like any good coach, Congress must take the course of action that least disturbs Team Patent's game. The comfort level of Team Patent cannot be jeopardized because doing so diminishes the likelihood of its success. Too many deviations from what Team Patent expects from the game will yield a box score of trouble.

PART I. BRIEF INTRODUCTION

[7] The primary purpose of the American patent system is to advance the arts and sciences.² During the 1941 hearings of the Temporary National Economic Committee,³ the Commissioner of Patents summarized the system by stating that “[t]he individual reward is only the lure to bring about this much broader objective. Every patent granted benefits society by adding to the sum total of human knowledge”⁴ In this regard, the United States distinguishes itself from all other nations with its unique adherence to the first-to-invent patent system.

¹ Steven B. Kelber, *Bill Has Issues All Will Debate*, NAT'L L.J. Aug. 29, 2005.

² *Sinclair & Carroll Co. v. Interchem. Corp.*, 325 U.S. 327, 330-31 (1945).

³ Alfred W. Knight, *The Patent System*, 6 ALUMNI REV. 16 (1943). At President Roosevelt's suggestion, Congress established the Temporary National Economic Meeting (“TNEC”) in 1938. The President recommended a thorough investigation of the “concentration of economic power in American industry and the effect of that concentration upon the decline of competition.” The TNEC hearings were diverse, covering subjects ranging from monopolies to patents to advanced technology. The hearings generated forty-three volumes of published reports. The final report was published in 1941 and was swiftly followed by the American entry into World War II; an event that was far more significant than any other factor in finally bringing the Great Depression to an end.

⁴ *Sinclair*, 325 U.S. at 331 (quoting Commissioner Coe's testimony before the TNEC hearings).

[8] The first-to-invent and the first-to-file patent systems represent two different ideologies for determining which inventor is entitled to a patent when multiple applicants claim the same subject matter. According to the first-to-invent system, the inventor who establishes that he made the invention in this country before another, and did not abandon, suppress, or conceal it, will acquire superior rights over all later inventors.⁵ The named inventors in subsequently filed applications receive nothing. This “all-or-nothing” approach raises the concern that patents may “grant[] property rights beyond what inventors legally deserve, or (of more fundamental concern) beyond what best promotes the development and dissemination of technological products.”⁶

[9] Conversely, the first-to-file system rewards the filing of an application over inventorship. Priority is determined by the first application filed with the patent office rather than by the first individual to conceive of the invention.⁷ First-to-file systems often recognize the rights of prior users by awarding compulsory licenses to those applicants who were practicing or developing the same claimed invention but were not the first applicant to file.⁸

[10] In recent years, the pressure to overhaul the American patent system has increased. The number of proposed reforms is extensive. Among the

⁵ 35 U.S.C. § 102 (2002).

A person shall be entitled to a patent unless . . . (g)(1) during the course of an interference conducted under section 135 or section 291, another inventor involved therein establishes, to the extent permitted in section 104, that before such person’s invention thereof the invention was made by such other inventor and not abandoned, suppressed, or concealed, or (2) before such person’s invention thereof, the invention was made in this country by another inventor who had not abandoned, suppressed, or concealed it. In determining priority of invention under this subsection, there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.

⁶ John M. Golden, *Biotechnology, Technology Policy, and Patentability: Natural Products and Invention in the American System*, 50 EMORY L.J. 101, 105 (2001).

⁷ Gary L. Griswold & F. Andrew Ubel, *Prior User Rights – A Necessary Part of a First-to-File System*, 26 J. MARSHALL L. REV. 567, 569-70 (1993).

⁸ *Id.* at 570-71.

most controversial of these proposed reforms is the abandonment of the current first-to-invent system in favor of the widely adopted first-to-file system. As explained by one scholar, the impetus for these proposed changes arises because “[t]he first-inventor system works too slowly, at too great a cost, with too much complexity, and with too many uncertainties to serve best the needs of a technologically advanced nation.”⁹ The drive for global patent harmonization is gaining momentum as Congress continues to amend American patent laws to conform to international treaties and standards. However, its unique adherence to the first-to-invent system prevents the United States’ participation in certain global discussions.

[11] The American first-to-invent patent system traces its roots directly to the Constitution of the United States.¹⁰ Notwithstanding the current system’s flaws, the United States continues to “dominate[] the rest of the world in innovation, to the point that in almost every field of industry today the technology is based largely on inventions which originated in the United States.”¹¹ Although each patent system has its advantages and disadvantages, abandoning the first-to-invent system in favor of the first-to-file system will decrease the quality of patents and increase the costs of patent litigation. Of greater importance, it will violate the Constitution. The uncertainties associated with the adoption of a first-to-file system in the United States are numerous and unsettling.

[12] This paper rejects the adoption of the first-to-file system. Patent reform should only proceed bit-by-bit. Hence, this paper encourages Congress to slowly and incrementally implement any necessary reforms. The abandonment of the first-to-invent system in favor of the first-to-file system is not prudent and should therefore be considered *only* as a last resort. Part II of this paper introduces the reader to the origins of the

⁹ *The Patent Harmonization Act of 1992: J. Hearings on H.R. 4978 and S.2605 Before the S. Judiciary Subcomm. on Patents, Copyrights and Trademarks and the H. Judiciary Subcomm. on Courts, Intellectual Property and the Administration*, 102d Cong. (1992) (statement of Robert A. Armitage, Vice President, Corporate Patents and Trademarks, The Upjohn Company, on behalf of the National Association of Manufacturers) [hereinafter Patent Harmonization Act of 1992 Hearings].

¹⁰ U.S. CONST. art. 1, § 8, cl. 8.

¹¹ Ned L. Conley, *First-to-Invent: A Superior System for the United States*, 22 ST. MARY’S L.J. 779, 779-80 (1991).

American patent system, from its roots in the English Statute of Monopolies to its codification in the Constitution. Part III discusses the current American first-to-invent patent system. Part IV familiarizes the reader with the proposed first-to-file system. Part V details both the domestic and international calls for reform of the American first-to-invent system. Part VI argues against the adoption of the first-to-file system. Part VII addresses suggestions for potential reform and Part VIII concludes the paper.

PART II. THE EVOLUTION OF THE AMERICAN PATENT SYSTEM

[13] Although the Constitution formally established the American patent system, the system's roots reach back for centuries and across the Atlantic Ocean.¹² When determining whether to provide constitutional authority enabling Congress to grant patent monopolies, the framers of the Constitution considered three available sources of precedent.¹³ The most familiar of these sources, and therefore the most important, was the existing patent practice in England.¹⁴ Even before the reign of Queen Elizabeth I, the English Crown had granted monopolies.¹⁵ Such a monopoly granted to its holder the right to exclude others from manufacturing the item or practicing the invention.¹⁶ Furthermore, it conferred to the applicant the right to engage in those activities.¹⁷ Queen Elizabeth's eventual abuse of the system, including her capricious conveyance of these exclusive rights, precipitated strong judicial and

¹² See generally, Edward C. Walterscheid, *The Early Evolution of the United States Patent Law: Antecedents (Part 1)*, 76 J. PAT. & TRADEMARK OFF. SOC'Y 697 (1994).

¹³ Edward C. Walterscheid, *To Promote the Progress of Science and Useful Arts: The Background and Origin of the Intellectual Property Clause of the United States Constitution*, 2 J. INTEL. PROP. L. 1, 10 (1994). These three precedents were: 1) the existing patent practice in Great Britain; 2) the colonial practice of granting "patents"; and 3) the patent-granting practices of various states during the Confederacy.

¹⁴ *Id.*

¹⁵ Paul J. Heald & Suzanna Sherry, *Implied Limits on the Legislative Power: The Intellectual Property Clause as an Absolute Constraint on Congress*, 2000 U. ILL. L. REV. 1119, 1143 (2000).

¹⁶ *Id.*

¹⁷ *Id.*

statutory actions against monopolies.¹⁸ In its 1601 session, which has been described as “the most significant in English constitutional history,” Parliament commenced a struggle to overcome Queen Elizabeth’s royal prerogative.¹⁹ Although Queen Elizabeth staved off a statutory prohibition against granting such monopolies,²⁰ she was not as successful in controlling the will of the judiciary.²¹

[14] English courts generally believed that monopolies were illegal. Monopolies were detrimental to “the liberty of the subject” because they raised prices, reduced the availability of goods, and reduced competition.²² The judiciary solidified its position in *Darcy v. Allein*.²³ In *Darcy*, the court voided a monopoly issued to a groom of the Queen's Privy Chamber for manufacturing playing cards.²⁴ The court’s prohibition of monopolies, however, was not absolute. The *Darcy* court carved out an exception for those situations in which an individual “by his own charge and industry, or by his own wit or invention doth bring any new trade into the realm.”²⁵ In those circumstances, an individual might usefully be granted a monopoly.

[15] Many scholars believe that the Statute of Monopolies was the legal foundation for the English patent system.²⁶ Twenty years after the *Darcy* decision, the Statute of Monopolies codified the general prohibition against monopolies. Like the *Darcy* court, the statute also created an exception by granting patents for “new manufactures within this realm, to

¹⁸ *Id.* See also Edward C. Walterscheid, *The Early Evolution of the United States Patent Law: Antecedents (Part 2)*, 76 J. PAT. & TRADEMARK OFF. SOC’Y 849, 853-54 (1994).

¹⁹ *Id.* at 865.

²⁰ *Id.* Walterscheid further noted that Queen Elizabeth hoped her subjects would not take away her royal prerogative, which she held as “the chiefest flower in her garden and principal and head pearl in her crown and diadem.”

²¹ *Id.* at 867.

²² *Id.* at 868.

²³ *Darcy v. Allein*, (1620) 77 Eng. Rep. 1260 (K.B.) reprinted in MONOPOLY AND COMPETITION POLICY VOL. I, at 5-11 (F.M. Scherer ed., Edward Elgar Publishing Ltd., 1993).

²⁴ *Id.*

²⁵ Walterscheid, *supra* note 18, at 869.

²⁶ Walterscheid, *supra* note 13, at 12.

the *true and first inventor* and inventors of such manufactures”²⁷ Several aspects of English patent practice were noteworthy.²⁸ First, the grant of a patent was an exception to the Statute of Monopolies, an exception driven by an interest in public service. Second, the Crown exercised complete discretion over the English patent practice, *i.e.*, it was a royal prerogative.²⁹ As such, these patent rights were protected by English common law notwithstanding the lack of a common law right to a patent. Third, a patent monopoly enjoyed increasing importance as English industrial development expanded.³⁰

[16] After the hostilities with Great Britain subsided, Americans renewed their interests in protecting intellectual property.³¹ On May 2, 1783, “[t]he earliest known venture of the United States Government into the realm of intellectual property” occurred when the Continental Congress issued a resolution encouraging the states to enact laws protecting copyright.³² In

²⁷ Statute of Monopolies, 1623, 21 Jac. 1, c. 3, § 6 (Eng.) (emphasis added).

[A]ny declaration before mentioned shall not extend to any letters patents and grants of privilege for the term of fourteen years or under, hereafter to be made, of the sole working or making of any manner of new manufactures within this realm, to the true and first inventor and inventors of such manufactures, which others at the time of making such letters patent and grants shall not use, so as also they be not contrary to the law nor mischievous to the state . . . the same fourteen years to be accounted from the date of the first letters patents or grant of such privilege hereafter to be made, but that the same shall be of such force as they should be if this act had never been made, and of none other. *Id.*

²⁸ Walterscheid, *supra* note 13, at 13.

²⁹ WILLIAM M. HINDMARCH, A TREATISE ON THE LAW RELATIVE TO PATENT PRIVILEGES FOR THE SOLE USE OF INVENTIONS 3 (1846) (explaining that “inventors are *never entitled as of right* to letters patent, granting them the sole use of their inventions, but they must obtain them from the Crown by petition, and as a matter of *grace and favour*”) (emphasis in original).

³⁰ Walterscheid, *supra* note 13, at 14.

³¹ *Id.* at 17.

³² *Id.* at 20. The resolution stated:

That it be recommended to the several states, to secure to the authors or publishers of any new books not hitherto printed, being citizens of the United States, and to their . . . executors, administrators and assigns, the copyright of such books for a certain time, not less than fourteen years from the first publication; and to secure to the said authors, if they shall

1784, South Carolina responded to this recommendation by enacting a copyright law.³³ This law, however, failed to provide the administrative procedures required for its successful implementation.³⁴ Eleven other states enacted general copyright laws between 1783 and 1786,³⁵ but not one state attempted to enact a general patent statute.³⁶ The lack of a general patent statute likely reflected the absence of mention by the Continental Congress in its May 1783 resolution.³⁷ Notwithstanding the lack of federal Congressional encouragement, the states independently attempted to provide inventors with some exclusive rights of limited duration.³⁸ However, by early 1787, the defects in this individualistic state-driven approach to patent protection were evident. Most notably, because a state could only legislate within its geographical boundaries, it could *only* protect patent rights within its borders.³⁹ There was a lack of uniformity in the protection of intellectual property. To prevent infringement in neighboring states under this fragmented approach, a patent holder was forced to secure patents in multiple states,⁴⁰ which was a difficult and expensive process. Additionally, as states occasionally revoked a previously issued patent, a patent was not an absolute guarantee

survive the term first mentioned, and to their . . . executors, administrators and assigns, the copyright of such books for another term of time not less than fourteen years, such copy or exclusive right of printing, publishing and vending the same, to be secured to the original authors, or publishers, or . . . their executors, administrators and assigns, by such laws and under restrictions as to the several states may seem proper. *Id.* n.63 (omissions in original).

³³ *Id.* at 16.

³⁴ See BRUCE W. BUGBEE, GENESIS OF AMERICAN PATENT AND COPYRIGHT LAW 93 (1967) (noting that the grant of each patent required a special act by the legislature).

³⁵ Walterscheid, *supra* note 13, at 21.

³⁶ See generally BUGBEE, *supra* note 34, at 110-22. Six of these enactments occurred in 1783, with three states – Connecticut, Massachusetts, and Maryland – actually preceding the congressional resolution. Only Delaware failed to comply with the congressional recommendation. Scholars presume that lack of a similar attempt to provide patent protection likely reflected the absence of mention by the Continental Congress' May 1783 resolution.

³⁷ Walterscheid, *supra* note 13, at 20.

³⁸ *Id.* at 22.

³⁹ *Id.*

⁴⁰ See *id.* Each patent granted required its own independent legislative act.

of protection.⁴¹ As one observer of the time concluded, “a patent can be of no use unless it is from Congress, and not from them till they are vested with much more authority than they possess at this time.”⁴²

[17] When the Constitutional Convention convened in May of 1787, only one document of record referenced the subject matter that ultimately comprised Article 1, Section 8, Clause 8 of the Constitution (the Intellectual Property Clause).⁴³ Apparently, the states did not instruct their delegates to seek patent (or copyright) protection in the evolving Constitution.⁴⁴ The closest expression of concern for protection of intellectual property surfaced in April of 1787, when Virginia delegate James Madison noted that among the weaknesses of the existing Confederation was a “want of concert in matters [between state governments] where common interest requires it.”⁴⁵ But compared to the deplorable loss of “national dignity, interest, and revenue,” Madison considered “want of uniformity in the laws concerning naturalization & literary property” to be “[i]nstances of inferior moment.”⁴⁶

[18] Evidence of debate or discussion regarding the Intellectual Property Clause at the Constitutional Convention is lacking as not one delegate to the Constitutional Convention left any record concerning the interpretation or meaning placed on the intellectual property clause.⁴⁷ Nevertheless, Thomas Jefferson captured the overwhelming sentiment of the time. He

⁴¹ See *Livingston v. Van Ingen*, 9 Johns. 507 (N.Y. Sup. Ct. 1812) (discussing how on March 19, 1787, New York granted a patent to steamboat inventor John Fitch for exclusive use of steamboats on all waterways in that jurisdiction, and that more than eleven years later, New York revoked Fitch’s patent and awarded it to Robert R. Livingstone for twenty years).

⁴² BUGBEE, *supra* note 34, at 90 (quoting Letter from F. W. Geyer to Silas Deane (May 1, 1787)).

⁴³ U.S. CONST. art. 1, § 8, cl. 8 (“To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries”).

⁴⁴ Walterscheid, *supra* note 13, at 24.

⁴⁵ BUGBEE, *supra* note 34, at 125 (noting that James Madison “unburdened himself on paper” regarding the weaknesses of the Confederation by a cataloging list of its defects).

⁴⁶ *Id.*

⁴⁷ See Irah Donner, *The Copyright Clause of the U.S. Constitution: Why Did the Framers Include It With Unanimous Approval?*, 36 AM. J. LEGAL HIST. 361, 361 (1992).

noted that “monopolies [] are justly classed among the greatest nuisances in Government . . . [because] [m]onopolies are sacrifices of the many to the few. Where the power is in the few, it is natural for them to sacrifice the many to their own partialities and corruptions.”⁴⁸ Virginian George Mason echoed Jefferson’s sentiments. Mason refused to sign the proposed Constitution because he believed that an earlier draft gave Congress the power to “grant monopolies in trade and commerce.”⁴⁹

[19] Despite this general opposition to monopolies, the framers knew that patents were different. Yes, patents were technically monopolies, but they were of a more favorable and beneficial variety.⁵⁰ To ensure that patent rights were granted to inventors for a limited time, the framers chose to expressly grant this power to Congress.⁵¹ Unlike any other constitutional grant of Congressional power, the Intellectual Property Clause provides an explicit statement of the framers’ legislative intent – “to promote the progress of science and useful arts.”⁵²

[20] This explicit statement of legislative intent led to speculation as to the statement’s purpose. One scholar suggested, “this power of Congress was enumerated . . . *for the purpose* of expressing its limitations.”⁵³ Others believed the Intellectual Property Clause forced Congress to exercise this enumerated power in a very particular way.⁵⁴ Two findings support the latter assertion. First, the framers rejected other attempts to grant Congress similar special powers.⁵⁵ Second, by the time the

⁴⁸ Letter from James Madison to Thomas Jefferson (Oct. 17, 1788), in 1 LETTERS AND OTHER WRITINGS OF JAMES MADISON FOURTH PRESIDENT OF THE UNITED STATES at 427 (William C. Rives & Philip R. Fendall eds., 1884) (1865).

⁴⁹ See Walterscheid, *supra* note 13, at 55.

⁵⁰ *Id.* at 38.

⁵¹ *Id.*

⁵² *Id.* at 32-33.

⁵³ 1 WILLIAM WINSLOW CROSSKEY, POLITICS AND THE CONSTITUTION IN THE HISTORY OF THE UNITED STATES 486 (Univ. of Chicago Press 1978) (1953). Crosskey suggests that “[r]eading the power, then, in light of the [S]tatute of Anne and the then recent decisions of the English courts, it is clear that this power of Congress was enumerated in the Constitution, *for the purpose* of expressing its limitations.” (emphasis in original).

⁵⁴ Walterscheid, *supra* note 13, at 33.

⁵⁵ *Id.*

Constitutional Convention began, the colonists had utilized a variety of means, other than the grant of a patent, to promote scientific and artistic progress.⁵⁶

[21] When the discussion of enumerated congressional powers began on August 16, 1787, the draft Constitution did not refer to inventors, patents, authors, or copyrights.⁵⁷ However, just a short time later, the power “[t]o encourage, by proper premiums and provisions, the advancement of useful knowledge and discoveries; [t]o grant patents for useful inventions” was among twenty additional powers “proposed to be vested in the Legislature of the United States”⁵⁸ Although the identity of the delegate who introduced this proposed power is unknown, James Madison and Charles Pinckney are the likely candidates.⁵⁹ On August 18, 1787, both men submitted proposals to the Committee on Detail.⁶⁰ Although the committee then issued a partial report on August 22, 1787, it said nothing

Jefferson's dinner conversation of March 11, 1798 supports this observation: Baldwin mentions at table the following fact. When the bank bill was under discussion in the House of Representatives, Judge Wilson came in, and was standing by Baldwin. Baldwin reminded him of the following fact which passed in the grand convention. Among the enumerated powers given to Congress, was one to erect corporations. It was, on debate, struck out. Several particular powers were then proposed. Among others, Robert Morris proposed to give Congress a power to establish a national bank This was rejected, as was every other special power, except that of giving copyrights to authors, and patents to inventors; the general power of incorporating being whittled down to this shred. Wilson agreed to the fact.

Id. n.107 (emphasis in original) (quoting 3 THE RECORDS OF THE FEDERAL CONVENTION OF 1787, 375-76 (Max Farrand ed., 1966)).

⁵⁶ *Id.* at 33 n.108. By the time the Constitutional Convention convened, the other types of rewards included but were not limited to awarding medals, honorary titles, premiums, and bounties.

⁵⁷ *Id.* at 44.

⁵⁸ 2 THE RECORDS OF THE FEDERAL CONVENTION OF 1787 321-22 (Max Farrand ed., 1911).

⁵⁹ See Walterscheid, *supra* note 13, at 50. Walterscheid suggested that “Madison’s subsequent defense of the Intellectual Property Clause, while not conclusive, suggests that he had more than a passing interest in this particular clause.” (citing THE FEDERALIST NO. 43, at 309 (James Madison) (Benjamin F. Wright ed., 1961) (“The utility of this power will scarcely be questioned.”)). *Id.* n.172.

⁶⁰ *Id.* at 50.

about intellectual property.⁶¹ Shortly thereafter, the Committee of Eleven unanimously adopted the Intellectual Property Clause in its current form.⁶² The lack of recorded debate or discussion regarding the Intellectual Property Clause has prompted some scholars to surmise that the framers attempted *only* “to clarify, [rather] than to change, the existing law.”⁶³

[22] Article 1, Section 8, Clause 8 of the United States Constitution reads, “To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”⁶⁴ In addition to imposing specific limitations on subject matter, scope, and duration, the Intellectual Property Clause provides Congress with its legislative intent.⁶⁵ Because “[e]very patent is the grant of a privilege of exacting tolls from the public,” the framers restricted the congressional grant of patent monopolies to circumstances in which progress of science and the useful arts could be promoted.⁶⁶ “Patents serve a higher end— the advancement of science. An invention need not be [] startling . . . [b]ut [] has to be of such quality and distinction that masters of the scientific field . . . will recognize it as an advance.”⁶⁷

⁶¹ *Id.*

⁶² 2 THE RECORDS OF THE FEDERAL CONVENTION OF 1787 508-10 (Max Farrand ed., 1911). The vote occurred on September 5, 1787. It was called the Committee of Eleven because Rhode Island never sent any delegates to the Convention and New York could not vote because its delegation was absent. Walterscheid, *supra* note 13, at 50.

⁶³ CROSSKEY, *supra* note 53, at 477. The clause was adopted on September 5, 1787 after several months of intense and sometimes nasty debate on other issues. However, according to Madison’s notes, the delegates approved the Intellectual Property Clause with neither discussion nor debate. While many commentators believe that the lack of discussion regarding the clause signified universal agreement among the delegates regarding its purpose, others argue for an alternate interpretation. In short, the delegates may have been too tired after such an exhausting summer to engage in a critical dialogue regarding the clause. *See also* Walterscheid, *supra* note 13, at 26-27.

⁶⁴ U.S. CONST. art. 1, § 8, cl. 8.

⁶⁵ Walterscheid, *supra* note 13, at 31-32.

⁶⁶ *Great Atl. & Pac. Tea Co. v. Supermkt. Equip. Corp.*, 340 U.S. 147, 154 (1950) (Douglas, J., concurring).

⁶⁷ *Id.* at 155. In *Atl. Works v. Brady*, 107 U.S. 192, 200 (1883), Justice Bradley discussed the ramifications of a more lenient standard.

“It was never the object of those laws to grant a monopoly for every trifling device, every shadow of a shade of an idea, which would

PART III. THE CURRENT AMERICAN FIRST-TO-INVENT PATENT SYSTEM

[23] When the Philippines adopted the first-to-file system on January 1, 1998, the United States became the only country utilizing the first-to-invent patent system.⁶⁸ The American patent system is unique in that it embraces conception as the touchstone of inventorship.⁶⁹ “The conception of the invention consists in the complete performance of the mental part of the inventive act . . . [i]t is [] the formation, in the mind of the inventor, of a definite and permanent idea of the complete and operative invention”⁷⁰ In the American patent system, four factors determine the priority of invention: 1) the place of invention, 2) the date of conception, 3) the date of reduction to practice, and 4) the diligence of the inventor from the date of conception to the date of reduction to practice.⁷¹

naturally and spontaneously occur to any skilled mechanic or operator in the ordinary progress of manufactures. Such an indiscriminate creation of exclusive privileges tends rather to obstruct than to stimulate invention. It creates a class of speculative schemers who make it their business to watch the advancing wave of improvement, and gather its foam in the form of patented monopolies, which enable them to lay a heavy tax upon the industry of the country, without contributing anything to the real advancement of the arts. It embarrasses the honest pursuit of business with fears and apprehensions of concealed liens and unknown liabilities to lawsuits and vexatious accountings for profits made in good faith.”

⁶⁸ *Perspective on Patents: Harmonization and Other Matters Hearing Before the Subcomm. on Intellectual Property of the S. Comm. on the Judiciary*, 109th Cong. 4 (2005) (statement of Gerald Mossinghoff, Former Comm’r of Patents and Trademarks).

⁶⁹ *Burroughs Wellcome Co. v. Barr Lab., Inc.*, 40 F.3d 1223, 1227-28 (Fed. Cir. 1994); see also *Mergenthaler v. Scudder*, 11 App. D.C. 264, 276 (D.C. Cir. 1897) (holding that conception requires the “complete performance of the mental part of the inventive act”).

⁷⁰ *Mergenthaler*, 11 App. D.C. at 276 (emphasis in original).

⁷¹ See 35 U.S.C. § 102 (2002). Previously, a party seeking to prove a date of invention could not introduce evidence of inventive activity occurring in a foreign country. Following the implementation of the Trade-Related Aspects of Intellectual Property Rights (“TRIPs”) Agreement, 35 U.S.C. § 104 (2002) was amended to permit introduction of evidence of inventive activity occurring in any WTO member country. The amendment applied to all applications filed in the United States on or after January 1, 1996. See 35 U.S.C. § 104 (2002).

[24] Because the formation of the complete idea is the core of the creative act,⁷² the filing of a patent application is not solely determinative of one's right to obtain a patent. Professor Ned Conley explains the American first-to-invent patent system as follows:

Under our first-to-invent system, the inventor can be told that if he diligently proceeds to reduce his invention to practice he need not rush to file a patent application. Instead, he can wait until his invention is fully developed and he has determined that it will perform satisfactorily, thereby improving his chances for obtaining financing. He can also be told that delaying filing until the invention is fully developed will allow him to more fully describe his invention, thereby improving his chances of obtaining a patent which will protect commercially viable variations of his invention.⁷³

Because the first to-invent priority system rewards innovation, an inventor can make a choice and still find protection.⁷⁴ A poorly financed inventor may choose to delay filing an application until the invention is fully developed.⁷⁵ Under the current system, making this choice does not pose a significant risk of losing the exclusive right to the American patent.⁷⁶ A more solvent inventor may choose to file provisional applications in this and other countries.⁷⁷ As the invention matures, the inventor can file subsequent applications. Most importantly, the inventor can be confident that the inventor has done everything allowed by the American patent system to gain an advantage in obtaining patent protection.

[25] Most critics of the first-to-invent system focus on the conflict that arises when two independent inventors assert inventorship of the same

⁷² Sean T. Carnathan, *Patent Priority Disputes – A Proposed Re-Definition of “First-to-Invent,”* 49 ALA. L. REV. 755, 759 (1998).

⁷³ Conley, *supra* note 11, at 783.

⁷⁴ *Id.* at 784.

⁷⁵ *Id.*

⁷⁶ *Id.*

⁷⁷ See 35 U.S.C. §119 (2002) (addressing the benefit of the earlier foreign filing date) and 35 U.S.C. § 120 (2000) (addressing the benefit of the earlier American filing date).

claimed subject matter. This conflict is referred to as a priority dispute. Because the United States Patent & Trademark Office (PTO) issues only one patent for the claimed subject matter of the invention,⁷⁸ the PTO established a mechanism for resolving a priority dispute.⁷⁹ This mechanism is known as an interference.

[26] The PTO may declare an interference whenever “an application is made for a patent which . . . would interfere with any pending application, or with any unexpired patent”⁸⁰ The party with the earliest filing date is designated the “senior party” and all other parties are labeled “junior parties.” The junior party bears the burden of establishing priority of invention.⁸¹ Because “[p]riority of invention is a question of law to be determined based upon underlying factual determinations,”⁸² the parties must establish their asserted date of conception with corroborating evidence.⁸³

⁷⁸ 35 U.S.C. § 101 (1952) (providing “[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.”) (emphasis added).

⁷⁹ See generally 35 U.S.C. § 135 (1999); PAT. & TRADEMARK OFF., MANUAL OF PATENT EXAMINING PROCEDURE §§ 2300-2309 (2001) [hereinafter MPEP].

⁸⁰ 35 U.S.C. § 135 (1952). Alternatively, priority disputes may also arise in the context of an infringement action, where the accused infringer asserts that the plaintiff was not the first inventor. See, e.g., *Mahurkar v. C.R. Bard, Inc.*, 79 F.3d 1572, 1576 (Fed. Cir. 1996) (the defendant asserted that the invention had been known prior to the plaintiff's date of invention). Determining the date of “invention” is not restricted only to the activities of the alleged infringer and the patentee. The alleged infringer may offer evidence that a unrelated third party had completed the invention prior to the patentee, thereby rendering the patentee's invention invalid for want of novelty. *Id.*

⁸¹ See *Bosies v. Benedict*, 27 F.3d 539, 541 (Fed. Cir. 1994) (stating that the junior party bears the burden of proving prior conception and reduction to practice); *Innovative Scuba Concepts, Inc. v. Feder Indus., Inc.*, 26 F.3d 1112, 1115 (Fed. Cir. 1994) (holding that the challenger bore the burden of proving invalidity by clear and convincing evidence and that this burden remains with the challenger throughout the litigation).

⁸² *Innovative Scuba*, 26 F.3d at 1115.

⁸³ See *Kridl v. McCormick*, 105 F.3d 1446, 1449-50 (Fed. Cir. 1997) (stating that “[c]onception must be proved by corroborating evidence which shows that the inventor disclosed to others his ‘complete thought expressed in such clear terms as to enable those skilled in the art to make the invention.’” (quoting *Coleman v. Dines*, 754 F.2d 353, 359 (Fed. Cir. 1985))).

[27] Considering the low rate of incidence, interferences receive a disproportionate share of criticism. For example, in Fiscal Year (FY) 2005, a total of 409,532 patent applications were filed at the PTO,⁸⁴ bringing the total number of pending applications to 807,379.⁸⁵ As of September 30, 2005, only 362 total applications were in interference.⁸⁶ These 362 applications in interference represent only 0.045% of all applications under examination. The data for FY 2006 indicate that the number of interference proceedings has diminished.⁸⁷ Despite the number of pending applications increasing by nearly 100,000, the PTO declared only two more interferences from FY 2005 to FY 2006.

[28] In fact, the number of declared interferences has been consistently steady and low over a prolonged period of time. For example, the PTO received 3,151,901 total patent applications between 1983 and 2000.⁸⁸ During that time, there were 2,858 two-party decisions in interference cases.⁸⁹ Using the total number of applications filed during that seventeen year span as the denominator, the number of two-party decisions was 0.1% of the total applications filed.⁹⁰ Similarly, using the number of patents granted as the denominator, the percentage of two-party decisions was still less than 0.2% of all patents granted.⁹¹

[29] Furthermore, in its Performance and Accountability Report for FY 2005, the PTO highlighted the recent successes of the Board of Patent Appeals and Interferences (BPAI). Specifically, the average pendency for

⁸⁴ U.S. PAT. & TRADEMARK OFF., PERFORMANCE & ACCOUNTABILITY REPORT FOR THE FISCAL YEAR 2005, 118 tbl.1 [hereinafter PTO FY 2005], available at <http://www.uspto.gov/web/offices/com/annual/2005/2005annualreport.pdf>.

⁸⁵ *Id.* at 122 tbl.5.

⁸⁶ *Id.*

⁸⁷ As of September 2006, only 364 of the 905,869 pending applications were in interference. U.S. PAT. & TRADEMARK OFF., PERFORMANCE & ACCOUNTABILITY REPORT FOR THE FISCAL YEAR 2006, 124 tbl.5 [hereinafter PTO FY 2006], available at <http://www.uspto.gov/web/offices/com/annual/2006/2006annualreport.pdf>.

⁸⁸ Gerald J. Mossinghoff, *The U.S. First-to-Invent System Has Provided No Advantage to Small Entities*, 84 J. PAT. & TRADEMARK OFF. SOC'Y 425, 427 (2002).

⁸⁹ *Id.*

⁹⁰ *Id.*

⁹¹ *Id.*

interferences was less than twelve months.⁹² The PTO also reported that a final decision in over 80% of interferences was mailed within twenty-four months of declaration.⁹³ That percentage escalated to over 90% in the FY 2006.⁹⁴ Similarly, the BPAI began development of “a full-scale electronic filing and information system for interferences” which will “lay the groundwork for the implementation of the proposed post-grant review proceedings that are currently planned to be conducted in the future at the Board”⁹⁵

PART IV. THE PROPOSED FIRST-TO-FILE PATENT SYSTEM

[30] To date, every patent-granting country other than the United States utilizes the first-to-file patent system. A tremendous volume of work has been dedicated to the discussion and comparison of the two systems.⁹⁶

⁹² PTO FY 2005, *supra* note 84, at 25.

⁹³ *Id.*

⁹⁴ PTO FY 2006, *supra* note 87, at 23.

⁹⁵ PTO FY 2005, *supra* note 84, at 25.

⁹⁶ *See generally* Mark T. Banner & John J. McDonnell, *First-to-File, Mandatory Reexamination, and Mandatory “Exceptional Circumstance”: Ideas for Better? Or Worse?*, 69 J. PAT. & TRADEMARK OFF. SOC’Y 595 (1987); Coe A. Bloomberg, *In Defense of the First-to-Invent Rule*, 21 AIPLA Q.J. 255 (1993); Sean T. Carnathan, *Patent Priority Disputes - A Proposed Re-Definition of “First-to-Invent,”* 49 ALA. L. REV. 755 (1998); Conley, *supra* note 11; Donald R. Dunner, *First to File: Should Our Interference System Be Abolished?*, 68 J. PAT. & TRADEMARK OFF. SOC’Y 561 (1986); Charles R.B. Macedo, *First-to-File: Is American Adoption of the International Standard in Patent Law Worth the Price?*, 18 AIPLA Q.J. 193 (1989); Gerald J. Mossinghoff, *The U.S. First-to-Invent System Has Provided No Advantage to Small Entities*, 84 J. PAT. & TRADEMARK OFF. SOC’Y 425 (2002); Bernarr R. Pravel, *Why the United States Should Adopt the First-to-File System for Patents*, 22 ST. MARY’S L.J. 797 (1991); Toshiko Takenaka, *Rethinking the United States First-to-Invent Principle from a Comparative Law Perspective: A Proposal to Restructure § 102 Novelty and Priority Provisions*, 39 HOUS. L. REV. 621 (2002); Edward C. Walterscheid, *Priority of Invention: How the United States Came to Have a “First-to-Invent” Patent System*, 23 AIPLA Q.J. 263 (1995); Karen M. Curesky, Note, *International Patent Harmonization Through W.I.P.O.: An Analysis of the U.S. Proposal to Adopt a “First-To-File” Patent System*, 21 LAW & POL’Y INT’L BUS. 289 (1989); Vito J. DeBari, Note, *International Harmonization of Patent Law: A Proposed Solution to the United States’ First-to-File Debate*, 16 FORDHAM INT’L L.J. 687 (1992-93); Stephanie Gore, Comment, *“Eureka! But I Filed Too Late . . .” : The Harm/Benefit Dichotomy of a First-to-File Patent System*, 1993 U. CHI. L. SCH. ROUNDTABLE 293 (1993); Peter A. Jackman, Essay, *Adoption of a First-to-File*

Many believe the primary advantage of the first-to-file system is its administrative efficiency.⁹⁷ Under this system, an accurate prior art search requires only an examination of the PTO database for pending and issued patents disclosing the same invention. Furthermore, the deference to the act of filing will alleviate many of the long delays and uncertainties faced by inventors under the first-to-invent system.⁹⁸ “[T]he question of right to a patent between interfering parties would be satisfied by a quick examination of filing dates, thus eliminating the need for interference proceedings.”⁹⁹ Because the first-to-file system naturally dispenses with the “expense and complexities associated with trying to determine who invented first,”¹⁰⁰ the resolution of a priority dispute “do[es] not involve complex proofs or extended proceedings.”¹⁰¹

[31] Many argue that this certainty of priority and the improvement in administrative efficiency will improve patent quality and decrease patent litigation.¹⁰² Proponents of the first-to-file system believe that using the filing date of a patent application is socially preferable to using the mental

Patent System: A Proposal, 26 U. BALT. L. REV. 67 (1997); Kim Taylor, Note, *Patent Harmonization Treaty Negotiations on Hold: The “First to File” Debate Continues*, 20 J. CONTEMP. L. 521 (1994).

⁹⁷ 2 R. CARL MOY, *MOY’S WALKER ON PATENTS* § 8:36 (4th ed. 2006).

⁹⁸ See Robert A. Armitage & Richard C. Wilder, *Harmonization: Will it Resuscitate a Patent System Suffocating Its Small Entity Users with Cost and Complexity?*, 1 U. BALT. INTELL. PROP. L.J. 116, 117 (1993) (explaining that under the current first-to-invent system, an inventor cannot be certain for some time that his application will go unchallenged).

⁹⁹ Robert W. Pritchard, *The Future is Now – The Case for Patent Harmonization*, 20 N.C.J. INT’L L. & COM. REG. 291, 313 (1995).

¹⁰⁰ Doug Harvey, Comment, *Reinventing the U.S. Patent System: A Discussion of Patent Reform Through an Analysis of the Proposed Patent Reform Act of 2005*, 38 TEX. TECH. L. REV. 1133, 1140 (2006). See also *Perspectives on Patents: Hearing Before the Subcomm. on Intellectual Property of the S. Comm. on the Judiciary*, 109th Cong. (2005) (statement of Michael K. Kirk, Executive Director, American Intellectual Property Law Association) (stating that according to AIPLA’s 2003 Economic Survey, the median cost necessary to complete the preliminary phase or discovery in a simple two-party interference is \$113,000. The cost through final resolution escalates to over \$300,000. Furthermore, the all-inclusive cost for each party in interference was \$600,000 in 2005, \$302,000 in 2003, and was \$201,000 in 2001).

¹⁰¹ MOY, *supra* note 97.

¹⁰² See Takenaka, *supra* note 96, at 654-55.

act of conception or the physical act of invention.¹⁰³ Because a patent application ultimately matures into a public disclosure, the first-to-file system places the invention into society more quickly,¹⁰⁴ thereby furthering the constitutional mandate of “promot[ing] the progress of science and useful arts”¹⁰⁵

[32] Some commentators believe that the first-to-file system provides a fairness to smaller entities that is lacking in the first-to-invent system. Former Commissioner of Patents Gerald J. Mossinghoff summarized seventeen years of interference data from the PTO by concluding that the current first-to-invent system has not provided any advantage to small entities.¹⁰⁶ Mossinghoff argued that the current first-to-invent system often forces a small entity into a financially burdensome interference with “a large and determined company” that filed subsequent to the small entity.¹⁰⁷ Because the parties “are almost exclusively financially-resourceful assignees,”¹⁰⁸ the only choice for that small entity may be the abandonment of its application. The mere threat of provoking expensive patent litigation may scare a small company away from either offering a new product or pursuing the development of one in the first place.¹⁰⁹ This type of bullying is an “effective barrier to numerous ‘first’ inventors,”¹¹⁰ and stifles, rather than promotes, innovation.¹¹¹ In this way, large established companies with huge litigation resources are able to extract

¹⁰³ MOY, *supra* note 97. See George E. Frost, *The 1967 Patent Law Debate - First-to-Invent vs. First-to-File*, 1967 DUKE L.J. 923, 925-26 (1967).

¹⁰⁴ Curesky, *supra* note 96, at 296. Currently, the pendency for the first office action is shortest for Technology Center 2800 – Semiconductor, Electrical, Optical Systems and Components (16.4 months) and longest for Technology Center 2100 – Computer Architecture, Software & Information Security (30.8 months). Technology Center 2800 has the shortest average pendency (25.4 months) while Technology Center 2100 has the longest average pendency (44.0 months). PTO FY 2006, at 123, tbl.4.

¹⁰⁵ U.S. CONST. art. I, § 8, cl. 8.

¹⁰⁶ Mossinghoff, *supra* note 88, at 428.

¹⁰⁷ *Id.*

¹⁰⁸ Banner & McDonnell, *supra* note 96, at 607 (quoting ABA PTC Committee Report 108 (1986)).

¹⁰⁹ See, e.g., FRED WARSHOFKY, PATENT WARS: THE BATTLE TO OWN THE WORLD’S TECHNOLOGY 248-49 (1994).

¹¹⁰ Curesky, *supra* note 96, at 296.

¹¹¹ WARSHOFKY, *supra* note 109, at 245-71.

“blood money” from smaller companies with the mere threat of a patent suit.¹¹²

[33] Based on his empirical data, Mossinghoff advocated the adoption of the first-to-file system.¹¹³ He asserted that “small entities by their very nature can move more quickly than larger bureaucracies . . . [and] by filing a complete technical disclosure . . . [small entities] can readily secure priority rights in a first-inventor-to-file system without a major expenditure of resources”¹¹⁴ According to Mossinghoff, a small entity can find relief in a provisional application. Later, when the invention is more completely developed, the small entity can file a complete non-provisional application.¹¹⁵ Under the first-to-file system, the lure of procedural ease is substantial. An individual inventor can be taught to file an early application more easily than the inventor can be trained to maintain the quantity and quality of records necessary to prevail in a priority dispute under the current first-to-invent system.

[34] Interestingly, the first-to-file system does not necessarily value filing over inventorship, but rather, it emphasizes disclosure. Under the first-to-invent system, a first inventor who fails to fully develop an invention might be awarded the patent over a subsequent “independent inventor who is prepared to develop, manufacture, and market that item.”¹¹⁶ Under the same circumstances, the first-to-file system “would not have the undesirable effect of preventing an independent, but second, inventor from marketing his or her product in a situation in which the first inventor is not yet willing or able to take the first steps toward doing so.”¹¹⁷ The first-to-file system also offers some protection to an applicant who was sufficiently active prior to the application’s filing date, but was not the first applicant to file.¹¹⁸ Often referred to as “prior user’s rights,” these rights offer later inventors an incentive to continue their innovation, which

¹¹² *Id.* at 251-52, 267.

¹¹³ *See*, Mossinghoff, *supra* note 88, at 427-28 (concluding that “there are many good reasons why the United States should . . . adopt[] a first-inventor-to-file system.”).

¹¹⁴ *Id.* at 428.

¹¹⁵ *Id.*

¹¹⁶ Curesky, *supra* note 96, at 296.

¹¹⁷ *Id.*

¹¹⁸ MOY, *supra* note 97.

incentive is lacking in the “all-or-nothing” approach of the first-to-invent system.¹¹⁹

[35] Lastly, the adoption of the first-to-file system is a prerequisite for global harmonization. In its 21st Century Strategic Plan, the PTO outlined its ongoing efforts to “[s]treamline intellectual property systems and strengthen intellectual property rights around the world.”¹²⁰ Specifically,

¹¹⁹ Under the current first-to-invent system, the prior use of an invention may invalidate a subsequent patent. *See* 35 U.S.C. §§ 102(a) and (b). Upon invalidation of the patent, the subject matter reverts to the public domain. Also, under the current first-to-file system, an inventor who does not secure patent protection for his invention may later be prohibited from practicing or using his invention by the likelihood of infringing another’s patent. Section 273 of the proposed Patent System Harmonization Act of 1992, however, provided limited but important rights to the prior user of an invention. Section 273 reads:

A person shall not be liable as an infringer under a patent granted to another with respect to any subject matter claimed in the patent that such person has, acting in good faith, commercially used or commercially sold in the United States, or has made effective and serious preparation therefore [sic] in the United States, before the filing date or priority date of the application for patent. . . . [r]ights based on prior use under this section are personal and shall not be subject to assignment or transfer to any other person or persons except in connection with the assignment or transfer of the entire business or enterprise to which the rights relate. [Derivation] A person shall be deemed to have acted in good faith in establishing rights under this section if the subject matter has not been derived from the inventor.

See Patent System Harmonization Act, S. 2605, 102d Cong. (1992), *available at* <http://www.thomas.gov/cgi-bin/bdquery/z?d102:s.02605;> *see also* H.R. 4978, 102d Cong. (1992), *available at* <http://www.thomas.gov/cgi-bin/bdquery/z?d102:HR04978;> Under § 273, a prior user would receive the personal right to continue his practice of the invention without liability as an infringer under a subsequently granted patent. This exemption requires a user to demonstrate his own commercial use or preparation of the invention in the United States prior to the filing date of the patent. Furthermore, § 273 prohibits the transfer or sale of these rights. *See, e.g.,* Griswold & Ubel, *supra* note 7, at 571.

¹²⁰ UNITED STATES PATENT AND TRADEMARK OFFICE, 21ST CENTURY STRATEGIC PLAN 7 (2003), *available at* http://www.uspto.gov/web/offices/com/strat21/stratplan_03feb2003.pdf [hereinafter PTO Strategic Plan].

the PTO listed the first objective of “Global Development” as “resolv[ing] major issues in a broader context and pursu[ing] substantive harmonization goals that will strengthen the rights of American intellectual property holders by making it easier to obtain international protection for their inventions and creations.”¹²¹ Because the United States is the only nation using the first-to-invent system, its adherence to this system prevents its participation in those harmonization treaties designed to facilitate global intellectual property protection.

PART V. THE CALL FOR PATENT REFORM

[36] Despite its proven success, the American patent system has been at the center of the reform debate for decades.¹²² Among the several areas of patent practice targeted for reform are post-grant opposition, continuation applications, re-definition of prior art, the best mode requirement, and the adoption of the first-to-file system. Proponents of reform aim to improve patent quality, streamline administrative procedures at the PTO, and provide a better system for rewarding innovation.¹²³

[37] The United States International Trade Commission, a government agency authorized to investigate unfair import practices, estimates that the United States loses approximately 23.8 billion dollars annually due to piracy of intellectual property that originated in the United States.¹²⁴ Because the United States suffers as a result of this intellectual property

¹²¹ *Id.* at 7.

¹²² In 1967, the President’s Commission on the Patent System identified six areas for patent reform: 1) raise the quality and the reliability of the United States patent; 2) shorten the total pendency of an application; 3) accelerate the public disclosure of technological advances; 4) reduce the expenses of litigation; 5) make United States’ patent practice more compatible with that of other major countries and more consistent with the objectives of the United States’ patent system; and 6) prepare our patent system to handle the technology explosion of the near future. S. DOC. NO. 90-5, at 11-12 (1967).

¹²³ Brad Pedersen & Vadim Braginsky, *The Rush to a First-to-File Patent System in the United States: Is a Globally Standardized Patent Reward System Really Beneficial to Patent Quality and Administrative Efficiency?*, 7 MINN. J. L. SCI. & TECH. 757, 759 (2006).

¹²⁴ Jeffrey K. Sheldon & Danton K. Mak, *First-to-File v. First-to-Invent: A Bone of Contention in the International Harmonization of U.S. Patent Law*, <http://www.usip.com/articles/1st2fil.htm> (last visited Oct. 8, 2007).

theft, both domestic and foreign pressure to reform the American patent system by harmonizing with other nations across the globe has been mounting.

A. Foreign Pressure

[38] As the only country operating under a first-to-invent system, the United States is at the center of the patent harmonization debate. As scholar Edward Lee has argued, there is an increased incentive for entities to seek intellectual property protection both domestically and abroad in today's global market.¹²⁵ "Something considered a valuable commodity in one place . . . is likely to be a valuable commodity in other places around the world, but entities do not have the luxury of obtaining a single grant of IP protection that applies universally."¹²⁶ The lack of uniformity amongst the various patent-granting countries complicates an applicant's attempts to secure widespread protection for his invention. The World Intellectual Property Organization (WIPO) hopes to alleviate this complication.

[39] In 1984, WIPO convened a committee of experts to draft a treaty for the international harmonization of patent law.¹²⁷ By 1991, the Draft Treaty was ready for review¹²⁸ and a convention of international delegates assembled to discuss it.¹²⁹ The treaty contained provisions that would have required the United States to make serious modifications to its patent

¹²⁵ Edward Lee, *The New Canon: Using or Misusing Foreign Law to Decide Domestic Intellectual Property Claims*, 46 HARV. INT'L L.J. 1, 9 (2005).

¹²⁶ *Id.*

¹²⁷ Edward G. Fiorito, *The "Basic Proposal" for Harmonization of U.S. and Worldwide Patent Laws Submitted by WIPO*, 73 J. PAT. & TRADEMARK OFF. SOC'Y 83, 84 (1991). See also Draft Treaty Supplementing the Paris Convention for the Protection of Industrial Property as far as Patents are Concerned, U.N. W.I.P.O., U.N. Doc. PLT/DC/3 (1990).

¹²⁸ Fiorito, *supra* note 127, at 88. On December 21, 1990, WIPO published a basic proposal draft treaty. Article 9, § 2 was entitled "Two or More Inventors Claim the Same Invention" and read, "The invention shall belong to the applicant with the earliest priority date."

¹²⁹ See Memorandum prepared by the Chairman of the Committees of Experts, WIPO CRNR/DC/6 (August 30, 1996), available at http://www.uspto.gov/web/offices/dcom/olia/diplconf/6dc_mem.htm (providing a summary of the activities of WIPO as it pertains to the Draft Treaty and patent harmonization).

practice.¹³⁰ The treaty discussions were progressing satisfactorily and the final session was scheduled for July 1993, but the United States indefinitely delayed the final session¹³¹ and then later failed to return to the negotiations.¹³² On January 24, 1994, Commerce Secretary Ronald H. Brown officially announced that the United States would not sign the Patent Harmonization Treaty, but rather, it would “maintain [its] first-to-invent system, while keeping open the option of full patent harmonization in the future.”¹³³

[40] Despite the convention’s failure to ratify the Draft Treaty, some progress toward harmonization has been made. Subsequently, on December 8, 1993, President Bill Clinton signed the North American Free Trade Agreement Implementation Act, which became effective on January 1, 1994.¹³⁴ The North American Free Trade Agreement (NAFTA) contained several provisions relating to intellectual property law.¹³⁵ According to the agreement, Canada, Mexico, and the United States must “accord nationals of the other parties [sic] treatment no less favorable than

¹³⁰ The treaty mandated the adoption of the first-to-file system and created an accompanying prior use defense. The treaty also required publication of patent applications and a determination of the patent term based on the filing date rather than the issuance date. In exchange for these concessions, the United States asked for 1) a grace period for disclosures, 2) the removal of the absolute novelty provision, 3) the removal of the pre-grant opposition proceeding, 4) the ability to file applications in English, with the English copy to serve as the official copy in cases of translation errors, and 5) an international doctrine of equivalents. Anneliese M. Seifert, *Will the United States Take the Plunge Into Global Patent Law Harmonization? A Discussion of the United States’ Past, Present, and Future Harmonization Efforts*, 6 MARQ. INTELL. PROP. L. REV 173, 184 (2002).

¹³¹ Pritchard, *supra* note 99, at 301-02.

¹³² The United States initially justified the delay by stating that it needed time to select a new commissioner of PTO and formulate a clear position on patent harmonization. *Id.*

¹³³ See *U.S. Says “Not Now” on First-to-File and Agrees with Japan on Patent Term*, 47 PAT. TRADEMARK & COPYRIGHT J. (BNA) No. 1164, at 285 (Jan. 27, 1994). See also The Advisory Commission on Patent Law Reform, A Report to the Secretary of Commerce 45 (1992) (stating that the United States is reluctant to switch unless it can “obtain[] a favorable harmonization ‘package’ which, on the whole, provides a net positive benefit to U.S. inventors around the world.”).

¹³⁴ *Bill to Implement NAFTA Signed with Provisions that Affect IP Law*, 47 Pat. & Trademark Copyright J. (BNA) 139 (1993) [hereinafter *Bill to Implement*].

¹³⁵ North American Free Trade Agreement (NAFTA), 19 U.S.C. §§ 3301-3473 (2002).

that it accords to its own nationals with regard to the protection and enforcement of intellectual property rights.”¹³⁶ To comply with this provision, the United States amended section 104 of the Patent Act to read “an applicant for a patent, or a patentee, may not establish a date of invention by reference to knowledge or use thereof, or other activity with respect thereto, in a foreign country other than a NAFTA country”¹³⁷ This amendment placed inventors in these foreign countries on equal footing with American inventors. Following this amendment, inventive acts occurring in Canada or Mexico were acceptable forms of evidence during a priority dispute.¹³⁸

[41] The negotiations for a second major treaty, the General Agreement on Tariffs and Trade (“GATT”), ended on December 15, 1993.¹³⁹ The GATT negotiations produced the Trade-Related Aspects of Intellectual Property Rights (TRIPs) Agreement.¹⁴⁰ Hailed by participants as one of the most significant sections of the pact,¹⁴¹ the TRIPs Agreement obligated over 140 countries belonging to the World Trade Organization (WTO) to provide minimum standards of protection for intellectual property rights.¹⁴² However, for those issues not governed by a predetermined minimum standard, the TRIPs Agreement allows its signatories to employ their own, and sometimes widely varying,

¹³⁶ *Bill to Implement*, *supra* note 134, at 139.

¹³⁷ 35 U.S.C. § 104(a)(1) (2002). Prior to NAFTA, 35 U.S.C. § 104 restricted evidence of inventive acts to events occurring in the United States. NAFTA expanded that geographic limitation to include inventive acts occurring in Canada and Mexico. *See* NAFTA § 4(A)-(B).

¹³⁸ 35 U.S.C. § 104(a)(3). In short, American inventors must now compete against large companies with disposable resources from two additional countries in interference proceedings. Hence, the statutory advantage that once favored the small and less solvent inventor over foreign corporations in Canada and Mexico has disappeared.

¹³⁹ *Uruguay Round of GATT Talks are Concluded With IP Provisions*, 47 PAT. TRADEMARK & COPYRIGHT J. (BNA) 170, 170 (Dec. 23, 1993).

¹⁴⁰ *Id.*

¹⁴¹ Agreement on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, Dec. 15, 1993, 33 I.L.M 81, 95 (1994) [hereinafter *The TRIPs Agreement*].

¹⁴² The TRIPs Agreement, however, did not synchronize intellectual property laws, but rather, provided a baseline from which its various signatories can deviate. *See generally id.*

approaches. Furthermore, Article 27 requires all parties to the TRIPS Agreement to make patents available “without discrimination as to the place of invention.”¹⁴³ Once again, the United States amended section 104 of the Patent Act. The new version of section 104 allows an inventor to establish a date of invention with evidence of conception, diligence, and reduction to practice in any WTO member nation.¹⁴⁴

B. Domestic Pressure

[42] In 1965, the United States Presidential Committee on the Patent System exhaustively examined the American patent system.¹⁴⁵ The committee made thirty-five specific recommendations for significant changes to patent practice,¹⁴⁶ including the adoption of the first-to-file patent system. At that time, widespread opposition from several industry and legal associations prompted Congress to reject the adoption of the first-to-file system.¹⁴⁷

¹⁴³ The TRIPS Agreement, *supra* note 141, at 93-94.

¹⁴⁴ 35 U.S.C. § 104(a)(1).

¹⁴⁵ Recognizing that the “general character of [the] patent system ha[d] undergone no substantial change since 1836,” President Lyndon B. Johnson established The President’s Commission on the Patent System. The President charged the Commission with:

1) ascertaining the degree to which our patent system currently serves our national needs and international goals, (2) identifying any aspects of the system which may need change, (3) devising possible improvements in the system, and (4) recommending any legislation deemed essential to strengthen the United States patent system. In carrying out its evaluation, and in achieving these objectives, the Commission shall make an independent study of the existing patent system of the United States including its relationship to international and foreign patent systems, inventive activity and the administration of the system.

Exec. Order No. 11215, 30 Fed. Reg. at 4661 (Apr. 8, 1965).

¹⁴⁶ *To Promote the Progress of Useful Arts, Report of the President’s Comm’n on the Patent System*, S. DOC. NO. 90-5, at 3-4 (1967). Among the recommendations of the President’s Commission were 1) to raise the quality and the reliability of the United States patent, 2) to shorten the total pendency of a patent application, 3) to accelerate the public disclosure of technological advances, 4) to reduce the expenses of litigation, 5) to make the American patent process more compatible with that of other major countries, and 6) to prepare the patent system to handle the imminent technology explosion. *Id.*

¹⁴⁷ Conley, *supra* note 11, at 781.

[43] However, when the PTO declared in its 21st Century Strategic Plan that “the United States Patent and Trademark Office (USPTO) [was] under siege,”¹⁴⁸ Congress responded by proffering a number of proposals for patent reform. For example, on October 8, 2004, Representative Howard Berman (D-CA) introduced House Report 5299 entitled the “Patent Quality Assistance Act of 2004.”¹⁴⁹ Beginning on April 20, 2005, the House Subcommittee on Courts, the Internet, and Intellectual Property conducted hearings on its Committee Print Regarding Patent Quality Improvement.¹⁵⁰ Several prominent organizations testified at the hearings including the Patent and Trademark Office, the American Bar Association, the Intellectual Property Owners Association, and the Business Software Alliance.¹⁵¹ Following the hearings, Representative Lamar Smith (R-TX), the Chairman of the House Subcommittee on Courts, the Internet, and Intellectual Property, revised the Committee Print and introduced House Report 2795 entitled the “Patent Reform Act of 2005.”¹⁵² On July 26, 2005, he subsequently entered an amendment in the form of a substitution to House Report 2795.¹⁵³ In early April 2006, Representatives Berman (CA-28) and Rick Boucher (D-VA) introduced into the House of Representatives the “Patents Depend on Quality Act” or House Report 5096.¹⁵⁴ Interestingly, the Patents Depend on Quality Act omitted several key provisions previously introduced by House Report 2795, including the statutory adoption of the first-to-file system.¹⁵⁵

[44] Senators Patrick Leahy (D-VT) and Orrin Hatch (R-UT) offered one of the most recent of these congressional patent reform proposals. On

¹⁴⁸ PTO Strategic Plan, *supra* note 120, at 1.

¹⁴⁹ Patent Quality Assistance Act of 2004, H.R. 5299, 108th Cong. 1 (2004), *available at* <http://www.thomas.gov/cgi-bin/bdquery/z?d108:h.r.05299:>.

¹⁵⁰ *See generally Patent Quality Improvement Hearing Before the H. Subcomm. on Courts, the Internet, and Intellectual Property of the Comm. on the Judiciary*, 109th Cong. (2005) [hereinafter *Hearings*], *available at* <http://judiciary.house.gov/media/pdfs/printers/109th/20709.pdf>.

¹⁵¹ *Id.* at III.

¹⁵² Patent Reform Act of 2005, H.R. 2795, 109th Cong. (2005), *available at* <http://www.thomas.gov/cgi-bin/query/z?c109:H.R.2795:>.

¹⁵³ *Id.*

¹⁵⁴ Patents Depend on Quality Act of 2006, H.R. 5096, 109th Cong. (2006), *available at* <http://www.govtrack.us/congress/billtext.xpd?bill=h109-5096>.

¹⁵⁵ *Id.*

August 3, 2006, the senators introduced Senate Bill 3108 entitled the “Patent Reform Act of 2006.”¹⁵⁶ Senate Bill 3108 required a statutory adoption of the first-to-file patent system for awarding priority in a patent dispute.¹⁵⁷ As Senator Leahy explained, “if the United States is to preserve its position at the forefront of innovation, as the global leader in intellectual property and technology, then we need to move forward . . . [t]his legislation is not an option, but a necessity.”¹⁵⁸ The bill was referred to the Senate Committee on the Judiciary.¹⁵⁹

[45] On April 17, 2007, both Representative Berman and Senator Leahy introduced the Patent Reform Act of 2007.¹⁶⁰ Both bills discard the current first-to-invent system for awarding priority and, instead, provide rights to the first-inventor-to-file. Consequently, both bills also eliminate interference proceedings.¹⁶¹ Furthermore, both bills require the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office to provide various Congressional committees with a report detailing “the operation of prior user rights in selected countries in the industrialized world.”¹⁶² On September 7, 2007, the House of Representatives passed House Report

¹⁵⁶ Patent Reform Act of 2006, S. 3818, 109th Cong. (2006), *available at* <http://www.thomas.gov/cgi-bin/bdquery/z?d109:s.03818:>

¹⁵⁷ *Id.*

¹⁵⁸ Press Release, Senator Patrick Leahy, Leahy, Hatch Introduce Sweeping Patent Reform Bill (Aug. 4, 2006), *available at* <http://leahy.senate.gov/press/200608/080406.html>.

¹⁵⁹ All pertinent Congressional actions regarding S. 3818 are *available at* <http://www.thomas.gov/cgi-bin/bdquery/z?d109:s.03818:>

¹⁶⁰ Govtrack.us, Patent Reform Act of 2007, H.R. 1908, 110th Congress (2007), <http://www.govtrack.us/congress/billtext.xpd?bill=h110-1908> (last visited Oct. 8, 2007); Govtrack.us, Patent Reform Act of 2007, S. 1145, 110th Congress (2007), <http://www.govtrack.us/congress/bill.xpd?bill=s110-1145> (last visited Oct. 8, 2007).

¹⁶¹ Govtrack.us, Patent Reform Act of 2007, H.R. 1908, 110th Congress (2007) § 3 Right of the First Inventor to File, <http://www.govtrack.us/congress/billtext.xpd?bill=h110-1908> (last visited Oct. 8, 2007); Govtracks.us, Patent Reform Act of 2007, S. 1145, 110th Congress (2007), <http://www.govtrack.us/congress/bill.xpd?bill=s110-1145> (last visited Oct. 8, 2007).

¹⁶² Govtrack.us, Patent Reform Act of 2007, H.R. 1908, 110th Congress (2007) § 5 Right of the Inventor to Obtain Damages, <http://www.govtrack.us/congress/billtext.xpd?bill=h110-1908> (last visited Oct. 8, 2007).

1908 by a vote of 220 Ayes to 175 Nays.¹⁶³ On Sep 11, 2007, the Senate placed House Report 1908 on the Senate Legislative Calendar under General Orders, Calendar No. 348.¹⁶⁴

[46] The private sector also became very active in the patent reform debate. Following the Oversight Hearings and the introduction of H.R. 2795, the American Intellectual Property Law Association drafted a proposal for patent reform entitled “Balanced and Achievable Patent Law Reform, Now.”¹⁶⁵ The proposal, a redline mark-up version of H.R. 2795, advocated the elimination of the best mode requirement, codification of the duty of candor, and the adoption of the first-to-file patent system.¹⁶⁶ Likewise, on September 1, 2005, the Coalition for 21st Century Patent Law Reform provided a redline mark-up version of H.R. 2795.¹⁶⁷ Comprised of companies such as Cargill, Pfizer, 3M Company, General Electric, Merck, Monsanto, and Johnson & Johnson,¹⁶⁸ the Coalition “advocat[es] for patent reforms that will continue to foster innovation and enhance American competitiveness.”¹⁶⁹

[47] However, each of these congressional attempts to introduce patent reform has failed due to the termination of the legislative session.

¹⁶³ Govtrack.us, Patent Reform Act of 2007, H.R. 1908, 110th Congress (2007), <http://www.govtrack.us/congress/bill.xpd?bill=h110-1908#votes> (last visited Oct. 8, 2007).

¹⁶⁴ *Id.*

¹⁶⁵ American Intellectual Property Law Association, Balanced and Achievable Patent Law Reform, Now, 2005, <http://www.fr.com/news/AchievablePatentReform.pdf>.

¹⁶⁶ *Id.*

¹⁶⁷ American Intellectual Property Law Association, A Coalition for 21st Century Patent Law Reform: Balanced Initiatives to Advance Quality and Provide Litigation Reforms, Sept. 1 2005, http://www.fr.com/news/2005-09-14_Coalition_Draft.pdf.

¹⁶⁸ For more information on the Coalition, please see its website, available at <http://www.patentsmatter.com/index.php>. A list of Coalition members is available at <http://www.patentsmatter.com/about/coalition.php>.

¹⁶⁹ The Coalition for 21st Century Patent Reform, Patents Matter, http://www.patentsmatter.com/about/who_we_are.php (last visited Oct. 8, 2007).

PART VI. WHY FIRST-TO-FILE IS NOT THE ANSWER

[48] The primary motivation behind global patent harmonization is the consistency and uniformity of intellectual property laws and protection. Aligning the American system with those of the European Union and Japan would allow for mutual reciprocity between these three patent systems,¹⁷⁰ particularly as it relates to acknowledging and enforcing those patents granted by any one of these patent giants.¹⁷¹ Authors Dana Rohrabacher and Paul Crilly caution, however, against harmonizing the patent system for reciprocity purposes. These authors liken patent harmonization to Ulysses' Trojan horse.¹⁷² In short, this seemingly innocuous action will whittle down America's strong patent system. The authors wrote:

Yes, uniformity of law throughout the world has a ring to it. However, harmonization is being paid for by decreasing our guaranteed patent term. Uniformity merely for its own sake and without any quantitative benefit to Americans does not make any sense. If the objective is to have a uniform worldwide patent system, other nations should adopt the stronger United States model.¹⁷³

Even now, the United States is tempted by the lure of patent harmonization and reciprocity. Congress has already amended the Patent

¹⁷⁰ Pedersen & Braginsky, *supra* note 123, at 765.

¹⁷¹ *Id.* at 766. See Michael D. Kaminski, *Patent Harmonization: International Efforts Are Gradually Unifying the World's Patent Laws*, 4 MODERN DRUG DISCOVERY, JAN. 2001, at 36-37, available at <http://pubs.acs.org/subscribe/journals/mdd/v04/i01/html/patents.html>; see also United States Patent & Trademark Office, Pursuit of Substantive Patent Law Harmonization, <http://www.uspto.gov/web/offices/com/strat21/action/gd1i01.htm> (last visited Oct. 8, 2007) (stating the goal of promoting harmonization and making it easier for American intellectual property holders to obtain international protection); United States Patent & Trademark Office, Statement of Intent, <http://www.uspto.gov/main/homepagenews/bak08feb2005.htm> (last visited Oct. 8, 2007) (stating desire "to consider: (i) substantive patent law harmonization issues, notably the Trilateral 'first package,' as developed by the United States Patent and Trademark Office, the European Patent Office and the Japan Patent Office[.]").

¹⁷² Dana Rohrabacher & Paul Crilly, *The Case for a Strong Patent System*, 8 HARV. J.L. & TECH. 263, 272 (1995).

¹⁷³ *Id.*

Act on several occasions to synchronize its laws with foreign countries, which in the case of §104, has been detrimental to the American inventor.¹⁷⁴

[49] Is abandonment of the American first-to-invent system truly that desirable? How will the first-to-file system benefit the American patent machine? As one commentator urged, “[a] first-to-file statute that would give patent rights to the more astute filer rather than the more astute inventor is . . . impermissible.”¹⁷⁵ After all, reward for innovation is the hallmark of the American patent system. In fact, many believe that this is the key factor behind this system’s success.¹⁷⁶ The first-to-file system is not the panacea it pretends to be, and therefore, “[i]t should be of no concern to us that the majority of countries have a first-to-file system. A system that is inferior doesn’t become less so because it has many more adherents.”¹⁷⁷

¹⁷⁴ See *id.* The United States has twice amended 35 U.S.C. § 104, and now allows applicants to present evidence of inventive acts in any WTO nation. 35 U.S.C. § 104 (2000). Furthermore, the term of patent protection was altered to conform to the international standard set forth in the American Inventors Protection Act of 1999. 35 U.S.C. §§ 5, 6, 273, 297, 311-18 (2000). The United States amended § 122(b) in 2000 to require the publication of a patent application after eighteen months; § 271(a) in 2003 to designate “offers to sell” and “importation” as forms of patent infringement, and; § 154(a)(2) in 2002 to change the patent term from seventeen years after issuance, to twenty years after filing. 35 U.S.C. §§ 122(b), 271(a), 154(a)(2).

¹⁷⁵ David L. Simon, *The First-to-File Provisions of the Patent Reform Act of 2005 Violate the Constitution’s Intellectual Property Clause* (2005), http://www.patenthawk.com/blog_docs/First-to-file_unconstitutional.pdf.

¹⁷⁶ See Conley, *supra* note 11, at 782 (“There can be little doubt that the United States’ patent system . . . has been the most successful in the world. The technological lead . . . cannot be explained by our having smarter people, or more daring people, or better educated people, or more government support for technological development.”).

¹⁷⁷ Gabriel Katona, *First-to-File – Not in the United States*, 73 J. PAT. & TRADEMARK OFF. SOC’Y 399, 399-400 (1991). Furthermore, it is shortsighted to believe that the first-to-file system will rectify American patent woes. “The situation in this country cannot be compared to that in other countries which have lived for a long time under a first-to-file system.” *Id.* at 400.

A. The First-to-File System Stifles Innovation

[50] The current American patent system is unique because it stimulates extraordinary progress. “Under the first-to-invent system, the main incentive to innovate is the hope of profit. Accordingly, a system that gives the exclusive right to this profit without diverting any portion of it to other inventors optimizes this motivation.”¹⁷⁸ For instance, Professor Conley concluded “the United States’ patent system has been one of the major differences between the environments in which inventors work. That system is and has been unique among the democratic, capitalistic, developed nations which have political and economic systems conducive to success in technological development.”¹⁷⁹ Even advocates of the first-to-file patent system acknowledge that the American system has been extremely successful. During its congressional testimony, the American Bar Association stated, “[i]t seems quite likely that features that distinguish our patent system from those countries which have not experienced our remarkable rate of growth, are . . . responsible for that rate of growth. Surely the most significant of those features is our system rewarding the first to invent”¹⁸⁰

[51] The American patent system provides more incentive to innovate than the first-to-file system.¹⁸¹ In those countries using a first-to-file system, there is a relative decrease in the number of inventions.¹⁸² This

¹⁷⁸ Stephanie Gore, *‘Eureka! But I Filed Too Late . . .’: The Harm/Benefit Dichotomy of a First-to-File Patent System*, 1993 U. CHI. L. SCH. ROUNDTABLE 293, 311 (1993). The success of the American patent system over the past 200 years stems from the conveyance of exclusive monopolistic rights to the first inventor, which provides tremendous financial incentive to an innovator. *Id.* When compared with the United States’ first-to-invent patent system, the first-to-file system does provide a sufficient incentive because the patent is awarded to the inventor who files first and prior users’ rights break up any monopoly. *Id.* See also Brad Pedersen & Vadim Braginsky, *The Rush to a First-to-File Patent System in the United States: Is a Globally Standardized Patent Reward System Really Beneficial to Patent Quality and Administrative Efficiency?*, 7 MINN. J. L. SCI. & TECH. 759, 765 (2006).

¹⁷⁹ Conley, *supra* note 11, at 782.

¹⁸⁰ Christian J. Garascia, *Evidence of Conception in U.S. Patent Interference Practice: Proving Who Is the First and True Inventor*, 73 U. DET. MERCY L. REV. 717, 723 n.49 (1996).

¹⁸¹ Conley, *supra* note 11, at 782.

¹⁸² Gore, *supra* note 178, at 311. See also *id.* at 787.

trend is likely linked to the fact that in the United States, “the focus of the patent system is to protect the individual patentees and provide them with exclusive rights to their inventions.”¹⁸³ This concept resonates with all parties who aim to protect their intellectual property because the reward for hard work and ingenuity is inextricably linked to the American dream.

[52] The first-to-file system is not based on conception. Rather, this system recognizes ownership rights only in technology that finds its way into the disclosure of a patent application.¹⁸⁴ Therefore, the adoption of the first-to-file system would reduce the incentive for small entities and individual inventors to innovate and subsequently file patent applications. Consequently, “fewer patents would issue to entrepreneurs and the United States would lose a major factor affecting its lead in technological development.”¹⁸⁵

B. Patent Quality Will Suffer Under the First-to-File System

[53] Patent quality has been defined as “a broad, multi-faceted concept most often discussed in the abstract without any specific context that would permit quantifiable measurement.”¹⁸⁶ Different aspects of patent quality include validity, notice, teaching, and value.¹⁸⁷ The first-to-file system poses a threat to each one of these indicators.¹⁸⁸

¹⁸³ *Intellectual Property Rights, U.S. Companies’ Comparative Patent Experiences in Japan, Europe, and the United States: Hearings Before the Subcomm. on Int’l Trade of the S. Comm. on Finance*, 103d Cong. 71 (1994) (statement of Alan I. Mendelowitz, Director of International Trade, Finance, and Competitiveness Issues, General Government Division, United States General Accounting Office).

¹⁸⁴ See U.S. GEN. ACCOUNTING OFFICE, INTELLECTUAL PROPERTY RIGHTS: U.S. COMPANIES’ PATENT EXPERIENCES IN JAPAN 1 (1993) [hereinafter GAO REPORT].

¹⁸⁵ Conley, *supra* note 11, at 787. “The National Patent Council told the Congressional Committee considering first-to-file in the 1960s that such a change in the U.S. patent laws ‘would load the dice against one of the most potent innovating forces in our economy: the initiative and drive of the independent inventor and small businessman.’”

Id.

¹⁸⁶ Pedersen & Braginsky, *supra* note 123, at 768.

¹⁸⁷ *Id.* at 768-69. The authors describe patent quality as follows: “(1) the validity of the issued claims (the ‘validity facet’), (2) the extent of the claim scope (the ‘notice facet’), (3) the effectiveness of the patent at teaching the invention to society (the ‘teaching facet’), and (4) the value, or usefulness, of the patented invention itself (the ‘value facet’).”

[54] Because “the objective of a first-to-file patent system is, in effect, to reward early filing and punish late filing,”¹⁸⁹ many believe the first-to-file system endorses a “race to the patent office.”¹⁹⁰ This race to the PTO causes several problems. First, the first-to-file system does not afford an inventor a choice.¹⁹¹ The inventor no longer has the opportunity to develop the invention through its entirety, knowing that the invention is protected under a priority system that awards conception and diligence rather than the ministerial act of filing a patent application. Such a process of awarding priority of inventorship will precipitate “hasty application drafting with limited experimental exemplification or support.”¹⁹² In

Id. at 768. See also R. Polk Wagner, *The Patent Quality Index* (2006), http://www.law.upenn.edu/blogs/polk/pqi/documents/2006_1_presentation.pdf.

¹⁸⁸ Pedersen & Braginsky, *supra* note 123, at 769. See also *American Innovation at Risk: The Case for Patent Reform: Hearing Before the Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary*, 110th Cong. (2007) (statement of Suzanne Michel, Chief Intellectual Property Counsel & Deputy Assistant Director of Public Coordination, FTC). Michel remarked that patents of questionable quality can “distort competition, innovation, and the marketplace . . .” *Id.* Michel listed four ways by which this can occur. First, questionable patents “slow follow-on innovation by discouraging firms from conducting research and development in areas that the patent improperly covers . . . [s]econd, patents that should not have been granted raise costs when they are challenged in litigation . . . [t]hird, questionable patents may raise costs by inducing unnecessary licensing . . . [f]ourth, firms facing patent thickets may spend resources obtaining ‘defensive patents,’ not to protect their own innovation from use by others, but to have ‘bargaining chips’ to obtain access to others’ patents through a cross-license, or to counter allegations of infringement.” *Id.*

¹⁸⁹ Pedersen & Braginsky, *supra* note 123, at 767.

¹⁹⁰ A.B.A. SECTION OF PATENT, TRADEMARK & COPYRIGHT LAW, 1987 COMMITTEE REPORTS 62 (Mark T. Banner ed., 1987). See also MAURICE H. KLITZMANN, *PATENT INTERFERENCE LAW AND PRACTICE* (1984).

¹⁹¹ See Conley, *supra* note 11, at 786. Conley writes:

Often the decision would be forced on the inventor. If funds are limited, he may not be able to afford to file two or more applications, he may not be able to pay for a prior art search to help him decide whether patent protection is likely, he may not be able to pay for even the first, limited disclosure application. He might, out of necessity, have to wait until the invention is further developed to attract financing from others.

Id.

¹⁹² A.B.A. SECTION OF PATENT, TRADEMARK & COPYRIGHT LAW, *supra* note 190, at 62. See also MAURICE H. KLITZMANN, *supra* note 190; Banner & McDonnell, *supra* note 93, at 610.

short, the first-to-file system “encourage[s] speculative filing of applications on unproven inventions by ‘idea men’ rather than actual development of useful commercial inventions, and would retard rather than promote progress.”¹⁹³

[55] Second, the first-to-file system lacks the inherent deterrents of the first-to-invent system.¹⁹⁴ For example, those applicants who later discover that patent protection is not worth pursuing will have already incurred substantial costs.¹⁹⁵ An applicant in this situation often “proceed[s] with the patent application, even at the sacrifice of funds needed to develop the invention, and even though [its] concept is so sketchy that providing a detailed description of the invention is impossible.”¹⁹⁶

[56] Third, the first-to-file system dilutes the quality of patents. “[A]doption of the first-to-file would change the mentality of many patent practitioners and applicants.”¹⁹⁷ There will be an “inherent disincentive to prepare a careful and thoughtful patent application in which the prior art is well-searched and the claims of the invention are initially drafted to overcome the prior art.”¹⁹⁸ Rather, the first-to-file system rewards “quick and short filings that disclose . . . the details of one aspect of an invention, but undertake no evaluation of which features or benefits of the invention distinguish it over the prior art.”¹⁹⁹ Consequently, attorneys are more likely to draft overly broad disclosures, exhibiting less quality in terms of the teaching and providing adequate notice to the public regarding the scope of the claimed material.²⁰⁰ In the words of one practitioner, the “first-to-file” system will generate “sketchy disclosures.”²⁰¹

¹⁹³ Conley, *supra* note 11, at 789. See also Kim Taylor, Note, *Patent Harmonization Treaty Negotiations on Hold: The “First-to-File” Debate Continues*, 20 J. CONTEMP. L. 521, 535 (1994).

¹⁹⁴ Charles R.B. Macedo, *First-to-File: Is American Adoption of the International Standard in Patent Law Worth the Price?*, 18 AIPLA Q.J. 193, 217-18 (1990).

¹⁹⁵ Pedersen & Braginsky, *supra* note 123, at 767.

¹⁹⁶ Conley, *supra* note 11, at 786. See also *id.* at 766-67.

¹⁹⁷ Macedo, *supra* note 194, at 217.

¹⁹⁸ Pedersen & Braginsky, *supra* note 123, at 767.

¹⁹⁹ *Id.*

²⁰⁰ *Id.* See also *Johnson & Johnston Assocs., Inc. v. R.E. Serv. Co.*, 285 F.3d 1046, 1054 (Fed. Cir. 2002) (explaining that both the Supreme Court of the United States and Federal

C. The First-to-File System is Unfair to Small Businesses and Independent Inventors

[57] Most patents are issued to small companies and individual inventors.²⁰² Because the first-to-file system rewards “the winner . . . to the Patent Office, and elevates paperwork over true invention,”²⁰³ the adoption of this system by the United States “would load the dice against one of the most potent innovating forces in [its] economy: the initiative and drive of the independent inventor and small businessman”²⁰⁴ The first-to-file system “favor[s] corporate inventors and multinationals at the expense of independent inventors and small businesses.”²⁰⁵ Under the first-to-file system, the first early filing would secure priority, and as the development of the invention continued, subsequent filings would provide full protection.²⁰⁶

[58] The repetitious nature of this sort of filing troubles small entities for two primary reasons. First, large and multinational “organizations have the requisite monetary, legal, and technical resources to consistently file first”²⁰⁷ Independent inventors and small businesses do not. Therefore, the first-to-file system endangers their economic prosperity because they simply cannot afford to automatically file applications on every invention nor can they maintain the practice of filing early and filing often.²⁰⁸ Second, this type of continuous filing jeopardizes efforts to

Circuit of Appeals adhere to the fundamental principle that claims define the scope of patent protection).

²⁰¹ Conley, *supra* note 11, at 788. See also Donald S. Chisum, *The Harmonization of International Patent Law*, 26 J. MARSHALL L. REV. 437, 448 (1993); Taylor, *supra* note 96, at 535.

²⁰² Robert X. Cringely, *Patently Absurd: Patent Reform Legislation in Congress Amounts to Little More Than a “Get Out of Jail Free” Card for Microsoft*, PBS.COM, Aug. 18, 2005, http://www.pbs.org/cringely/pulpit/2005/pulpit_20050818_000863.html.

²⁰³ Taylor, *supra* note 96, at 536 (citing to *Patent Harmonization Proposal Stirs Lively Debate at PTO Hearing*, 46 PAT. TRADEMARK & COPYRIGHT J. (BNA) 508, 510-11 (1993)).

²⁰⁴ Conley, *supra* note 11, at 787.

²⁰⁵ Taylor, *supra* note 96, at 536.

²⁰⁶ *Id.* at 535. See also Conley, *supra* note 11, at 787.

²⁰⁷ Gore, *supra* note 178, at 294.

²⁰⁸ See generally Cringely, *supra* note 202. See also Katona, *supra* note 177, at 401-02

attract new sponsors and researchers.²⁰⁹ The first-to-file system is “likely to drive up the costs of early-stage technology development by forcing more money and resources to be expended earlier in the development process to prepare and file patent applications before actually reducing the inventions to practice and determining their usefulness or commercial viability.”²¹⁰ Hence, the first-to-file system will “pretty much be the death knell of independent inventors.”²¹¹

[59] Small entities cannot survive in such a hostile environment. Under the first-to-file system, they are at risk of having a “big corporation with big money highjack[] their ideas and obtain[] an exclusive patent merely because it filed the patent first.”²¹² Creativity will suffer as inventors are discouraged by having to conform to a system that does not reward innovation, but rather, rewards business acumen and the drive to capitalize on the ingenuity of others. Conversely, the first-to-invent system levels the playing field, providing both small and large entities with the same advantages and disadvantages. For example, in his study, Mossinghoff determined that “a small entity was *advantaged* by the first-to-invent system if the small entity was the *junior party* in the interference”²¹³ By awarding the patent on the basis of inventorship rather than on the act of filing, the first-to-invent system neutralizes the deep pockets of large, powerful, and extremely solvent companies.

D. The First-to-File System Will Increase Litigation

[60] Advocates of the first-to-file system argue that this system will provide a certainty of knowledge that cannot be conveyed under the

(suggesting that the first-to-file system “means increased costs to the user, because the cost of increased filing necessitated by a first-to-file system will undoubtedly exceed the cost of litigating a rare, very occasional interference under the present system.”).

²⁰⁹ Steven Ludwig, *U.S. Patent Reform and the Future of Nanotechnology*, 20 LEGAL BACKGROUND, at *3 (2005).

²¹⁰ Pedersen & Braginsky, *supra* note 123, at 767-68 n.41.

²¹¹ John R. Emshwiller, *Patent-Law Proposals Irk Small Inventors*, WALL ST. J., Apr. 30, 1992, at B1.

²¹² Doug Harvey, Comment, *Reinventing the U.S. Patent System: A Discussion of Patent Reform Through an Analysis of the Proposed Patent Reform Act of 2005*, 38 TEX. TECH. L. REV. 1133, 1142 (2006).

²¹³ Mossinghoff, *supra* note 88, at 427.

current first-to-invent system. Such certainty is elusive. The attempts to put the essence of an invention into words and to explain how the invention is patentably novel and nonobvious over all others are formidable tasks. Even after careful hours of drafting, claims will always be subject to various interpretations. As one court explained, “[a] verbal portrayal [of an invention] is usually an afterthought written to satisfy the requirements of patent law. This conversion of machine to words allows for unintended idea gaps which cannot be satisfactorily filled . . . [t]hings are not made for the sake of words, but words for things.”²¹⁴

[61] As literary descriptions, patent applications are tenuous at best. Any attempt to indicate otherwise is misleading. Regardless of the type of patent system, inventors, practitioners, the PTO, and the judiciary will always operate within a framework of words that naturally create uncertainty. Therefore, while the system of awarding priority may influence the nature of the dispute, litigation will never be removed entirely from the patent equation.

[62] During congressional hearings on patent reform, the Manufacturing Chemists Association, Inc. stated:

The granting of the patent to the first to file will necessitate the filing of applications of narrow scope prematurely and encourage the filing of prophetic, scientifically unsound disclosures by less meticulous inventors to the detriment of the careful scientist. This result has long been observed in Europe which has a “first to file” system. The incomplete disclosures of many European patents issued in the chemical field are viewed as insufficiently informative by American Scientists and engineers. In our opinion, therefore, the adoption of this provision will result in the filing of many “half-baked” patent applications.²¹⁵

Under the pressure to file first in the first-to-file system, mistakes will happen. “A patent application is not like filling in blanks on a form. It takes time and thought to move from a decent first draft, to a really fine,

²¹⁴ *Autogiro Co. of Am. v. United States*, 384 F.2d 391, 397 (Ct. Cl. 1967).

²¹⁵ Conley, *supra* note 11, at 788.

finished product. So first-to-file will certainly yield some degradation in the quality of the applications as filed.”²¹⁶

[63] The first-to-file system will foster poor patent quality, which will result in an increase in patent litigation. New procedural changes will spur the filing of suits as the patent bar struggles to make the transition from the first-to-invent to the first-to-file system. Disappointed, disgruntled, and confused applicants who were not the first applicants to file will vent their frustration towards the patent bar. “[T]he litigious nature of Americans lends the bar’s fears some credibility Without the safeguard of swearing back with an affidavit to the invention date, attorneys will be exposed to liability whenever they fail to file within a very short time period.”²¹⁷ The pressure to be the first applicant to file will lead to a “flood of malpractice suits.”²¹⁸

E. The First-to-File System Represents a Challenge to the Constitution

[64] Unlike the English Statute of Monopolies, the Intellectual Property Clause does not include language that explicitly restricts the grant of a patent to the *first and true inventor*.²¹⁹ Many believe that the omission of the phrase “first and true inventor” permits a patent to be awarded to someone other than the first inventor and emphasize that Congress failed to provide a resolution for interfering patents in the Patent Act of 1790.²²⁰ However, an analysis of the framers’ intent as well as statutory language of the early patent acts demonstrate that the Constitution authorizes the patent to be awarded only to the “first and true inventor.” To hold otherwise poses a direct challenge to the Constitution.

²¹⁶ Jack Zemlicka, *Patent Changes Pending*, Wis. L. J., Oct. 4, 2006, <http://www.wislawjournal.com/archive/2006/1004/patent.html> (quoting remarks of attorney Joseph T. Leone).

²¹⁷ Macedo, *supra* note 194, at 223. Macedo acknowledges that, “the possibility of malpractice suits, especially during the period when the systems are being changed, looms large in the patent bar’s eyes.”

²¹⁸ *Id.* at 222.

²¹⁹ U.S. CONST. art. 1, § 8, cl. 8.

²²⁰ The statute was the Patent Act of 1790, 1 Stat. 109 (1790) [hereinafter Act of 1790]. Thomas M. Marshall, *New Interference Rules – Boon or Bust*, 5 PAT. L. ANN. 79, 106-07 (1967).

i. The Constitutional and Statutory Language

[65] Constitutional and statutory language makes it clear that the “first inventor” deserved the patent. The terms “first and true inventor” and “original inventor” were codified in the nation’s first two patent acts.²²¹ As the nation’s first patent act, the Patent Act of 1790 bestowed the monopolistic patent right to “the first and true inventor or discoverer.”²²² The act utilized the same language as its English predecessor, the Statute of Monopolies. According to The Patent Act of 1790, a patent was “*prima facie* evidence” that the patentee was the “first and true inventor”²²³ The Patent Act of 1790 further provided a process by which a patent could be repealed if the “patentee was not the first and true inventor or discoverer.”²²⁴ The Patent Act of 1793 reiterated the rules set forth three years earlier. The Patent Act of 1793 again emphasized awarding the patent to the “true inventor.”²²⁵ This act also voided a patent upon a showing that “the thing, thus secured by the patent, was not originally discovered by the patentee,”²²⁶ and provided for the repeal of a patent if the “patentee was not the true inventor or discoverer.”²²⁷

[66] Congress’ omission of a provision governing the resolution of interfering patents from the Patent Act of 1790 does not support a statutory interpretation that would grant a patent to an applicant other than the first and true inventor.²²⁸ Acting under the original Patent Act of

²²¹ “One commentator explained, ‘the word [‘inventor’] had been made specific in meaning by its constant association with the modifiers ‘true’ and ‘first’ in the Statute of Monopolies.’” Macedo, *supra* note 194, at 213 n.107 (1988) (citing Note, *The Constitutionality of the First-to-File System*, 11 IDEA 241 (1967)).

²²² Act of 1790 § 5.

²²³ *Id.* § 6.

²²⁴ *Id.* §5.

²²⁵ Patent Act of 1793, ch. 11, § 3, 1 Stat. 318, 321-22 (1846) [hereinafter Act of 1793].

²²⁶ *Id.* § 6.

²²⁷ *Id.* § 10.

²²⁸ Congress’s omission of an interference system from the first patent act should not be read to weaken the constitutional requirement for such a system. As *Marbury v. Madison* confirmed, an error of constitutional significance in a statute passed by the first Congress (in that instance, Section 13 of the Judiciary Act of 1789’s overly broad and thus unconstitutional grant of jurisdiction to the United States Supreme Court, violative of Article III, Section 2) in no way diminishes the force of the relevant constitutional clause.

1790, the patent board addressed one of the most famous priority disputes in the nation's history.²²⁹ Four different men applied for a patent, each claiming a steamboat and other related inventions.²³⁰ The patent board held several hearings in April 1791, where the four applicants offered numerous suggestions for how to resolve the dispute. One such suggestion was to award the patent to the *first applicant to file*.²³¹ The patent board discussed this option and *rejected* it.²³² Upon subsequently reviewing the evidence, the patent board awarded at least one patent to each of the four applicants.²³³ As one scholar noted, “[i]t is very unlikely that duplicate patents were granted to these four steamboat claimants without deciding the question of priority.”²³⁴

Rather, it is the statute that must give way. When the United States enacted its first Patent Act in 1790, Congress debated a special mechanism for resolution of patent priority disputes. See Edward C. Walterscheid, *The Early Evolution of the U.S. Patent Law: Antecedents (Part 5, II)*, 78 J. PAT. & TRADEMARK OFF. SOC'Y 665 (1996) (providing an in-depth analysis of the steamboat patent priority dispute and its likely effect on the Framers). Although the provision was omitted from the nation's very first patent act, it was included in the first revision of the patent act enacted three years later, the Patent Act of 1793.

²²⁹ The first patent board included Thomas Jefferson as Secretary of State. Federico believed that Jefferson's experiences, including his personal contact with patents, convinced him that an inventor should be rewarded with a limited monopoly. Pasquale J. Federico, *Operation of the Patent Act of 1790*, 18 J. PAT. OFF. SOC'Y. 237, 240-41 (1936). “Certainly an inventor ought to be allowed a right to the benefit of his invention for some certain time . . . Nobody wishes more than I do that ingenuity should receive liberal encouragement.” *Id.* (quoting Letter from Thomas Jefferson, Secretary of State, to Oliver Evans (May 1807), in *V WRITINGS OF THOMAS JEFFERSON* 75, at 75-76 (Washington ed., 1807)).

²³⁰ *Id.* at 248.

²³¹ *Id.*

²³² *Id.*

²³³ *Id.* at 248-49. On August 26, 1791, the patent board awarded 14 total patents to the four applicants. *Id.*

²³⁴ *Id.* at 249. “The titles of the patents as subsequently reported do not suggest duplicate patents.” *Id.* The proceedings were notable for the arguments made by Fitch, who cited the Statute of Monopolies to contend that he deserved the patent as the “first and true inventor.” The English understanding of first and true inventor was not discussed, and the Pennsylvania legislature applied the language literally to find that Fitch should receive the patent. Rumsey had earlier obtained a patent for a “streamboat” in Pennsylvania and Virginia. Fitch used his Pennsylvania patent to oppose Rumsey successfully in Virginia, convincing Virginia that Rumsey's patent covered a different invention, but Rumsey prevailed and received a patent in Maryland. Fitch also obtained

[67] The precedent established by the English Statute of Monopolies undeniably guided the framers. Remember, the English Statute of Monopolies awarded the “first and true inventor” with a patent monopoly for those inventions that provided benefit to the public. Although the Intellectual Property Clause does not contain the words “first and true inventor,” the Patent Acts of 1790 and 1793 do. Over forty years later, the Patent Act of 1836 also utilized the phrases “original and true inventor” and “original and first inventor.”²³⁵ Likewise, the Patent Act of 1952 used the term “inventor” and required that the applicant sign an oath averring that the applicant is “the original and first inventor.”²³⁶ The American patent system, as envisioned by the framers and codified by the early Congresses, has always awarded the patent to the *first and true* and *original inventor*.

ii. Judicial Interpretation of the Constitutional and Statutory Language

[68] Chief Justice John Marshall provided numerous insights into constitutional interpretation. In *Marbury v. Madison*, the Chief Justice noted, “[i]t cannot be presumed that any clause in the constitution is intended to be without effect”²³⁷ He explained:

As men, whose intentions require no concealment, generally employ the words which most directly and aptly express the ideas they intend to convey, the enlightened patriots who framed our constitution, and the people who adopted it, must be understood to have employed words in

patents in New Jersey, Delaware, and New York. In Pennsylvania, Rumsey and Fitch battled again, but somehow the issue mutated into whether Fitch had a right to “improve” Rumsey’s design. The Pennsylvania legislature left both patents intact. According to Walterscheid, these state patent battles offer two lessons. [First,] the states were predisposed to award the patent to the “first inventor[.]” Second, once a patent was issued they were inclined to let it stand, even if it had been issued in error. Carnathan, *supra* note 71, at 773-74 (recounting the patent priority dispute between Fitch and competitor Arthur Donaldson) (alteration in original).

²³⁵ Patent Act of 1836, ch. 357, §§ 6-8, 15, 5 Stat. 117 (1836).

²³⁶ Patent Act of 1952, 35 U.S.C. § 115 (1952).

²³⁷ *Marbury v. Madison*, 5 U.S. 137, 174 (1803).

their natural sense, and to have intended what they have said.²³⁸

The Chief Justice believed that when the framers' language was not doubtful, their "plain and obvious intent must prevail."²³⁹

[69] A century later, in *United States v. Meyer*, Chief Justice Taft echoed Marshall's sentiments.²⁴⁰ Although the Intellectual Property Clause was not at issue, Taft's message was clear. The first few federal congresses were comprised of "a considerable number of those who had been members of the convention that framed the Constitution and presented it for ratification."²⁴¹ Following the Constitutional Convention, nearly half the men who signed the Constitution later served in the First Federal Congress.²⁴² This was the Congress that "launched the government."²⁴³ More importantly, "[i]t was a Congress whose constitutional decisions have always been regarded, as they should be regarded, as of the greatest weight in the interpretation of that fundamental instrument."²⁴⁴ As such, the Supreme Court has endorsed the "principle that a contemporaneous legislative exposition of the Constitution, when the founders of our government and framers of our Constitution were actively participating in public affairs, acquiesced in for a long term of years, fixes the construction to be given its provisions."²⁴⁵

[70] Such deference to the actions and legislation of these early Congresses prompted author Edwin Suominen to ask, "[c]an there thus be any doubt about the 'construction placed upon the constitution' by the

²³⁸ *Gibbons v. Ogden*, 22 U.S. 1, 188 (1824).

²³⁹ *Evans v. Jordan*, 8 F. Cas. 872, 873 (C.C.D. Va. 1813) (No. 4564).

²⁴⁰ *United States v. Myers*, 272 U.S. 52, 174 (1926).

²⁴¹ *Id.*

²⁴² See Historical Documents,

<http://www.historicaldocuments.com/FoundingFathers.htm> (last visited Oct. 8, 2007). Of the fifty-five delegates, nineteen later served as Senators and thirteen served as Representatives. *Id.*

²⁴³ *Myers*, 272 U.S. at 174.

²⁴⁴ *Id.* at 174-75.

²⁴⁵ *Id.* at 175.

‘men who were contemporary with its formation’ in the Patent Acts of 1790 and 1793?’²⁴⁶

[71] The Court has often recognized that the Intellectual Property Clause limits Congress’s power to modify the patent monopoly. Congress “may not overreach the restraints imposed by the stated constitutional purpose. Nor may it enlarge the patent monopoly without regard to the innovation, advancement or social benefit gained thereby . . . This is the standard expressed in the constitution and may not be ignored.”²⁴⁷ The adoption of the first-to-file system enlarges the patent monopoly because this system is inconsistent with the intent of the framers and the early Congresses.

[72] Chief Justice Marshall believed the Constitution and the statutory law gave an exclusive inchoate property right to the inventor “from the moment of invention.”²⁴⁸ Furthermore, this right could not be “invaded or impaired” by anyone nor used “without the consent of the *inventor*.”²⁴⁹ According to Marshall, the legislature knew that these exclusive rights “vested in the inventor, from the moment of discovery” and were “only perfected by the patent”²⁵⁰ Marshall continued, “[w]ere it otherwise,

²⁴⁶ Edwin Suominen, *Re-Discovering Article 1, Section 8 – The Formula for First-to-Invent*, 83 J. PAT. OFF. SOC’Y. 641, 646 (2001).

²⁴⁷ *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 6 (1966) (citing *Great A. & P. Tea Co. v. Supermkt. Equip. Corp.*, 340 U.S. 147, 154 (1950)).

²⁴⁸ *Evans v. Jordan*, 8 F. Cas. 872, 873 (C.C.D. Va. 1813) (No. 4564).

²⁴⁹ *Id.* Marshall revisited the Intellectual Property Clause in a subsequent decision and explained:

The securing to *inventors* of an exclusive right to their inventions, was deemed of so much importance, as a means of promoting the progress of science and the useful arts, that the constitution has expressly delegated to Congress the power to secure such rights *to them* for a limited period. The *inventor* has, during this period, a property in his inventions; a property which is often of very great value, and of which the law intended to give him the *absolute* enjoyment and possession.

Ex Parte Wood & Brundage, 22 U.S. 603, 608 (1824) (emphasis added).

²⁵⁰ *Evans*, 8 F.Cas at 874. *See also* *A.F. & Co. v. Dann*, 564 F.2d 556, 562 (1977) (explaining that,

The Constitution speaks of securing to inventors the exclusive right to their discoveries, not that the inventor must apply. Thus, the Constitution is result-oriented and contemplates that the grant of the patent be to the inventor, either directly or through his assignee . . . the

the exclusive right in the discovery which the constitution authorizes congress to secure to the inventor, and the exclusive right to use it after the date of the patent, which the act of congress confers, would not be exclusive”²⁵¹ The adoption of the first-to-file system ignores these teachings and authorizes a practice that has no constitutional, statutory, or historical basis.

iii. The Judiciary’s Consideration of Foreign Authorities

[73] The adoption of the first-to-file system may also contaminate the American judiciary by endorsing the use of foreign authority in the interpretation of the United States Constitution. The use of foreign authorities in American jurisprudence recently soared to new heights.²⁵² Writing for the majority in *Lawrence v. Texas*, Supreme Court Justice Kennedy relied on a case from the European Court of Human Rights to overrule the Court’s seventeen-year-old decision in *Bowers v. Hardwick*.²⁵³ “To the extent *Bowers* relied on values we share with a *wider civilization*, it should be noted that the reasoning and holding in *Bowers* have been rejected *elsewhere*.”²⁵⁴ According to the Court, the issue in

constitutional objective of granting a patent (or a reissue patent) to the true inventor).

²⁵¹ *Evans*, 8 F.Cas at 873.

²⁵² In *Knight v. Florida*, the defendant-petitioner was first sentenced to death in April 1975. *Knight v. Florida*, 528 U.S. 990 (1999). After a series of hearings and appeals, the appellate court ordered a new sentencing proceeding. In February 1996, defendant-petitioner was again sentenced to death. Because he had been sentenced to death approximately twenty-five years earlier, defendant-petitioner sought certiorari from the Supreme Court to review the delay of execution. In his dissent from the denial of certiorari, Justice Breyer wrote,

A growing number of courts outside the United States—*courts that accept or assume the lawfulness of the death penalty*—have held that lengthy delay in administering a *lawful* death penalty renders ultimate execution inhuman, degrading, or unusually cruel . . . this Court has long considered as relevant and informative the way in which foreign courts have applied standards roughly comparable to our own constitutional standards in roughly comparable circumstances.

Id. at 995, 997 (Breyer, J., dissenting).

²⁵³ *Lawrence v. Texas*, 539 U.S. 558, 576 (2003). See generally *Bowers v. Hardwick*, 478 U.S. 186 (1986); *Dudgeon v. United Kingdom*, 4 Eur. H.R. Rep. 149 (1981).

²⁵⁴ *Lawrence*, 539 U.S. at 576 (emphasis added) (Kennedy, J.) (noting that the European Court of Human Rights had not followed *Bowers*).

Lawrence was one that had been “accepted as an integral part of human freedom in *many other countries*.”²⁵⁵ Recognizing a right of privacy for adults engaged in homosexual sodomy in the United States, Justice Kennedy wrote that “*other nations . . .* have taken action consistent with an affirmation of the protected right of homosexual adults to engage in intimate, consensual conduct.”²⁵⁶

[74] Although the American judiciary’s consideration of foreign authorities is not novel, it is highly controversial. Since much of American law has its roots in English practices, the American judiciary has historically turned to English jurisprudence for insight. However, the growing reliance on an increasingly diverse body of foreign authorities is troublesome. Justice Scalia, for example, rebuked the majority in his *Lawrence* dissent. “The Court’s discussion of these foreign views . . . is . . . meaningless dicta. Dangerous dicta, however, since ‘this Court . . . should not impose foreign moods, fads, or fashions on Americans.’”²⁵⁷ In an earlier decision, Justice Scalia argued that the practices of the world community were irrelevant.²⁵⁸ “[W]here there is not first a settled consensus among our own people, the views of other nations, however enlightened the Justices of this Court may think them to be, cannot be imposed upon Americans through the Constitution.”²⁵⁹

[75] The debate continues outside chambers as well. Current Justices Ginsburg, Breyer, Souter, and Stevens as well as former Justice O’Connor believe that foreign authorities are relevant to constitutional

²⁵⁵ *Id.* at 577 (emphasis added).

²⁵⁶ *Id.* at 576 (emphasis added).

²⁵⁷ *Id.* at 598 (Scalia, J., dissenting) (quoting *Foster v. Florida*, 537 U.S. 990 (2002)).

²⁵⁸ *Atkins v. Virginia*, 536 U.S. 304, 347-48 (2002) (Scalia, J., dissenting), *cert. granted*. In *Atkins*, the defendant-appellant was convicted of capital murder and was sentenced to death. At trial, he was described as “mildly mentally retarded.” The Virginia Supreme Court affirmed the conviction and sentence. *Certiorari* was granted. In a 6-3 decision, the Supreme Court held that executions of mentally retarded criminals constituted a “cruel and unusual punishment” prohibited by the Eighth Amendment. *Id.*

²⁵⁹ *Id.* Scalia’s scathing rebuke persisted, “[b]ut the Prize for the Court’s Most Feeble Effort to fabricate national consensus must go to its appeal (deservedly relegated to a footnote) to the views of assorted professional and religious organizations, members of the so-called world community, and respondents to opinion polls.” *Id.* at 347.

interpretation.²⁶⁰ More important, these justices have incorporated foreign authorities into their opinions.²⁶¹ Conversely, current Justices Scalia and Thomas have spoken against such a practice²⁶² consistently rejecting the

²⁶⁰ See, e.g., Ruth Bader Ginsburg, *Looking Beyond Our Borders: The Value of a Comparative Perspective in Constitutional Adjudication*, 40 IDAHO L. REV. 1 (2003); Ruth Bader Ginsburg & Deborah Jones Merritt, *Affirmative Action: An International Human Rights Dialogue*, 21 CARDOZO L. REV. 253, 282 (1999) (“Comparative analysis emphatically is relevant to . . . interpreting constitutions and enforcing human rights.”); Stephen Breyer, Assoc. Justice, Supreme Court of the United States, Keynote Address Before the Ninety-Seventh Annual Meeting of the American Society of International Law: The Supreme Court and the New International Law (Apr. 4, 2003) (explaining why “foreign experience is often important to our work.”), available at http://www.supremecourtus.gov/publicinfo/speeches/sp_04-04-03.html; Sandra Day O’Connor, Assoc. Justice, Supreme Court of the United States, Keynote Address Before the Ninety-Sixth Annual Meeting of the American Society of International Law 348 (March 15, 2002). In her speech, Justice O’Connor asked, “[w]hy does information about international law matter so much? Why should judges and lawyers . . . care about issues of foreign law and international law? The reason, of course, is globalization. No institution of government can afford now to ignore the rest of the world.” *Id.* at 349. She also noted that, “conclusions reached by other countries and by the international community should at times constitute persuasive authority in American courts.” *Id.* at 350.

²⁶¹ See, e.g., *Grutter v. Bollinger*, 539 U.S. 306, 344 (2003) (Ginsburg, J., concurring) (citing the International Convention on the Elimination of All Forms of Racial Discrimination, Jan. 4, 1969, 660 U.N.T.S. 195, and the Convention on the Elimination of All Forms of Discrimination Against Women, Sept. 3, 1981, 1249 U.N.T.S. 13); *Lawrence*, 539 U.S. at 573 (Kennedy, J.); *Atkins*, 536 U.S. at 316 (Stevens, J.) (noting foreign countries’ disapproval of imposing death penalty on the mentally retarded); *Knight v. Florida*, 528 U.S. 990, 997 (1999) (Breyer, J., dissenting) (stating that “[w]illingness to consider foreign judicial views in comparable cases is not surprising in a Nation that from its birth has given a decent respect to the opinions of mankind.”); *Printz v. United States*, 521 U.S. 898, 977 (1997) (Breyer, J., dissenting) (stating that foreign material “may nonetheless cast an empirical light on the consequences of different solutions to a common legal problem”); *Washington v. Glucksberg*, 521 U.S. 702, 785-87 (1997) (Souter, J., concurring).

²⁶² Antonin Scalia, Assoc. Justice, Supreme Court of the United States, Keynote Address Before the Ninety-Eighth Annual Meeting of the American Society of International Law: Foreign Legal Authority in the Federal Courts 305 (Apr. 2, 2004). During his speech, Justice Scalia spoke mostly against using foreign authorities in constitutional cases, except for old English authorities relevant to the Framers’ intent. He acknowledged, however, that foreign authorities might be relevant in statutory cases where the statute implements a treaty or otherwise “directly or indirectly refer[s] to foreign law.” *Id.* at 305. Like Justice Scalia, Justice Thomas appears to be mostly opposed to foreign law sources in constitutional cases, but has used them at least once for comparison. *Compare*

suggestion that the beliefs and practices of the international community should be used to “buttress our commitment to American principles.”²⁶³ Justice Scalia, again dissenting, wrote:

It is of course true that we share a common history with the United Kingdom, and that we often consult English sources when asked to discern the meaning of a constitutional text written against the backdrop of the 18th-century English law and legal thought . . . [But it] is beyond comprehension why we should look to find our current standards of decency] . . . to a country that has developed, in the centuries since the Revolutionary War – and with increasing speed since the United Kingdom’s recent submission to the jurisprudence of European courts dominated by continental jurists – a legal, political, and social culture quite different than our own.²⁶⁴

These opinions demonstrate that the Supreme Court is divided. Because the relevance, importance, and most notably, the appropriateness of using foreign authorities to guide American jurisprudence is undecided, the Court struggles to find balance in its own jurisprudential applications. Intellectual property law is no exception to the judiciary’s internal battle. If the first-to-file system is adopted, then American courts will inevitably turn to the laws, practices, and preferences of foreign countries in deciding patent priority issues.

[76] In the absence of an overarching analytical framework,²⁶⁵ American courts have substantial discretion in choosing when, why, which, where, and how foreign authorities are considered in the resolution of domestic

Foster v. Florida, 537 U.S. 990, 990 (2002) (Thomas, J., concurring) (stating that “this Court’s Eighth Amendment jurisprudence should not impose foreign moods, fads, or fashions on Americans.”), and Griswold v. Connecticut, 381 U.S. 479, 530 (1965) (stating the court’s duty is to “decide cases ‘agreeably to the Constitution and the laws of the United States.’”), with Holder v. Hall, 512 U.S. 874, 906 (1994) (Thomas, J., concurring) (comparing the voting systems of foreign countries to the United States system).

²⁶³ Roper v. Simmons, 543 U.S. 551, 628 (2005).

²⁶⁴ *Id.* at 626.

²⁶⁵ Lee, *supra* note 125, at 13.

intellectual property disputes.²⁶⁶ As the number of multi-national intellectual property disputes rises, the likelihood increases that a conflict arising under the laws of one country will arise under the laws of other countries.²⁶⁷ The pressure to provide uniformity will intensify.

[77] The Supreme Court recently demonstrated its tremendous discretion in deciding whether to incorporate foreign authorities into its analysis of two different intellectual property issues. In *Eldred v. Ashcroft*, the Court reasoned that the European Union's extension of copyright terms supported its own conclusion that the United States' extension of copyright had a justifiable basis – that is, harmonization.²⁶⁸ However, in the same term and without discussion, the Court rejected an argument that European concepts of moral rights should inform the Court's interpretation of the Lanham Act.²⁶⁹

[78] These two contemporaneous decisions illustrate that utilizing foreign authority to interpret the Constitution and statutory law is unpredictable. As American courts are called upon with increasing frequency to determine the relevance of foreign law in domestic disputes, the lack of a bona fide infrastructure will only muddy the waters. The courts will have to undertake the additional burden and expense²⁷⁰ in assessing how individual foreign jurisdictions differ from the United States in terms of their respective systems of law, governance, culture, politics, and economic standing.²⁷¹ Without a structured framework guiding such an analysis, the American judiciary will likely cite foreign authority when it supports a favored conclusion and ignore it when it does not.²⁷²

²⁶⁶ *Id.*

²⁶⁷ *Id.* at 11.

²⁶⁸ *Id.* at 13 (citing *Eldred v. Ashcroft*, 537 U.S. 186, 206 (2003)).

²⁶⁹ *Id.* at 13 (citing *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003)).

²⁷⁰ *Id.* at 25.

²⁷¹ *Id.* at 5.

²⁷² See generally Michael D. Ramsey, *International Materials and Domestic Rights: Reflections on Atkins and Lawrence*, 98 AM. J. INT'L L. 69 (2004) (reviewing the Supreme Court's recent jurisprudence regarding the use of foreign authorities in settling domestic disputes).

iv. Congress Attempts to Stem the Tide

[79] Congress has also recognized the judiciary's increasing reliance on foreign authority to guide constitutional interpretation and resolution of other domestic disputes. To curb this practice, on March 17, 2004, Representative Tom Feeney (R-FL) introduced House Resolution 568 into the 108th Congress.²⁷³ Representative Feeney explained that the "American people have not authorized through Congress or through a constitutional amendment the use of foreign laws to establish new law or deny rights here in the United States."²⁷⁴ Co-Sponsor Bob Goodlatte (R-VA) had this explanation to offer:

Recently there has been a deeply disturbing trend in American juris-prudence. The Supreme Court, the highest court in the land, has begun to look abroad, to international law instead of our own Constitution as the basis for its decisions. In fact six of the Court's nine justices have either written or joined opinions that cite foreign authorities. This is an affront to both our national sovereignty and the broader democratic underpinnings of our system of government. The introduction of this legislation comes at a critical time, for when judges and justices begin to operate outside the boundaries of the U.S. Constitution, Congress must respond.²⁷⁵

House Resolution 568 declared that "judicial determinations regarding the meaning of the laws of the United States should not be based on judgments, laws, or pronouncements of foreign institutions unless such foreign judgments, laws, or pronouncements inform an understanding of the original meaning of the laws of the United States."²⁷⁶

²⁷³ H.R. Res. 568, 108th Cong. (2004), available at <http://thomas.loc.gov/cgi-bin/bdquery/z?d108:h.res.00568>.

²⁷⁴ Press Release, Feeney/Goodlatte Introduce Legislation Saying that Judicial Decisions Shouldn't Be Based on Foreign Precedents (March 17, 2004), http://www.house.gov/list/press/fl24_feeney/FeeneyGoodlatteResPressConf.shtml.

²⁷⁵ *Id.*

²⁷⁶ H.R. Res. 568.

[80] On February 15, 2005, Feeney re-introduced into the 109th Congress the identical resolution as House Resolution 97.²⁷⁷ One month later, Senator John Cornyn (R-TX) introduced to the Senate the identical bill.²⁷⁸ All three of these resolutions recognized that “[the] inappropriate judicial reliance on foreign judgments, laws, or pronouncements threatens the sovereignty of the United States, the separation of powers and the President's and the Senate's treaty-making authority”²⁷⁹

[81] Other members of Congress have also attempted to curb the judiciary's reliance on foreign authority. In the 108th Congress, Representatives Robert Aderholt (R-AL) and Mike Pence (R-IN), along with thirty-seven co-sponsors, introduced House Report 3799 entitled the “Constitution Restoration Act of 2004.”²⁸⁰ Senator Richard Shelby (D-AL) introduced the same bill to the Senate.²⁸¹ Title II, Section 201 of both bills stated:

In interpreting and applying the Constitution of the United States, a court of the United States may not rely upon any constitution, law, administrative rule, Executive order, directive, policy, judicial decision, or any other action of any foreign state or international organization or agency, other than the constitutional law and English common law.²⁸²

Unfortunately, neither an analytical framework nor a sustained dialogue regarding these important issues has been established. These recent congressional attempts to mandate the judiciary's strict adherence to American jurisprudence during its interpretation of the Constitution and

²⁷⁷ H.R. Res. 97, 109th Cong. (2005), *available at* <http://thomas.loc.gov/cgi-bin/bdquery/z?d109:h.res.00097:>.

²⁷⁸ S. Res. 92, 109th Cong. (2005), *available at* <http://thomas.loc.gov/cgi-bin/bdquery/z?d109:s.res.00092:>.

²⁷⁹ *See* S. Res. 92; H.R. Res. 97.

²⁸⁰ Constitution Restoration Act of 2004, H.R. 3799, 108th Cong. (2004), *available at* <http://thomas.loc.gov/cgi-bin/bdquery/z?d108:HR03799:>.

²⁸¹ Constitution Restoration Act of 2004, S. 2082, 108th Cong. (2004), *available at* <http://thomas.loc.gov/cgi-bin/bdquery/z?d108:s.02082:>.

²⁸² *See* S. 2082 § 201; H.R. 3799 § 201.

application of statutory law failed. When the legislative term ended, each was eliminated from further congressional consideration.

v. Maintaining the Separation of Powers

[82] Lastly, the framers explicitly balanced the distribution of power between the three branches of government. When one branch oversteps the limits of its constitutional duties, the separation of powers is blurred. The actions of the greedy branch force another branch to cede some of its enumerated powers. As the Supreme Court has repeatedly ruled, any misuse of power, regardless of the magnitude of the infraction, must be voided immediately. The idea behind a written constitution is that it forms the fundamental and paramount law of the nation. Over two centuries ago, Chief Justice Marshall explained “. . . there is no middle ground. The constitution is either a superior, paramount law, unchangeable by ordinary means, or it is on a level with ordinary legislative acts, and like other acts, is alterable when the legislature shall please to alter it.”²⁸³ Any imbalance poses a threat to the very fiber of America’s constitutional republic.

[83] If the American judiciary interjects elements of foreign authorities into its decision making process without congressional guidance, then it risks overstepping the boundaries of its authority. If Congress wants the judiciary to incorporate foreign authorities into its analysis of domestic issues, then it can establish a framework in which that analysis can proceed. In *Marbury v. Madison*, Chief Justice Marshall declared, “[i]t is emphatically the province and duty of the judicial department to say what the law is.”²⁸⁴ The law to which he refers is undoubtedly the law of this country. The American judiciary is equipped to determine the meaning of American law. The same cannot be said of foreign law. Until that time, the use of foreign authorities by the American judiciary to interpret American laws created by the American Congress is far too un-American a thought to entertain.

[84] The text of the Constitution must always be the starting part for any analysis regarding its interpretation and application. Although foreign authority may provide the judiciary with a fresh perspective, adherence to

²⁸³ *Marbury v. Madison*, 5 U.S. 137, 177 (1803).

²⁸⁴ *Id.*

both American statutory law and common law is indispensable. While the framers may have relied on English law to guide them, it was a pragmatic decision in light of the enormous task of drafting the document that birthed this nation. Now, over two hundred years later, the United States is a strong and thriving world leader with volumes of judicial precedent, particularly relating to intellectual property law. The judiciary need not rely on foreign authorities in either its constitutional or statutory interpretation, particularly if such reliance is utilized *solely* to pursue international harmonization of intellectual property laws.

[85] Adoption of the first-to-file system will disregard centuries of intellectual property jurisprudence and force the judiciary to incorporate the only available source of precedent – that of foreign countries. This weakens the Constitution and threatens American interests. If the United States is going to harmonize its intellectual property laws with those of other nations, then it must be the work of Congress and not the judiciary.

PART VII. WHAT SHOULD BE DONE?

[86] There is no shortage of proposals for patent reform. These potential reforms are broad in scope and extensive in nature. However, as described in the beginning of this article, if changes need to be made, then the coach of Team Patent must make the changes in a way that minimizes disruption to the team. Following any changes in the lineup, an individual player must still be comfortable in the role he has been assigned. Remember, the potential for success is optimized when the greatest number of players is comfortable.

A. Experiment with Reform Within the First-to-Invent Framework

[87] If the cost of determining inventorship through an interference proceeding is truly too costly to the parties and to the PTO, then the answer does not exist in the first-to-file system. Modifying rather than abandoning the current system will be much less disruptive to patent prosecution than the introduction of an entirely new system. Rather, alternative means for resolving priorities disputes can be integrated into the current first-to-invent system. Likewise, there are several aspects of the current patent process that can be tweaked slowly and steadily. This type of reform is less unsettling to the patent community because it allows

the team to acclimate to the new rules with little disruption and at a less frenzied pace. Many aspects of the patent process could benefit from a more bite-size approach to reform.

[88] Currently, when the application is rejected due to lack of novelty or when the application is challenged during an interference, the PTO presumes that the date of invention is the application's filing date. Therefore, an applicant is only required to show an earlier conception date. Rather than this wait-and-see approach towards priority, the PTO could require applicants to be more proactive in establishing their invention dates. For example, the PTO could require applicants to submit corroborating proof which establishes the date of conception at the time of filing. If an applicant were unable to provide tangible corroboration of an earlier invention date, then the PTO would unequivocally establish the application's filing date as its invention date. As soon as the applicant's invention date is determined, another party may come forward and offer evidence of an earlier invention date. So long as the evidence could be corroborated, the second party will win the priority dispute.

[89] Similarly, the PTO could also require that inventors maintain more comprehensive records. A rule promulgated by the PTO would uniformly give notice to all practitioners, businesses, and inventors, and would encourage the contemporaneous acquisition of evidence corroborating conception, reduction to practice, and diligence. Even if inventors are forced to be more meticulous in keeping the necessary records to corroborate these inventive acts, any additional burden associated with these endeavors is well worth the avoidance of a traditional interference proceeding. It is far easier to invest a little more time and effort in record keeping during the development of the invention than it is to reconstruct events, thoughts, impressions, and actions that occurred weeks, months, and perhaps years, earlier.

[90] Although these particular options are unlikely to be embraced, they are offered here solely to demonstrate that options other than the blind adoption of the first-to-file system are available.

B. Cultivate the Judiciary's Expertise

[91] During the 109th Congress, Representatives Darrell Issa (R-CA) and Adam Schiff (D-CA) proposed an intriguing change to the patent process when they introduced House Report 5418.²⁸⁵ The bill establishes “a pilot program in certain United States district courts to encourage enhancement of expertise in patent cases among district judges.”²⁸⁶ According to Issa, the legislation is designed to help courts reduce the errors that lead to appeals.²⁸⁷ One week after the House passed House Report 5418, Senators Orin Hatch (R-UT) and Dianne Feinstein (D-CA) introduced an identical bill to the Senate.²⁸⁸

[92] Through the established pilot programs, judges in at least five district courts would have the choice to opt into hearing patent cases.²⁸⁹ Each of the test courts would be assigned a clerk with expertise in patent law or the technical issues arising in patent cases.²⁹⁰ Furthermore, those judges who opt into the program would receive funding for related educational opportunities.²⁹¹ When a patent case is randomly assigned to a judge who has joined the program, that judge would keep the case.²⁹² If a patent case is randomly assigned to a judge who has not joined the program, then that judge would have the choice of keeping the case or referring it to the

²⁸⁵ H.R. 5418, 109th Cong. (2006), available at <http://thomas.loc.gov/cgi-bin/bdquery/z?d109:h.r.05418:>.

²⁸⁶ *Id.*

²⁸⁷ Press Release, Representative Darrell Issa, Issa and Schiff Introduce Legislation to Improve Patent Litigation in District Courts (May 19, 2006), http://issa.house.gov/index.cfm?FuseAction=PressOffice.View&ContentRecord_id=404&ContentType_id=1&CFID=26409693&CFTOKEN=29888037, [hereinafter Issa Press Release].

²⁸⁸ S. 3923, 109th Cong. (2006), available at <http://thomas.loc.gov/cgi-bin/bdquery/z?d109:s.03923:>. S. 3923 was introduced on September 21, 2006.

²⁸⁹ Issa Press Release, *supra* note 287.

²⁹⁰ S. 3923 § 1(f)(2); H.R. 5418 § 1(f)(2). The Federal Circuit previously acknowledged that “it cannot be expected that trial judges will have experience in biotechnology, microprocessor technology, organic chemistry, or other complex scientific disciplines.” *TechSearch L.L.C. v. Intel Corp.*, 286 F.3d 1360, 1378 (Fed. Cir. 2002).

²⁹¹ S. 3923 § 1(f)(1); H.R. 5418 § 1(f)(1).

²⁹² *Id.*

group of judges who have opted-in to the program.²⁹³ The proposed pilot program would last no longer than ten years and periodic studies would determine the project's success.²⁹⁴

[93] What would motivate the proposal of such a pilot project? "Patent cases are complex, difficult, time consuming and expensive. Despite the nature of these cases, they are litigated before generalist judges and lay juries."²⁹⁵ Representative Issa noted that the Federal Circuit Court of Appeals reverses roughly 40% of all patent case appeals.²⁹⁶ This high reversal rate of district court decisions in patent cases "undermines confidence in district court decision-making and the integrity of [the] legal system."²⁹⁷ Issa remarked that "[p]rior to coming to Congress, I was part of a number of patent suits. I was often struck by the fact that many district court judges either knew little of the applicable law, or did not understand the technology involved."²⁹⁸ This legislation, according to Representative Schiff, would "raise the level of expertise in patent litigation [and] improve the reliability of patents"²⁹⁹ On January 4, 2007, Representatives Issa, Schiff, and Cohen (D-TN) reintroduced the bill as House Report 34 in the current 110th Congress.³⁰⁰ On February 12, 2007, the House of Representatives passed House Report 34 by a voice vote.³⁰¹

²⁹³ S. 3923 § 1(a)(C); H.R. 5418 § 1(a)(C).

²⁹⁴ S. 3923 §§ 1(c), (e); H.R. 5418 §§ 1(c), (e).

²⁹⁵ *Improving Federal Court Adjudication of Patent Cases: Hearing Before the Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary*, 109th Cong. 3 (2005) (statement of Kimberly Moore, Professor of Law, George Mason University) [hereinafter Statement of Kimberly Moore].

²⁹⁶ Issa Press Release, *supra* note 287.

²⁹⁷ Statement of Kimberly Moore, *supra* note 295, at 3.

²⁹⁸ Issa Press Release, *supra* note 287.

²⁹⁹ Press Release, Representative Adam Schiff, House Approves Schiff/Issa Patent Pilot Bill (Feb. 12, 2007), *available at* <http://schiff.house.gov/HoR/CA29/Newsroom/Press+Releases/2007/House+Approves+Issa+Schiff+Patent+Pilot+Bill.htm>.

³⁰⁰ H.R. 34, 110th Cong. (2007), *available at* <http://www.thomas.gov/cgi-bin/bdquery/z?d110:h.r.00034>.

³⁰¹ *Id.*

[94] In many ways, the Eastern District of Texas is a microcosm of the system proposed by Issa's bill. The numbers speak for themselves. Of the approximately 2700 patent cases filed annually, almost 10% of these cases are filed in the Eastern District of Texas. Furthermore, over half of those cases are filed in small town of Marshall. While patent cases normally take three to five years to be resolved elsewhere, they are typically resolved in about fourteen to eighteen months in Marshall.³⁰² More remarkable is the fact that the Federal Circuit Court of Appeals has never reversed a decision by Marshall Judges Ward and Davis.³⁰³

[95] What makes Marshall unique? First, Marshall's judges have a background in trial practice in the Eastern District, a district where cases historically move quickly.³⁰⁴ Second, the Eastern District has a reputation as a good place to try cases because the courts "provided a firm trial setting, simplified and expedited discovery procedures, and judges who actively control their docket."³⁰⁵ Third, Marshall implemented a set of local patent rules. Introduced by Judge Ward in 1999, these patent rules advance cases through the initial stages of litigation, particularly the tedious claims construction portion of a patent case.³⁰⁶

[96] Marshall's lesson is clear. A dedicated, experienced, and knowledgeable court is part of the patent solution.

C. Boost the PTO's Budget

[97] The current American patent system appears to be improving. The PTO, which for years has been under-funded, reported that FY 2006 was a record year in many respects. First, FY 2006 represented *only* the second year in a row where the PTO had full use of its fee collections.³⁰⁷ According to the PTO's Performance and Accountability Report for FY 2006, this infusion of funds "allowed the USPTO continued flexibility

³⁰² Michael C. Smith, *Rocket Docket: Marshall Court Leads the Nation in Hearing Patent Cases*, 69 TEX. B.J. 1045, 1047 (2006).

³⁰³ *Id.* at 1048.

³⁰⁴ *Id.*

³⁰⁵ *Id.* at 1047.

³⁰⁶ *Id.*

³⁰⁷ PTO FY 2006, *supra* note 89, at 60.

towards meeting the goals . . . including . . . improving the quality of its services and products . . . [and] enabl[ing] the USPTO to substantially increase the number of examiners.”³⁰⁸ Second, recent increases in the number of examiners are providing positive results. In FY 2006, patent examiners completed over 332,000 patent applications - the largest number ever - while concomitantly achieving the lowest patent allowance error rate in over twenty years (3.5%).³⁰⁹ Third, at 54%, the patent allowance rate was also the lowest on record.³¹⁰

[98] Furthermore, on February 5, 2007, the Deputy Under Secretary of Commerce for Intellectual Property Steve Pinkos announced that President Bush’s FY 2008 budget request for the PTO was 1.916 billion dollars.³¹¹ This marks the fourth consecutive year that the President’s budget recommended that the PTO have full access to its anticipated fee collections.³¹² According to Pinkos, the budget request allows the PTO to “build on its recent successes in improving quality and increasing the number of patent and trademark examinations . . . [and] provides the resources to continue our record hiring of patent examiners”³¹³ The PTO anticipates hiring an additional 1200 examiners in FY 2008.³¹⁴ This is promising because the strength of issued patents turns on the efficiency of the patent process,³¹⁵ and the efficiency of the patent process depends on a greater number of qualified examiners.

[99] Perhaps with a little more time and money, a major impetus behind widespread patent reform, the poor quality of patents, will correct itself. As Professor Jaffe explained, “[t]o put it crudely, if the patent office allows bad patents to issue, this encourages people with bad applications

³⁰⁸ *Id.*

³⁰⁹ Press Release, U.S. Patent and Trademark Office, Top News: Deputy Under Secretary of Commerce Announces FY 2008 Budge Proposal for USPTO (Feb. 5, 2007), available at www.uspto.gov.

³¹⁰ *Id.*

³¹¹ *Id.*

³¹² However, the PTO has only had full access for two of the three years. *Id.*

³¹³ *Id.*

³¹⁴ *Id.*

³¹⁵ Paul Edward Geller, *An International Patent Utopia*, 85 J. PAT. & TRADEMARK OFF. SOC’Y 589 (2003).

to show up . . . Conversely, if the PTO pretty consistently rejected applications for bad patents, people would understand that bad applications are a waste of time and money.”³¹⁶ With the lowest patent allowance rate on record and the lowest patent allowance error rate in two decades, as well as a pledge to hire an additional 1200 examiners this year alone, the PTO is serious about patent quality.

D. Change the PTO’s Perspective on Examiner Compensation

[100] Old problems sometimes need fresh solutions. During her testimony before the United States Senate Committee on the Judiciary, Christine Siwik suggested that any reform effort should be directed at the PTO *before* introducing any major changes to the patent act.³¹⁷ Siwik suggested that the current system for compensating patent examiners is counterproductive because it “rewards those who issue a large number of patents and punishes examiners who do not meet their production goals.”³¹⁸ Siwik described the pressure on examiners to meet their count quotas as “substantial and constant.”³¹⁹ Because it is a dangerous practice

³¹⁶ *American Innovation at Risk: The Case for Patent Reform: Oversight Hearing on the Patent System Before the Subcomm. on Courts, the Internet, and the Intellectual Property of the H. Comm. on the Judiciary*, 110th Cong. 7 (2007) (statement of Adam B. Jaffe, Ph.D., Fred C. Hecht Professor of Economics and Dean of Arts and Sciences, Brandeis University) [hereinafter Statement of Adam B. Jaffe].

³¹⁷ *Perspectives on Patents: Harmonization and Other Matters: Hearing Before the Subcomm. On Intellectual Property of the S. Comm. on the Judiciary*, 109th (2005) (statement of Cristine J. Siwik, Outside Counsel for Barr Laboratories, Inc.) (emphasis added).

³¹⁸ *Id.* The system for compensating patent examiners, for example, rewards those who issue a large number of patents and punishes those who do not meet established production goals. “The PTO compensation system thus encourages examiners to allow patent[s] in order to receive increased performance bonuses and to avoid penalization, irrespective of the quality of those patents.” *Id.*

³¹⁹ *Id.* Siwik testified that it was her understanding that the compensation scheme for examiners was based on the count quota. She stated:

Failure to meet the assigned count quota for an entire quarter could . . . result in an examiner being placed on probation, which can lead to the examiner losing his or her job. As a result, it is critically important for examiners to meet their count quotas. The PTO compensation system thus encourages examiners to allow patents in order to receive increased performance bonuses and to avoid penalization, irrespective

to encourage examiners to issue patents to secure bonuses, she urged that a “focus on the quality, and not the quantity, of patents issued.”³²⁰

E. Keep the Team’s Expectations Realistic

[101] It is also imperative to remember that a patent system so large and powerful is going to require constant supervision and maintenance. As scholar Adam Jaffe explained, “[p]atent examination is never going to be perfect. Examiners are human. More important, there is an essentially irreducible aspect of judgment in determining if an invention is truly new.”³²¹ Because the patent system can never be perfect, the focus of any reform should not be the adoption of the first-to-file system, but rather on the development of “a system that functions reasonably well despite the issuance of some bad patents.”³²²

PART VIII. CONCLUSION

[102] The adoption of a first-to-file patent system will cause irreparable harm to American innovation. Despite its flaws, the current first-to-invent system is the one envisioned by the framers and enacted by the early Congresses. The changes proposed by the first-to-file system would unravel over two hundred years of established jurisprudence, and would directly oppose the constitutional mandate of promoting the progress of the useful arts and sciences through awarding the patent to the first inventor. The motivation to abandon the first-to-invent system stems from the perceived benefit of harmonizing international patent laws. However, the adoption of the first-to-file system should only proceed if it is in the country’s best interest. This paper demonstrates that it is not. As one author noted, “[i]t makes no sense to eliminate an entire system in favor of a first-to-file system which ultimately costs everyone more and produces

of the quality of those patents...changing the system in a way that eliminates any incentive to issue questionable patents.

Id.

³²⁰ *Id.*

³²¹ Statement of Adam B. Jaffe, *supra* note 316, at 5. Jaffe explains, “[a]fter all, even young Albert Einstein faced challenges while assessing applications as a ‘Patent Examiner-Third Class’ in the Swiss Patent Office.” *Id.*

³²² *Id.*

worst patents, just because a first-to-file system is conceptually and bureaucratically a simple one.”³²³

[103] If global patent harmonization is inevitable, then the American government cannot jeopardize its superior position at the negotiation table. The American first-to-invent system provides the most powerful and desirable protection for intellectual property.³²⁴ That fierce sense of protection is born from the fact that inventorship and ownership are inextricably intertwined in this system. The American system focuses on protecting the individual patentee by providing that patentee with the exclusive property rights to the invention. The same cannot be said of some first-to-file systems such as Japan’s, where the patent system encourages the dissemination of technology in an effort to promote industrial development.³²⁵ Hence, adoption of the first-to-file system would remove inventorship from the innovation equation and align the American patent system with the weaker and less desirable patent systems of Japan and the European Patent Office.

³²³ Katona, *supra* note 177, at 402.

³²⁴ Katona writes:

In consultations with many foreign patent professional[s] after explaining to them the problems that the introduction of the first-to-file system could raise in the United States, it was gratifying to see that they have overwhelmingly spoken in favor of retaining the first-to-invent system here, *provided that* 35 U.S.C. 104 is eliminated . . . and *In re Hilmer* does not remain the law . . . [i]n fact, many foreign professionals were anxious to have their first-to-file systems changed to an inherently more fair first-to-invent system.

Id. at 403 (emphasis in original).

³²⁵ See GAO REPORT, *supra* note 184, at 12. The report provides the results of a GAO survey and begins by acknowledging one of the fundamental differences between the American and Japanese patent systems:

According to U.S. and Japanese patent attorneys, patents are perceived and used differently in the United States than in Japan. In the United States, many patent experts assert that the focus of the patent system is to protect individual patentees and provide them with exclusive rights to their inventions. By contrast, many experts contend that the focus of the Japanese patent system is to promote industrial development by disseminating technology.

Id.

[104] The first-to-file system would foster a decrease in the quality of patents, an increase in the volume and costs of patent litigation, and would cause utter confusion as inventors, businesses, practitioners, the PTO, and the courts struggled to conform to the new system. One only needs to envision the ensuing chaos if the United States implemented the “absolute novelty” provision associated with the first-to-file system, or the logistical nightmare of implementing prior users’ rights, and then administering those rights. It is true that interference proceedings are expensive, laborious, and potentially risky undertakings.³²⁶ In the context of a priority dispute, however, they are inherently fairer.³²⁷

[105] Because conception is the touchstone of inventorship, the first-to-invent system provides Americans with something that has always distinguished this country from others - HOPE. The proverbial “American Dream” is premised on opportunity, the opportunity to capitalize on one’s ingenuity, perseverance, and inspiration. The first-to-invent system of awarding patent priority preserves that dream for American inventors. The system equalizes the playing field for those innovators who have large dreams but small pocketbooks. If reform is imminent, then the first-to-file system should be the very last substitution made. Since the first patent act was enacted, this nation has experienced great success under the first-to-invent system. As Chief Justice Roberts recently remarked, “a page of history is worth a volume of logic.”³²⁸ Simply stated, the abandonment of the first-to-invent patent system is not in this team’s best interest.

³²⁶ The interference proceeding not only determines the priority of the patent applications, but also may determine the patentability of the underlying inventions.

³²⁷ See Frost, *supra* note 103, at 925-26; see also Lara C. Kelley & Barbara C. McCurdy, *Why Patent Interference Proceedings are Worth It*, 17 N. J. L. J. 228 (2004).

³²⁸ *eBay, Inc. v. MercExchange, L.L.C.*, 2006 U.S. LEXIS 3872 (2006) (quoting *New York Trust Co. v. Eisner*, 256 U.S. 345, 349 (1921)).