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EDITORIAL

Global Patent Harmonization: An Idea Whose Time Has Come

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It seems that whenever one writes on the subject of intellectual property, either in the United States or around the world, the subject matter is in transition. That is certainly true on this occasion. In the wake of the most extensive reforms to the US patent laws in decades, the stage seems to be set now for real progress toward global patent harmonization.

1 Domestic Improvements Under the America Invents Act (AIA)

The impetus for a comprehensive reform of US patent law in part can be traced to hearings conducted by the Federal Trade Commission in 2002 on the balance of competition and patent law and policy, and to the agency's report of those hearings in 2003.[1] On a parallel track was the work of the National Academy of Sciences, which produced a report of its own in 2004.[2] AIPLA later joined forces with the NAS for a series of town meetings to air the various reform proposals.

In the following years leading up to enactment of the AIA, numerous proposals came and went, including some dramatic changes to litigation practices resulting from various court decisions. However, the consistent themes for patent reform focused on converting the US "first-to-invent" system to a "first-inventor-to-file" system, improving the quality of patents issued by the USPTO, and creating post-grant procedures that serve as a backstop to the best efforts of the USPTO.

[1] "To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy," Federal Trade Commission (October 2003), available at http://www.ftc.gov/os/2003/10/innovationrpt.pdf.

[2] "A Patent System for the 21st Century," National Academy of Sciences (2004), available at http://www.nap.edu/catalog/10976.html.

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Ultimately, the US patent system was revised to provide not only a first-inventor-to-file system, but also an enhanced prior use defense, robust post-grant and inter partes review proceedings, procedures for pre-issuance submissions of prior art by third parties, and improved fee-setting authority. These reforms had been working their way through the legislative process for years, and their enactment is cause for optimism that the US patent system will operate more effectively and efficiently. The USPTO is now in the process of issuing administrative rules to implement the legislation, with extensive input from stakeholders.

As the scale of these reforms is the most extensive in more than 100 years, there is little doubt that course corrections will be necessary along the way. But the political achievement of enacting the AIA is momentous when one considers the diverse views and varied needs of those who participate in the patent system.

2 Moving Toward a Global Market and Patent Harmonization

With the enactment of the AIA, US law took a big step in the direction of harmonization with other patent systems around the world, in recognition of the global market for intellectual property. Of course, differences remain, notably the lack of a grace period in some industrialized countries other than the United States.

As with domestic patent reform, international patent harmonization over the past 20 years has had its starts and stops. At the 1991 Diplomatic Conference, the core trade off in the "basic proposal" under discussion at WIPO involved US movement to a first-to-file system and the adoption by European and other countries of a 12-month grace period. Substantive harmonization came to a halt in 1991 when the United States decided it was not prepared to convert to a first-to-file system, and WIPO moved on to the less ambitious "procedural harmonization" adopted in 2000 in the Patent Law Treaty (PLT).

In the ensuing years there have been many attempts to revive the harmonization discussions, sometimes involving a number of issues but always with first-to-file and grace period at the core. WIPO tried to revive substantive harmonization after the PLT was adopted, but to no avail. The industrialized countries set up the Alexandria process (later called "B+") to see whether they could reach some agreement apart from the tensions in WIPO between developed and developing countries. But that did not come to fruition either. In the United States, progress toward a harmonization package including both first-to-file and grace period was likewise stalled for years by concerns about the effects on small inventors and universities.

All of this has changed dramatically with the enactment of the AIA. Not only has the United States moved from first-to-invent to first-inventor-to-file, but it also adopted in the legislation a number of other components of the "grand package," such as doing away with the "Hilmer Doctrine," and removing best mode as a ground for invalidating a patent. In addition, the definition of prior art has been expanded to make it more international and less territorial-based, and a number of procedures for challenging patent validity in the USPTO, including one that is the equivalent of a post-grant opposition procedure.

On top of this, Congress has lately moved closer to adopting the procedural harmonization agreement in the PLT with Senate passage of implementing legislation on September 22, 2012, and House passage expected soon after the election.

These events demonstrate that the United States has now moved to a system closely resembling the international harmonized system contemplated in the 1991 Diplomatic Conference—one that has both first-to-file and a grace period. Canada adopted such as system some years ago, with seemingly good effect. South Korea recently adopted a 12-month international-style grace period in the context of the Korea-US Free Trade Agreement. Japan has adopted a 6-month period but indicated a willingness to consider 12 months as part of an international agreement. Clearly, almost all of the world's most important IP countries view an effective grace period as a best practice.

Now is the time for the other countries of the world to follow suit. There is much to be done to streamline patent processing around the world, and the Offices are way behind the times. Let us put the controversy and the narrow objections behind us, and move forward boldly to adoption of a harmonized international system.

Europe, the ball is in your court.

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