

Leahy: First-Inventor-To-File Transition Support In Every Corner Of Patent Community

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**Statement Of Senator Patrick Leahy (D-Vt.),
Chairman, Senate Judiciary Committee,
The America Invents Act
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The America Invents Act will promote innovation, which in turn creates new businesses and as a result, new jobs. This is bipartisan legislation that will allow inventors to secure their patents more quickly, and have better success commercializing them. The pending amendment would eliminate a major piece of this effort – the transition to a first-inventor-to-file patent system.

First-inventor-to-file is a necessary component of this legislation and enjoys support from every corner of the patent community. The Administration, the Secretary of Commerce, and the head of the Patent and Trademark Office oppose this amendment. A vast array of individual, independent and small inventors, small businesses, and labor oppose this amendment. The four senior Republicans on the Judiciary Committee who have worked on this bill, Senators Grassley, Hatch, Kyl and Sessions oppose this amendment.

This amendment would gut the reforms intended by the bill and be a poison pill to these legislative reform efforts. Supporters of the legislation, ranging from high-tech and life sciences companies, to universities and small businesses, place such a high importance on the transition to first-inventor-to-file system that many of them – including those who reside in most of our states -- will not support a bill without those provisions. A vote in support of this amendment, which would strike first-inventor-to-file provision, is effectively a vote against the heart of the America Invents Act.

A transition to first-inventor-to-file has been a part of this bill since its introduction four Congresses ago. Yet until very recently, first-inventor-to-file was never the subject of even a single amendment in Judiciary Committee. This legislation is the product of eight Senate hearings and three markups spanning weeks of consideration and many amendments. Never was first-inventor-to-file a contentious issue. Some well-financed, special interests that do not

support the American Invent Act have decided to try to kill the bill by a last minute campaign to strike these vital provisions. I urge Senators who support the goals of the America Invent Act to vote against this amendment to strike first-inventor-to-file.

The United States is the only industrialized country still using a first-to-invent system. There is a reason for that. A first-inventor-to-file system, where the priority of a right to a patent is based on the earlier filed application, adds simplicity and objectivity into a very complex system. By contrast, our current, outdated method for determining the priority right to a patent is extraordinarily complex, subjective, time-intensive, and expensive. The old system almost always favors the larger corporation and the deep pockets over the small, independent inventor.

This past weekend, *The Washington Post* editorial board endorsed the transition, calling the first-inventor-to-file standard a “bright line,” and stating that it would bring “certainty to the process.” The editorial also rightly recognizes the “protections for academics who share their ideas with outside colleagues or preview them in public seminars” that are included in the bill.

The transition to a first-inventor-to-file system will benefit small inventors, and inventors of all sizes, by creating certainty. Once a patent is granted, an inventor can rely on its filing date on the face of the patent. This certainty is necessary to raise capital, grow businesses, and create jobs.

The reduction in costs to patent applications that comes with a transition to this system should also help the small, independent inventor. In the outdated, current system, when more than one application claiming the same invention is filed, the priority of a right to a patent is decided through an “interference” proceeding to determine which applicant can be declared to have invented the claimed invention first. This process is lengthy, complex, and can cost hundreds of thousands of dollars. Small inventors rarely, if ever, win interference proceedings. In a first-inventor-to-file system, however, the filing date of the application is objective and easy to determine, resulting in a streamlined and less costly process.

The bill protects against the concerns of many small inventors and universities by including a one-year grace period to ensure that inventor’s own publication or disclosure cannot be used against him as prior art, but will act as prior art against another patent application. This encourages early disclosure of new inventions, regardless of whether the inventor ends up trying to patent the invention.

The transition to first-inventor-to-file is also needed to help American companies and innovators compete globally. As business and competition increasingly operate on a worldwide scale, inventors must file patent applications in both the United States and other countries for protection of their inventions. Since America's current, outdated system differs from the first-inventor-to-file system used in other patent-issuing jurisdictions, it causes confusion and inefficiencies for American companies and innovators. Harmonization will benefit American inventors.

Commerce Secretary Gary Locke highlighted the importance of the first-inventor-to-file provisions to the bill in his column in *The Hill* yesterday. He noted that it "would be good for U.S. businesses, providing a more transparent and cost-effective process that puts them on a level playing field with their competitors around the world." Secretary Locke went on to confront the erroneous notion that the current, outdated system is better for small, independent inventors and he did it head on by explaining his "strong opinion that the opposite is true." The first-inventor-to-file system is better for the small and independent inventor.

As the Secretary noted:

"The cost of proving that one was first to invent is prohibitive and requires detailed and complex documentation of the invention process. In cases where there's a dispute about who the actual inventor is, it typically costs at least \$400,000 in legal fees, and even more if the case is appealed. By comparison, establishing a filing date through a provisional application and establishing priority of invention costs just \$110."

He explained how the 125,000 provisional applications currently filed each year prove that early filing dates protect the rights of small inventors. And he reiterated that during the past seven years under the current, outdated, cumbersome and expensive system, of almost 3,000,000 applications filed, only one patent was granted to an individual inventor who was the second to file.

Our reform legislation enjoys broad support. I have already mentioned some of those supporters, but let me highlight a few more:

Just yesterday, the National Association of Manufacturers urged every Senator to oppose the effort to strike the first-to-file transition, writing, "The NAM supports transitioning the United States from a 'first-to-invent' system to a 'first-to-file' system to eliminate unnecessary cost and complexity in the U.S. patent system."

The Small Business & Entrepreneurship Council has expressed its strong support for the first-inventor-to-file system, writing that “small firms will in no way be disadvantaged, while opportunities in the international markets will expand.”

The Intellectual Property Owners Association calls the first-inventor-to file system “central to modernization and simplification of patent law” and “very widely supported by U.S. companies.”

Independent inventor Louis Foreman has said the first-inventor-to-file transition will help “independent inventors across the country by strengthening the current system for entrepreneurs and small businesses.”

Six university, medical college, and higher education associations have urged the transition to first-to-file, saying that it will “add greater clarity to the US system.”

And, in urging the transition to the first-to-file system, the Association for Competitive Technology, which represents small and mid-size IT firms, has said the current outdated system “negatively impacts entrepreneurs” and puts American inventors “at a disadvantage with competitors abroad who can implement first inventor to file standards.” That is why it is so important to move to a first-inventor-to-file system.

I ask that copies of *The Washington Post*'s editorial, “Patenting Innovation,” be included in the Record at the conclusion of my remarks. I also ask that letters from the National Association of Manufacturers, higher education associations, and the Small Business & Entrepreneurship Council be placed in the Record.

If we are to maintain our position at the forefront of the world's economy, if we are to continue to lead the globe in innovation and production, if we are to win the future through American ingenuity and innovation, then we must have a patent system that is streamlined and efficient. The America Invents Act, and a transition to a first-inventor-to-file system in particular, are crucial to fulfilling this promise.

I urge all Senators on both sides of the aisle to oppose the Feinstein amendment, and support the important provision on first-inventor-to-file that is at the heart of the America Invents Act.