

Leahy: First-To-File System Will Add Simplicity And Objectivity To U.S. Patent System

(Source: http://leahy.senate.gov/press/press_releases/release/?id=c017a98a-d1ba-440c-9759-8e786a40ce5f)

March 2, 2011

WASHINGTON (Wednesday, March 2, 2011) – The U.S. Senate today continues debate on S. 23, the America Invents Act. Senate Judiciary Committee Chairman Patrick Leahy (D-Vt.) opened today’s debate on the long-pending patent reform legislation, speaking about the importance of transition to a first-inventor-to-file system.

“The transition to a first-inventor-to-file system will benefit the patent community in several ways,” said Leahy. “It will simplify the patent application system and provide increased certainty to businesses that they can commercialize a patent that has been granted. 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.”

Every industrialized nation in the world uses a patent priority system commonly referred to as “first-to-file” – except the United States. As business and competition becomes more global, patent applicants are increasingly filing patent applications in other countries for protection of their inventions. The “first-to-invent” filing system in the United States differs from that in other patent-issuing jurisdictions, causing confusion and inefficiencies for American companies and innovators.

On Tuesday, the Senate adopted a managers’ amendment to S. 23, sponsored by Leahy and Senators Chuck Grassley (R-Iowa) and Jon Kyl (R-Ariz.).

Votes are expected to occur throughout the day on the America Invents Act.

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**Statement Of Senator Patrick Leahy (D-Vt.),
Chairman, Senate Judiciary Committee,
The America Invents Act
March 2, 2011**

Yesterday, we were finally able to make progress when the Senate proceeded to a vote on the managers' amendment, the Leahy-Grassley-Kyl amendment, to the America Invents Act. That was a very important amendment, with contributions from many Senators from both sides of the aisle. It should ensure our moving forward to make the changes needed to unleash American innovation and create jobs without spending a single dollar of taxpayer money. In fact, according to the Congressional Budget Office, enactment of the bill will save millions of dollars.

I also thank those Senators who have stayed focused on our legislative effort, and who joined in tabling those amendments that have nothing to do with the subject of the America Invents Act. Extraneous amendments that have nothing to do with the important issue of reforming our out of date patent system so that American innovators can win the global competition for the future have no place in this important bill. They should not be used to slow its consideration and passage. If America is to win the global economic competition, we need the improvements in our patent system that this bill can bring.

I continue to believe, as I have said all week, that we can finish this bill today, and show the American people that the Senate can function in a bipartisan manner. We have not been as efficient as I would have liked. We have been delayed for hours at a time, and forced into extended quorum calls rather than being allowed to consider relevant amendments to this bill. Nonetheless, we are on the brink of disposing of the final amendments and passing this important legislation.

Today we should be able to adopt the Bennet amendment on satellite offices and the Kirk-Pryor amendment regarding the creation of an ombudsman for patents relating to small businesses. I hope that we can adopt the Menendez amendment on expediting patents for important areas of economic growth, like energy and the environment, as well. I am prepared to agree to short time agreements for additional debate if needed, and votes on those amendments.

The remaining issue for the Senate to decide will be posed by an amendment that Senator Feinstein has filed to turn back the advancement toward a first-inventor-to file system.

I want to take a moment to talk about an important component of the American Invents Act, the transition of the American patent system to a first-inventor-to-file system. I said yesterday that the administration strongly supports this effort. The administration's Statement of Administration Policy notes that the reform to a first-inventor-to-file system "simplifies the process of acquiring rights" and describes it as an "essential provision [to] reduce legal costs, improve fairness and support U.S. innovators seeking to market their products and services in a global marketplace." I agree, and believe it should help small and independent inventors.

This reform has broad support from a diverse set of interests across the patent community, from life science and high-tech companies to universities and independent inventors. Despite the very recent efforts of a vocal minority, there can be no doubt that there is wide-ranging support for a move to a first-inventor-to-file patent system. A transition to first-inventor-to-file is necessary to fulfill the promises of higher quality patents and increased certainty that are the goals of the America Invents Act.

This improvement is backed by broad-based groups such as the National Association of Manufacturers, the American Intellectual Property Law Association, the Intellectual Property Owners Association, the American Bar Association, the Association for Competitive Technology, the Business Software Alliance, and the Coalition for 21st Century Patent Reform, among others. All of them agree that transitioning our outdated patent system to a first-inventor-to-file system is a crucial component to modernizing our patent system. I also commend the assistant Republican leader for his remarks yesterday strongly in favor of the first-inventor-to file provisions.

A transition to a first-inventor-to-file system is needed to keep America at the pinnacle of innovation by ensuring efficiency and certainty in the patent system. This transition is also necessary to better equip the Patent and Trademark Office (PTO) to work through its current backlog of more than 700,000 unexamined patent applications through work-sharing agreements with other patent-granting offices.

The Director of the PTO often says that the next great invention that will drive our economic growth may be sitting in its backlog of applications. The time consuming "interference proceedings" that are commonplace in our current, outdated system are wasting valuable resources that contribute to this delay, and unfairly advantage large companies with greater resources.

A transition to a first-inventor-to-file system was recommended in the 2004 Report by the National Academy of Sciences. The transition has been a part of this bill since its introduction four Congresses ago. This legislation is the product of eight Senate hearings, and three markups spanning weeks of consideration and many amendments. Until very recently, first-inventor-to-file had never been the subject of even a single amendment in Committee.

Senator Feinstein has worked with me on this bill, has cosponsored it in the past and has voted for it. While I oppose her amendment, I have made certain to accommodate her desire to offer and debate it.

I urge Senators who support the goals of the America Invents Act to vote against this amendment to strike the bill's important reform represented by the first-inventor-to-file provision. Every industrialized nation other than the United States uses a patent priority system commonly referred to as a "first-to-file" system. In a first-inventor-to-file system, the priority of a right to a patent is based on the earlier filed application. This 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.

The transition to a first-inventor-to-file system will benefit the patent community in several ways. It will simplify the patent application system and provide increased certainty to businesses that they can commercialize a patent that has been granted. 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 first-inventor-to-file system will also reduce costs to patent applicants and the patent office. This, too, should 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.

Importantly, a first-inventor-to-file system will increase the global competitiveness of American companies and American inventors. As business and competition are increasingly global in scope, inventors must frequently 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.

Finally, the first-inventor-to file provisions that are included in the America Invents Act were drafted with careful attention to needs of universities and small inventors. That is why the bill includes 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 will encourage early disclosure of new inventions, regardless of whether the inventor ends up trying to patent the invention.

For these reasons among others, the transition is supported by the overwhelming majority of the patent community and American industry, as well as the administration and the experts at the Patent and Trademark Office.

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 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."

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 first-to-invent system “negatively impacts entrepreneurs” and puts American inventors “at a disadvantage with competitors abroad who can implement first inventor to file standards.”

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.