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First-to-Invent: A Superior System for the United States.

Ned L. Conley

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FIRST-TO-INVENT: A SUPERIOR SYSTEM FOR THE UNITED STATES

NED L. CONLEY*

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I. INTRODUCTION

Chester Carlson, the father of xerography and the founder of the business that is now Xerox Corporation, was a patent lawyer. That fact is not widely known. But the story of his successful struggle to develop his invention and to attract the financing required for that development is often cited as an outstanding example of what can be achieved by an energetic, hard-working entrepreneur with the incentives of the United States patent system. The ultimate success of Xerox is in large part attributable to Carlson obtaining exclusive rights on his inventions through the patent system.

Edward Land, the prolific inventor responsible for the Polaroid camera and film, has often said that Polaroid Corporation could not have come into being or continued to exist but for the patent system.

These are but two of the better-known examples of the thousands of instances in which the patent system has been a primary motivator for innovation and the development of commercially successful inventions in the United States. The patent system has promoted the progress of the useful arts to an extent that could hardly have been imagined by our forefathers who provided for such a system in the Constitution.¹ For many decades the United States has dominated

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1. U.S. CONST. art. 1, § 8, cl. 8.

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.² As a result, United States' citizens have been able to enjoy a standard of living only envied by most of the world. Nevertheless, a very large number of these American inventions has been exported to other countries, either through licenses under which foreign manufacturers produce the inventions, or through products produced in the United States. Technology may, in fact, be our most important export. Thus, those seeking to maintain or increase the exportation of innovation, technology and American products must be sure that the United States patent system continues to encourage invention. Likewise, changes which would reduce the incentive to invent must be avoided.

This year the United States celebrated the two hundredth anniversary of the United States patent system. This patent system was designed to carry out the mandate of the Constitution to give inventors the exclusive rights to their inventions in order to promote progress in the useful arts.³ Pursuant to that mandate, Congress enacted a patent law which is unique.⁴ No other country has a similar patent system. Largely for this reason, American inventors are unique in their productivity and in the success of their innovation.

The patent laws of the United States have been changed many times in the last 200 years.⁵ In one respect, however, they have not been changed. For the entire 200 years the patent laws have been designed to award patents to the first inventor.⁶

The first United States patent statute was based on the English Statute of Monopolies.⁷ This English statute was not strictly a patent statute. Its primary purpose was to limit the right of the Crown to grant monopolies. The Statute declared all monopolies to be void except for patents to the "true and first inventors of new manufactures." The first American patent statute did not use those magic words "true

2. For example, powered aircraft, the transistor, the oil well blow out preventor and the McCormick reaper were all invented in the United States.

3. U.S. CONST. art. 1, § 8, cl. 8.

4. See 35 U.S.C. §§ 101-376 (1988).

5. For example, inventors once had a two year grace period in which to file a patent application after making a public disclosure.

6. 35 U.S.C. § 101 (1988) provides that whosoever may be the first to invent a device, etc., may be entitled to a patent.

7. Statute of Monopolies, 21 Jac. 1, Ch. 3 (1624).

and first inventors," but Congress' intention was clear, and the law was construed as though it specifically required that patents be granted only to first inventors.⁸ Three years later the implicit was made explicit; Congress amended the statute to provide a means for determining which of multiple applicants was the first inventor.⁹ From that day to this, the United States patent statutes have required that patents be granted to the first inventor.

In other countries, for whatever reasons, legislatures have seen fit to adopt patent laws which provide that patents are granted to the first to file an application for patent on a particular invention. This has an appeal for the administrators of the system, because it avoids the sometimes troublesome problem of determining which of two or more claimants to an invention was the first-to-invent. Primarily for this reason, some twenty-five years ago the Patent and Trademark Office supported an effort to convert the American system to a first-to-file system.

In 1966, The President's Commission on the Patent System, appointed by President Lyndon Johnson, after extensive study and numerous hearings, made thirty-five recommendations for changes in the patent practice. First and foremost among them was a change to a first-to-file system. Although the Patent and Trademark Office supported this change, the proposal drew widespread opposition from representatives of industry, small business, individual inventors, and legal associations. As a result, the proposal was soundly defeated.

Now, after lying dormant for twenty-five years, the first-to-file idea has again come forth, this time as a part of a plan for the international harmonization of patent laws.¹⁰ Those supporting the first-to-file system argue that uniformity in world patent laws is so vitally important that we should sacrifice features of our own system which have made it extremely beneficial to this country. Proponents of the change virtually ignore the realized benefits of our first-to-invent system and the certain adverse effects of a first-to-file system, while focussing on perceived advantages of harmonization.

8. See Federico, *Operation of the Patent Act of 1790*, 18 J. PAT. OFF. SOC'Y 237, 248-49 (1936).

9. The Patent Act of 1793, ch. XI, 1 Stat. 318 (1793).

10. See Draft Treaty on the Harmonization of Patent Laws; Draft Regulations under the Draft Treaty, U.N. WIPO Doc. HL/CE/VIII/3, art. 9(2)(ii) (1990) (first applicant granted patent rights).

The harmonization advantages are highly illusory. In the United States, first-to-invent has been proven successful. Innovation would suffer under a first-to-file system. Harmonization is not worth the cost.

II. FIRST-TO-INVENT WORKS

There can be little doubt that the United States' patent system, developed over the last 150 years, has been the most successful in the world. The technological lead which the United States has consistently maintained cannot be explained by our having smarter people, or more daring people, or better educated people, or more government support for technological development. Although other factors also have contributed to that success, 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 nations¹¹ which have political and economic systems conducive to success in technological development. Even proponents of harmonization must concede that the United States' ability to continue to lead the world in innovation is at least partly due to its patent system. This system provides more incentive to innovate than any other patent system, including the proposed harmonization plan.

Over twenty years ago the American Bar Association stated to Congress:

It seems quite likely that features that distinguish our patent system from those countries which have not experienced our remarkable rate of growth, are themselves (at least in part) responsible for that rate of growth.

Surely the most significant of those features is our system rewarding the first to invent, as opposed to the European system of rewarding the first to file, irrespective of whether he was the first to invent.¹²

The provision in the United States' patent system for awarding patents to the first to invent is an important factor in providing the incentive to invent, particularly to inventors who are less well financed. Under this system an inventor can proceed with the development of

11. In 1989, Canada, the last holdout but for the United States, converted to a first-to-file system.

12. General Revisions of the Patent Laws: Hearings Before Subcomm. No. 3 of the Comm. on the Judiciary, House of Representatives, 90th Congress at 302.

an invention without fear that someone else, with better financing, can obtain the exclusive patent right even though he is a later inventor.

The incentive to innovate is in the hope of profit. The inventor who is not employed by a large, well-financed corporation hopes to profit by commercializing the invention himself, or by selling some or all of the rights to the invention to someone else who will make it a commercial success. In either case, no profit can be made until the invention has been fully developed and proven. An inventor hoping to profit from his invention is willing to devote the time, effort and, to the extent available, money necessary to develop the invention to the point that it can be commercialized. However, many inventors will only do so if there is hope of securing the exclusive rights obtainable under the patent laws. Such inventors, therefore, are concerned about how to protect the invention during the developmental stage. The less well financed inventor is also concerned about the cost of filing a patent application to provide that protection.¹³ Many times the cost of the application is so great as to severely handicap the inventor's development of the invention. In some cases, the inventor cannot afford the application at all. Many inventors hope to attract financing from others to pay the patent application cost. Such financing is infinitely more difficult to obtain when the invention is a mere concept than when it has been fully developed and proven. Many times a concept is all an inventor has when he first contacts a patent attorney to find out how to protect his invention.

Inventors, being aware of the importance of patents and lacking funds to file an application immediately, often ask patent lawyers how to solve this problem. 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.¹⁴ Often

13. The cost of patent applications can vary, depending upon complexity, from as low as \$2,500.00 to about \$50,000.00.

14. 35 U.S.C. § 112 (1988) requires that the inventor describe the best mode of practicing the invention, and likewise sufficient to enable one skilled in the art to practice the invention.

the attorney will tell the inventor that making a prior art search is advisable because of its possible value in the development of the invention or in the preparation of the patent application. The inventor can then continue his development, secure in the knowledge that when his invention has been fully developed he can then file his patent application. When the inventor files his patent application he will be making a full and complete disclosure of the form of the invention which he has found through his development efforts to be best. He will be protected against any others who may have conceived the invention later but filed an application earlier. An attorney should also tell such an inventor that if someone else is working on the same or a similar invention at about the same time there are procedural advantages to filing a patent application as early as possible, and that an early filing is important if he wants to file his patent application in other countries.¹⁵

The present patent laws, therefore, give the inventor a choice. One who finds it most desirable under his circumstances to delay filing until his invention is fully developed and tested may do so without significant risk of losing his exclusive rights to another in the United States. At the same time an inventor who is better financed, and who wishes to take advantage of the benefits of an earlier filing date in the United States, or of the benefits of an earlier filing date in other countries, may file his application in the United States before the invention is fully developed, before it is tried out and perfected, and without the full and complete disclosure which would be possible at a later date. This inventor, having adequate funds, may then file one or more additional applications as the invention is developed further, and can file his foreign applications, secure in the knowledge that he has done everything allowed by the laws of the United States and other countries to give him an advantage in his effort to obtain patent protection.

Thus, even in our first-to-invent patent system the reality is that money makes a difference. The better financed inventor has an advantage. He is more able to file earlier patent applications, adding other applications as the invention is developed to fill out the disclosure and to provide better coverage for the commercial embodiment

15. Under the Paris convention, a United States inventor is entitled to priority in foreign countries based upon his United States filing date. However, to take advantage of this provision, the foreign applications must be filed within 1 year of the U.S. filing, and the U.S. filing must have occurred before any disclosure or sale of the invention.

of the invention. He is also better able to seek patent protection in other countries. If he does so he has all the advantages of a first-to-file system, as well as all the advantages of the first-to-invent system. The inventor's only risk is that in the United States he may lose out to the first inventor.

III. THE EFFECTS OF A FIRST-TO-FILE SYSTEM

If the first-to-invent system is abolished in favor of a first-to-file system, the picture changes dramatically. Contrary to what one might expect, there would be little practical effect on the determination of which of two or more inventors would receive the patent. The primary effect of such a change would be in the perceptions of the persons involved in the patent process, in how they react to those perceptions, and in the effect of those reactions on innovation, the patent prosecution process, Patent and Trademark Office operations, and the economy of the United States.

In considering the possibility of changing to a first-to-file system, recognizing that two types of inventors exist is important. The first type of inventor is employed by large, well-financed corporations and has access to a sophisticated program designed to achieve the best patent protection for the corporation. The second type is the independent or small company inventor who has little or no knowledge of patent laws or procedures, and is often poorly financed. The changes which would occur as a result of adopting a first-to-file system would be most evident in dealing with inventions made by the latter class of inventors.

Under the first-to-file system, an attorney advising such an inventor can no longer tell him that he can wait until his invention is fully developed before he files his patent application. Instead, he must advise the inventor that the one who is first to file gets the patent. The attorney would be derelict in his duty if he failed to do so. He must also tell the inventor that a prior art search might reveal that the invention is unpatentable, or may be valuable in drafting the application in order to obtain the best coverage. Waiting for the search results, however, may delay the filing of the application for several weeks, during which someone else may file an application on the same invention and therefore be entitled to the patent instead of the first inventor.

Having been so advised, the inventor who is concerned about protecting his invention, who looks upon patent protection as the means

for keeping out competition and as the foundation for the fortune he hopes to make from his invention, will see an early filing date as all-important. If he can afford to do so, his tendency will be to authorize the attorney to proceed with the patent application, even at the sacrifice of funds needed to develop the invention, and even though his concept is so sketchy that providing a detailed description of the invention is impossible. If the invention has not been developed to the extent that it is ready for the market, he may have to file other applications later to be sure that he gets adequate coverage.¹⁶

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.

The inability to satisfactorily resolve this quandary would undoubtedly be discouraging to many inventors, who might well abandon their efforts to develop their inventions because of the perceived problems in obtaining patent protection. Without the incentive provided by the secure knowledge of potential patent protection against later inventors, many smaller inventors will drop out of the race. Potentially important contributions to technology will be lost.

If the inventor, with the knowledge of the first-to-file rule, decides that he must go ahead with a patent application, it is incumbent upon the attorney to prepare and file the application as quickly as possible, if he is to protect himself against a possible charge of malpractice. He cannot, as he could under the first-to-invent system, depend upon diligence in preparation of the application to protect himself. Instead, he must drop everything else, or advise the inventor that he cannot do so and advise the inventor to seek another attorney. Additionally, he must advise the inventor that although a prior art search may be beneficial, the delay to obtain the search is risky.

The necessary consequence of the adoption of such a system would be to reduce the incentive of the independent inventor and small busi-

16. Pursuant to 35 U.S.C. § 112 (1988), a claim in a patent is limited to the structure, or equivalents thereof, described in the description portion of the patent. Although an artful attorney will draft very broad claims, he cannot draft claims which include elements later invented.

nessman to innovate and to file patent applications. As a result, fewer patents would issue to entrepreneurs and the United States would lose a major factor affecting its lead in technological development. The National Patent Council told the Congressional Committee considering first-to-file in the 1960's 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."¹⁷

Despite the fact that many smaller inventors may drop out, thereby reducing the number of inventions for which patent protection is sought and the new disclosures of technology, the number of patent applications which would be filed would undoubtedly be greater under a first-to-file system. This increased number would be due to the necessity of filing more applications in order to fully cover the invention as development proceeds. This gives the Patent and Trademark Office more applications to examine, thereby increasing its cost, without a concomitant increase in the number of patented inventions.

The *quid pro quo* for the exclusive rights granted under the patent system is the disclosure of new technology to the public, to increase the availability of such knowledge to others. Such disclosures encourage others to innovate, to bring forth their own inventions to compete with the patented invention. Thus, innovation builds on innovation, promoting the progress of the useful arts as contemplated by the Constitution.¹⁸

However, countries that have first-to-file systems issue fewer patents in proportion to applications filed than the United States. McDonnell and Banner¹⁹ have reported that in the years 1983 to 1985 the ratio of patents issued to applications filed in Japan was less than 20%, in Germany was 43% and in the United States was 59%. Whether or not the first-to-file system is wholly or only partially to blame for this disparity, the filing of so many more applications with fewer inventions being disclosed in issued patents does not promote the progress of the useful arts.

17. General Revisions of the Patent Laws: Hearings Before Subcomm. No. 3 of the Comm. on the Judiciary, House of Representatives, 90th Congress at 758.

18. U.S. CONST. art. 1, § 8, cl. 8.

19. McDonnell & Banner, *First to File, Mandatory Reexamination, and "Exceptional Circumstance: Ideas for Better? or Worse?*, 4-5 (June 9, 1987) (unpublished manuscript on file at St. Mary's Law Journal).

At the same time, under first-to-file the overall quality of the disclosures made in patent applications would decrease because so many applications would be filed based on bare concepts before invention are fully developed. This is not mere conjecture; we know that this is what will happen because of what has happened in other countries which have first-to-file systems. All patent practitioners are aware of the sketchy disclosures found in many patents which originate in first-to-file countries. The Manufacturing Chemists Association, Inc. told the Congressional Committee:

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.²⁰

Proponents of a first-to-file system argue that we would not experience a deterioration in the quality of disclosure, because applications would still have to comply with the present requirements for full and complete disclosure. However, the problem is not one of failure of the applicant to disclose what he knows to the attorney, or of failure of the attorney to incorporate in the application the information disclosed to him. The problem is that at an early stage in the invention process the inventor does not have the knowledge he will gain during development. He does not know all the details of the design, what design is best, or, in many cases, how the invention works. One cannot disclose what one does not know.

Furthermore, the first-to-file system is likely to result in the filing of more applications on unpatentable and inoperable inventions. This occurs for several reasons. The first-to-file system requires early filings; therefore, the time necessary to make a prior art search or to properly distinguish an inventor's concept from any prior art found is not available. This timing dilemma will result in many quick but unpatentable applications. Furthermore, the development necessary to prove that the invention is operable must come after the application is filed.

20. *See supra* note 12, at 729, 731.

The Cleveland Patent Law Association succinctly summarized the changes that could be expected from the adoption of a first-to-file system:

it is clear that the change would require filing of applications for patents on every idea as promptly as possible, to forestall acquisition of incontestable priority dates by others.

The resulting race to the Patent Office would greatly alter the manner in which inventive activity is conducted. It would multiply by many times the number of applications filed, at least in some fields of activity, and greatly increase the number in all fields, with increase of the workload of the Patent Office.

The change in emphasis would tend to encourage speculative filing of applications on unproven inventions by "idea men" rather than actual development of useful commercializable inventions, and would retard rather than promote progress.

The need for haste in preparation of applications would tend to cause a great deterioration in quality of patents

The change would definitely favor big business, since small concerns would not as easily be able to pay for the continual surveillance of developments and prompt filing of applications on every idea.²¹

The adoption of a first-to-file system would be detrimental to inventors by reducing their incentive to innovate, to patent practitioners by increasing their burden in making sure that they provide proper services to their clients, to the Patent and Trademark Office by increasing its workload, and to the public by reducing the disclosures of new technology. The alleged advantages of such a system cannot provide a sufficient offset.

IV. THE ALLEGED ADVANTAGES OF A FIRST-TO-FILE PATENT SYSTEM IN THE UNITED STATES ARE LARGELY ILLUSORY

Proponents of the first-to-file system emphasize an expected reduction in the complexity and cost of interferences,²² a contested proceeding conducted in the Patent and Trademark Office to determine which of two claimants is entitled to a patent on an invention. Admittedly, a first-to-file system would not eliminate interferences. Resolving

21. See *supra* note 12, at 698.

22. Where two or more separate applications are filed for the same invention, the U.S. Patent Office conducts an interference to determine the first inventor.

whether one avowed inventor derived the invention from another, and determining whether the disclosures of other applications will support the invention of an application which is about to be allowed would still be necessary.

However, on investigation, the specter of horrendous cost of interferences to applicants and the Patent and Trademark Office ("PTO") proves to be just that—only a specter. As it turns out, fewer than one-half of one percent of patent applications ever get involved in an interference, and of those that do, few proceed to a final decision. A survey prepared by two officials of the PTO shows only 1,459 interferences in the years 1980 to 1985, out of over 600,000 applications, with only 446 of the interferences going to final decision.²³ There were also only 530 interferences in the fiscal years 1986 to 1988.²⁴ Half of the interferences were terminated in less than eighteen months.²⁵ Under an expedited interference procedure which went into effect February 11, 1985, over sixty percent of interferences were terminated in less than twelve months.²⁶

As for the cost of interferences to the patent system, the cost to most applicants, who do not get involved in interferences, is negligible, amounting only to the cost of maintaining suitable records to prove conception, diligence and reduction to practice.²⁷ Of those who do get into an interference, relatively few incur any great cost. It has been pointed out that interference parties "are almost exclusively financially-resourceful assignees."²⁸ Some of these may, indeed, spend tens of thousands or even hundreds of thousands of dollars on an interference.²⁹ For those who do, saving that expenditure would be small consolation for losing the patent. They find the benefits of the proceeding outweigh the cost.

But that is a matter of private concern. What is important is the

23. Calvert & Sofocleous, *Three Years of Interference Statistics*, 64 J. PAT. OFF. SOC'Y 699, 699-700 (1982) (806 interferences for fiscal years 1979-1982; 236 went to final hearing); Calvert & Sofocleous, *Interference Statistics for Fiscal Years 1983 to 1985*, 68 J. PAT. OFF. SOC'Y 385, 390 (1986) (653 interferences with 210 going to final hearing).

24. Calvert & Sofocleous, *Interference Statistics for Fiscal Years 1986 to 1988*, 71 J. PAT. OFF. SOC'Y 399, 399 (1989).

25. *Id.* at 405 (123 interferences went to final hearing).

26. *Id.* at 402.

27. The first to conceive the invention has priority if he diligently reduces it to practice.

28. See *supra* note 19, at 19 (quoting ABA PTC Committee Report 108, 1986).

29. Dunner, *First to File: Should Our Interference System be Abolished?*, 68 J. PAT. OFF. SOC'Y 561, 561 (1986).

cost to the public. The PTO estimates that in 1986 it devoted sixteen employee years, at a cost of about \$884,000, to interferences—less than one-half of one percent of its personnel and of its budget.³⁰

However, if the cost of interference practice to the PTO is believed too great, there is a simple solution which will eliminate the cost without eliminating the principle of first-to-invent. Let the PTO issue the patent to the first-to-file, but allow anyone who thinks he is entitled to the patent to challenge the issued patent in the courts. The interference proceeding is then carried out in the courts, not in the PTO.

An argument has been made that because there is always a possibility of an interference under the first-to-invent system inventors must always maintain records in order to prove conception and diligence, an expensive and time-consuming exercise that would be eliminated in a first-to-file system. However, such records are usually kept in the ordinary course of business, so that it is not normally a substantial additional burden. Moreover, many of these records will still have to be kept to contest derivation questions and to prove prior user rights.

“Prior user rights” refers to a sop dreamed up by proponents of first-to-file and intended as solace for the first inventor who loses the race to the Patent and Trademark office.³¹ This concept would allow some first inventors to use the invention even though someone else was first-to-file and received the patent. The proposal provides that a limited personal right to make, use and sell the invention shall be given to any person, or his assignee, who commercially uses, or makes substantial preparations for commercial use of, the invention prior to the filing date of the applicant who is entitled to the patent.

In the first place, this provision does not protect rights of one who is first-to-invent, but only of one who prepares for commercialization before someone else files a patent application. More importantly, it does not give the exclusivity which is the heart and soul of the patent laws. To the contrary, the provision inherently insures competition—from one who is financially able to file early, and is, therefore, more likely to be financially able to establish a superior position in the market. Given the fact that only a very few patent applications ever get involved in an interference, and that most interferences are resolved rather easily and at comparatively little expense, abandoning our suc-

30. See *supra* note 19, at 18.

31. See Draft Treaty on the Harmonization of Patent Laws; Draft Regulations Under the Draft Treaty, U.N. WIPO Doc. HL/CE/VIII/3, art. 20 (1990) (prior user rights).

cessful first-to-invent system to get rid of interferences is akin to throwing out the baby with the wash water.

An argument has been made that adoption of a first-to-file system would not be much of a change because most major corporations, looking to a multinational market, are now operating under a *de facto* first-to-file system. They have to file quickly in the United States in order to get an early effective filing date in foreign countries where the first-to-file system is in force. This is, in fact, an argument *against* changing to a first-to-file system. Since those who primarily support adoption of a first-to-file system are already operating under such a system, what reason is there to change the law so as to compel *everyone* to do so? For the inventor who never intends to seek foreign patent protection, first-to-file is of no benefit. For those who decide to file foreign applications, a first-to-file law in the United States is not necessary, because under our present law they have the benefits of the first-to-file system as well as the first-to-invent system.

Some contend that adoption of first-to-file will eliminate "secret" prior art, i.e. prior invention, so that there will be more certainty in the patentability of subject matter and the validity of patents. However, eliminating some inventions as prior art does not have any substantial effect. As already noted, there are very few interferences, and very few patents are held invalid because of another's earlier invention. So-called "secret" prior art has not been such a great problem as to warrant a major change in the patent system. In addition, the quantity of secret prior art will increase in a first-to-file system.³² The greater number of applications will increase the backlog at the Patent and Trademark Office, thereby increasing the quantity of prior art under 35 U.S.C. § 103.³³

Some have contended that first-to-file is not unfair to a first inventor who is too lazy, too negligent or too indifferent to file earlier. This argument raises a straw man. Delays in filing are much more likely to be caused by a lack of money, a lack of knowledge as to whether the invention will work as projected, or a failure of the inventor to realize that he ought to seek patent protection until his product is put on the market and it begins to look like it might be a big success.

32. 35 U.S.C. 122 (1988). Section 122 states that patent applications "shall be kept in confidence by the Patent and Trademark Office and no information concerning the same given without authority of the applicant. . . ." *Id.*

33. *See* 35 U.S.C. § § 102(f)-(g), 103 (1988).

Therefore, changing to a first-to-file system in the United States will not have any beneficial effect on the patent system in this country which would significantly outweigh the deleterious effects. Recognizing this, most proponents of first-to-file now concentrate on preaching the virtues of harmonization as a package which includes a United States concession on first-to-file.

V. FOR MOST INVENTORS, HARMONIZATION ISN'T WORTH THE COST

Many of those who have indicated a willingness to consider abandoning our first-to-invent system have stated that they would favor doing so only if other countries would make substantial changes in their patent laws. For the most part these hoped-for concessions by almost all of the other countries, who are our trading partners in the international market, would tend to strengthen the patent systems of those countries, for their citizens as well as ours. Patents would have longer terms, would cover a wider variety of subject matter, and would be less likely to be invalidated for what we would consider to be technicalities. Undoubtedly such changes would be beneficial to the patent systems of those countries, at least as perceived from the United States.

However, the primary change we are asked to make in our law does not strengthen the system; it weakens it. Moreover, this change eliminates one advantage Americans have over citizens of other countries, the right to prove an invention date by acts taken in the United States prior to the filing of a patent application. The primary benefit of adopting the first-to-file system would therefore inure to foreign applicants; they would be on an even footing with Americans in establishing priority.

If putting citizens of other countries on an even footing in establishing priority is important, there is a much simpler way to do it: repeal Section 104 of Title 35, which restricts foreigners priority right to their foreign filing date.³⁴ Let foreign inventors prove conception, diligence and reduction to practice outside the United States, and let us retain our first-to-invent system.

Putting foreign inventors on an even footing, however, is not the purpose of first-to-file proponents. They have, in fact, suggested an

34. 35 U.S.C. § 104 (1988).

“internal priority document” alternative to Section 104 to be used along with first-to-file. This document is a sort of provisional specification which the applicant could file at an early date for a low cost to establish an effective filing date for the invention disclosed. The idea is to give an American inventor a period of time (one year is suggested) to develop his invention further before he has to file his “real” application. The internal priority document, however, would not be available to foreigners.

The real purpose of many proponents of first-to-file is to get other countries to change their laws in such a way as to improve the patent protection obtainable in those countries. They are not able to get these countries to make these changes unilaterally, so they seek to accomplish their goal through a harmonization treaty. Some other countries, on the other hand, want us to change to first-to-file so as to facilitate their encroachment into the United States market. They do not want to be kept out by patents granted to American inventors who made their inventions first, but did not file their patent applications until later. Many multinational companies in the United States are willing to give up their advantage in the United States in order to have a chance to improve their competitive positions in other countries.

These companies cannot be faulted for wanting to strengthen their positions in foreign markets. This is an admirable goal of American industry. The only question is whether the benefits they will obtain from whatever treaty can be worked out can offset the detrimental effect of abolishing one of the most important features of the United States patent system.

With innovation reduced, and the number of patented inventions reduced, American inventors will also get fewer foreign patents, thereby reducing their ability to market their inventions in foreign countries. The Patent and Trademark Office has determined that imports to the United States from a foreign country are directly related to the number of patents obtained by citizens of that country in the United States.³⁵ Undoubtedly the same is true for sales by American businesses in foreign countries. Thus, if as postulated, adoption of a first-to-file system causes a reduction in innovation, it may also cause a reduction in exports from the United States. No one knows whether

35. Address of Gerald J. Mossinghoff, Commissioner of Patents (Oct. 13, 1983).

improvements in foreign patent laws, accompanied by reduced innovation in the United States, will result in increased or decreased exports.

There is no assurance, of course, that those negotiating the treaty will be able to convince the other countries that they should adopt the provisions which American proponents of harmonization are seeking. Without doubt, some of the provisions will fall by the wayside, and some countries will refuse to approve the treaty. We will then be in a position of having given up our first-to-invent system without getting the quid pro quo.

Without question, there are changes which could be made to our patent laws, and to the patent laws of other countries, which would be beneficial. Changes to United States laws, however, must follow the Constitutional mandate to “promote progress in the useful arts,” and reward invention. The changes should strengthen the system, not weaken it; encourage innovation, not discourage it; and give inventors the exclusive right to their inventions, not non-exclusive rights.

First-to-file is not an idea whose time has come, even as a part of a harmonization treaty. Its time may never come in the United States. Our system has served us well. We should not abandon it except upon a clear and convincing showing that there is something better. There has been no such showing. Our patent system isn't broke. Don't fix it.