US prepares to adopt world patent standards

- First-to-invent rule would be dropped
- Talks, bills seek harmony with Europe, Japan

Washington & Tokyo

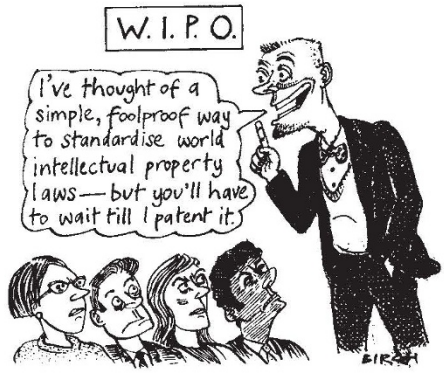
LAST year, as the US Patent Office threw a celebration to mark the issuance of its five millionth patent, it neglected to mention one embarrassing detail. Because of a fundamental incompatibility between the patent laws of the United States and the rest of the world, the University of Florida researchers who had filed for the patent had inadvertently lost all their non-US rights. They had published their invention — a way to turn biomass into ethanol — before filing for a patent. That is fine under US law, but it voids their claim anywhere else in the world.

Unfortunately for US researchers, such setbacks are only too common. But an end may be in sight. Pressured by pharmaceutical and biotechnology companies, among others, the United States is preparing to harmonize its system with those of Europe and Japan.

The proposed changes — contained in both ongoing international negotiations and bills pending before Congress — are intended to preserve the free flow of information by retaining those aspects of the US system that allow scientists to publish their results before they are ready to file a patent. But in making concessions to conform to world standard, US officials also expect Europe and Japan to change their systems to give US inventors a better shot at foreign markets.

US patent law is based on the principle of 'first to invent'. No matter when a patent application is filed or who files it, US property rights go to the person who can prove (with a notarized laboratory notebook or the like) that they made the invention first. A one-year grace period gives US inventors the opportunity to publish first and file later. But in Europe, Japan, Canada — everywhere else in the world except for the Philippines, in fact — the rule is 'first to file'.

As a result, hundreds of US inventors each year lose all rights outside of the United States by publishing accounts of



their discoveries in scientific journals. Even variations on the invention are often lost when foreign companies see the articles and beat the inventors to the European or Japanese patent offices with modified versions of the published work.

Negotiations now underway would change all that. Chief among them is replacing the first-to-invent policy with a first-to-file. In exchange for this concession, the United States wants Europe and Japan to adopt a one-year grace period and policies that would shorten patent reviews and close loopholes. Under these rules, inventors could still publish (and file for a patent within a year), or file before publishing. But they would no longer be able to use a notarized laboratory notebook to contest a patent filed by somebody else.

Although the spirit of reform is strong, working out an agreement on the details is not easy. International patent negotiations are taking place on parallel tracks: one is under the auspices of the United Nations' World Intellectual Property Organization (WIPO), and the second is part of the continuing General Agreements on Tariffs and Trade (GATT) negotiations. But the GATT talks are deadlocked, and the WIPO negotiations are tangled in the concerns of the developing world.

Nevertheless, momentum for change is building within the United States. Earlier this month, bills to harmonize US patent law with foreign systems were introduced by Senator Dennis DeConcini (Democrat, Arizona), the chairman of the patents, copyrights, and trademarks subcommittee of the Senate Judiciary Committee, and Representative William Hughes (Democrat, New Jersey), chairman of the intellectual property and judicial administration subcommittee of the House Judiciary Committee. Next week (30 April) the two legislators will hold a joint hearing on the subject.

The bills offer several changes to current US law, many of which the US Patent Office has already proposed. Overall, they aim to bring US patent law in line with a future international treaty. If passed, the bills would modify the US law to include:

- First-to-file: as a practical matter, most large US companies already file patent applications in Europe, Japan and the United States before publication to avoid losing their foreign patents rights. But smaller companies and universities often cannot afford such expensive measures (a US patent application typically costs

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Patent office drops plan to raise fees

AFTER failing twice to convince Congress that small-scale inventors do not deserve a price break, the US Patent and Trademark Office (PTO) has dropped its opposition to such a discount.

Harry Manbeck, who is stepping down next week as patents commissioner, says that his office will not request a large increase in the fees paid by small-scale inventors over the 17-year life of their patents in legislation that is being drafted to reauthorize the agency. In 1990 and 1991 the patent office tried to equalize the fees paid by all inventors, which are currently twice as high for big companies. Instead, Manbeck says, the agency will ask only for a modest increase, tied to the cost-of-living index, in a bill expected to be introduced next month.

The PTO's change of heart is a victory for individuals, universities, non-profit research organizations and small businesses. Such entities now pay on average a total of $3,600 to retain a patent over its lifetime. Inventors who fail to pay maintenance fees, due during the fourth, eighth and twelfth years forfeit their patent.

The patent office had argued that the discount was needed to help it become self-supporting, as decreed by the 1990 budget agreement between the Bush administration and Congress that barred any federal subsidies. Patent officials said that the discount, in effect, forced large companies to subsidize the patent rights of small-scale inventors.

But small inventors convinced Congress that a higher maintenance fees would weaken the US economy in the long run by forcing them to abandon promising discoveries. Even large companies defended the discount, perhaps in recognition of all the good ideas that have originated in a university laboratory or private backyard.

The PTO has learned its lesson, says Manbeck. "Now that it's been considered in Congress", he says, "the Administration is perfectly satisfied to continue the current situation".

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