

# THE FIRST WORD/

## RETHINKING FIRST-TO-INVENT

By Douglas McCormick

Somewhere in *The Republic*, Plato argues that poetry should be prohibited because it substitutes romance for reality, distracting people from The Truth and seducing them with pretty fictions. If he lived now, he'd probably say that the same thing goes for movies, doubled in spades.

That's probably part of the problem we're having with impending changes in the fundamental structure of U.S. patent law. In the 1939 movie, *The Story of Alexander Graham Bell*, Don Ameche (playing Bell)—his rights to the telephone assailed in court by the obligatory syndicate of Wall Street barons—struggles to prove what he knew and when he knew it. His wife (Loretta Young) dashes into the courtroom and, as he tries to hold her back, produces one of Bell's love-letters to her—dated, post-marked, and scrawled on the back of a cast-off scrap of lab notes. Priority is proved. Bell, justice, and the first-to-invent patent system triumph with a fine peroration on the superiority of individual genius over the combines of money and power.

At least, that's the way we remember it. McGill's Survey of Cinema calls the courtroom scene "overly sentimental and melodramatic."

### A EUROPEAN PREFERS FIRST-TO-INVENT

A few years back, we made the acquaintance of a European patent bureaucrat active in the World Intellectual Property Organization. In public, he staunchly defended European Patent Office's first-to-file practice. And, indeed, some of the arguments are telling. Its measures of priority are far more clear-cut, and the system is less likely to breed *Jarndyce v. Jarndyce*-like patent suits that can consume and obsess small-company managers who should be thinking about building production capacity and creating markets. (Bell's real-life patent suit consumed fifteen years and took him to the U.S. Supreme Court. Columbus's family fought in vain for generations to reestablish their rights to income from American trade. They make Amgen's patent battles with Chugai or Genetics Institute look like snap judgments.)

In private, however, our European friend conceded that the U.S. system had always seemed to him more equitable, more likely to foster and protect true innovation, and more accommodating to the sometimes conflicting demands of commerce and scholarly publishing.

This last aspect struck particularly close to home. As now implemented, the first-to-file system strongly discourages timely scientific publication: Any mention of the invention or the supporting science—even if written by the inventor himself or herself—appearing before the patent is filed may be treated as prior art, invalidating the application. To be sure, the rules do allow a certain grace period, but on the whole the system inhibits free exchange of scientific ideas. It has also produced a number of frenzied trans-Atlantic exchanges of telephone calls, faxes, and cables as certain of *Bio/Technology's* European authors have tried to establish the exact date and time on which a given issue entered the mails—trying, in other words, to figure out exactly when the meter began ticking on the period during which they could still file a patent claim.

### U.S. OBLIGED TO CONFORM

Then at last June's Industrial Biotechnology Association meeting, Dennis K. Burke—counsel to the the U.S. Senate Judiciary Committee's patent subcommittee—reminded us in passing that trade treaties now obligate the European Community, the U.S., and Japan to adopt a common patent structure. Preliminary hearings, Burke said, were beginning. The universal assumption is that the U.S. will move away from first-to-invent and towards first-to-file.

Why is that? we asked. Who decided? Why are we abandoning a system that protects the lone innovator for a system that favors those with quick reflexes and staff lawyers? Why exchange a system that seems made for the entrepreneur (and has, indeed, received much credit for nurturing biotechnology from its delicate infancy) for a system tailored for the multinational and the bureaucrat?

### TWO AMERICANS PREFER FIRST-TO-FILE

But also in June, Ernst & Young's Steve Burrill challenged our faith in first-to-file. In an article here ("Biotechnology and economic development: The winning formula." *Bio/Technology* 10:647-653, June '92), Burrill and colleague Wendy Roberts gave high marks on intellectual property protection to most European Community members and Japan—also a first-to-file country—and negative ratings to the United States, along with the former Warsaw Pact countries, India, China, and Spain.

We had a chance to discuss the issue with Burrill and ICOS's George Rathmann during October's (highly gratifying) Fourth PaineWebber-Bio/Technology conference in San Diego.

It's a fallacy, Rathmann said, to think that first-to-file protects the rights of the little innovator against the corporate Goliath. In the end, he and Burrill agreed, the patent rights go to the company with the war-chest big enough to see it through a protracted patent battle. First-to-invent merely muddies the waters and encourages imitators and near-misses to crawl out of the wordwork after a product succeeds, trying to snatch a piece of the pie that others have baked.

All told, said Rathmann, first-to-file is cleaner and better to work with. The point is not that the U.S. is giving the doctrine up. The point is that the U.S. is giving it up without getting concessions in return—without reforms protecting domestic patent-holders from infringing imports (Amgen's long battle with Chugai over erythropoietin has left deep scars), without reforms protecting researchers' rights to publish, without a host of changes that would make the system truly protective of innovation on a global scale.

### WHICH BIOTECH COMMUNITY BENEFITS?

A first-to-file system will greatly simplify life for established companies. If they constitute "biotechnology," then the change is good for biotech. But where would these same companies be now if first-to-file had been the rule in the late '70s and early '80s? If biotechnology is not really a cluster of companies but the crest of a moving wave of development, a wave powered by individual insights, how will it be served in the years to come?///