

INTERNATIONAL JOURNAL OF INTELLECTUAL PROPERTY RIGHTS (IJIPR)

ISSN 0976-6529 (Print)

ISSN 0976-6537 (Online)

Volume 4, Issue 1, January - December (2013), pp. 09-15

© IAEME: <http://www.iaeme.com/IJIPR.asp>



THE REFORM OF THE U.S.A PATENT SYSTEM: THE LEAHY SMITH AMERICAN INVENTS ACT

Aman Chaudhary

2nd Year, B.L.S. LL.B, Government Law College, University of Mumbai, Mumbai,
Maharashtra 400020 India

ABSTRACT

This Research initially emphasizes upon the role of International Organizations like World Intellectual Property Organization (WIPO) and their contribution towards the protection of Intellectual Property. This research draws upon the recent reform of the U.S.A Patent Law from a system, which was said to be primitive and feeble by many to a formidable and one of the most sought after patent systems across the globe. This transformation has come through the enactment of Leahy Smith American Invents Act 2011, which was passed by the 112th congress receiving the assent of President Barack Obama on September 16, 2011. This paper emphasizes upon the changes brought by the abovementioned act and how it has helped in the protection of Intellectual Property in the U.S.A. A comparative study of the U.S.A. Patent Law and European Patent law, two of the most influential patent laws across the globe has also been done. I have chosen the European Patent law particularly for a comparative study with the U.S.A. Patent Law as it renders an centralized process for allocating patents as well as a Centralized process for opposition, limitation and revocation.

KEYWORDS: Inventions, Intellectual Monopoly, Primitive, 'First to file' System, 'First to Invent' System.

1. INTRODUCTION

With developing science and technology, many inventions take place day to day. Whether it is for welfare of society or for warfare. But many a times such inventions take place, that an inventor has to protect the invention in order to protect it from the evils of the society. Intellectual Property Rights is one such tool and medium, through which an inventor can protect such vulnerable invention from being altered. Intellectual Property Rights

provides the whole and sole rights to the owner of an invention to sell, to develop or to do everything that an owner wills to do with the invention. In the present scenario, Intellectual property is mainly divided into three streams viz. Patent, Copyright and Trademark. It is a recent development in the technology and economy, which resulted in development of intellectual property in various fields. IP is also seen to have vast potential in promoting Foreign Direct Investment (FDI) as FDI grew from \$4.4 billion in 1995 to \$32.8 billion in 1996. This growth in FDI came as a result of the policy makers of emerging economic powers recognizing the necessity and importance of IP in promoting private investment in Research and Development (R&D). In 1967, the establishment of “World Intellectual Property Organization (WIPO)”, one of the 17 specialized agencies of the United Nations, with the objective to protect Intellectual property throughout the world as well as to stimulate artistic and intellectual property, came into being by way of a succession to the “United International Bureau for the Protection of Intellectual Property”.

With the continuous efforts of various treaties, today intellectual property is like a big pool and all the invention of various fields are a part of it. From a nominal Darjeeling tea to giant machines, intellectual property has a very vital role to play. A patent can be granted only to a new invention or technology which has not been published in any document or used in the country or elsewhere in the world before the date of filing of patent application with complete specification, i.e., the subject matter has not fallen in public domain or that it does not form part of the state of the art. The definition states that an invention which is not registered under the law or statutory body of any other country.

2. CRITICS TO INTELLECTUAL PROPERTY

Presently ample amount of research is conducted in order to invent a product and to obtain patent to protect a product from being altered. Hence patent is of crucial importance. But it is not just about getting a patent and protecting the invention. Patent has far more reaching effects than mere providing protection. The patents as well as trademark and copyrights also very well affect the most vibrant sector of the world viz. “economy”. Intellectual Property as economic booster has been subject to a lot of debate. Intellectual property as economic booster has been subject to criticism especially by those who are a part of the free culture movement because the Government categorizes intellectual property as “Monopoly”. Rather than terming it as “Intellectual Property”, it has been termed as “Intellectual Monopoly”. Moreover, according to article 27 of “Universal Declaration of Human Rights,” has made it a accepted notion in terms of human rights, along with various scholars like Ayn Rand in her works and John Locke.

3. U.S.A PATENT SYSTEM BEFORE ENACTMENT OF LEAHY SMITH AMERICAN INVENTS ACT 2011

The patent system followed in the United States is said to be one of the most sought after patent systems in the world. The congress is authorized to allocate patents under Section 8 of the United States Constitution. The following phrase is included in Section 8 of the United States Constitution -

‘To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries’.

Grant of Patents to Inventions is determined under the mandate of Sections 101-105 of Title 35 of the United States Code. Section 101 determines that can a substance be potentially patented. Section 103 explains what is called as a Non obvious Substance which is a necessary requirement for an invention to be patented and states the reason why it cannot be patented. Initially the U.S Congress granted patents on a 'first to invent' basis which differed from the rest of the national patent laws. Under this kind of a system, the true inventor was the one who was the inventor of the particular subject matter first off, disregarding the fact that who had filed for the patent first off. Nevertheless, In March 2013, this system was substituted by the 'first Inventor to file' system by the 112th Congress with the enactment of the Leahy-Smith America Invents Act. The U.S. Government through this aimed at harmonization of the U.S. law with the laws of other countries.

An agency working within the Department of Congress of the United States is the United States Patent and Trademark Office (USPTO) whose working and functioning is accountable to the directives of the Secretary of Commerce. On the other hand, it possess the authority to make decisions involving administrative and management issues and also possess the power to make decisions regarding budget and expenditures, procurements, etc. with free will under the due mandate of law. The policy and purpose of the congress to exercise the patent system is to bring about application of inventions arising from federally assisted research and development; to bring about fair amounts of participation of business firms in research and development efforts; to encourage collaboration among commercial and non-profit organizations alike including educational institutions and to ensure that fair and legitimate competition is promoted and encouraged.

Before the enactment of the Leahy-Smith America Invents Act 2011, the United States patent system had its fair share of loopholes and even this widely admired system had its loopholes. It was said to be primitive and feeble by many critics as under this system an inventor had the authority to sue for transgression and infringement of a property, which, is not patented. Moreover, it took forever for disputes to get resolved resulting in accumulation of pending cases which ranges to being thousands in number. Getting into patent disputes used to be an expensive affair in the U.S. System. A formidable patent system provides companies with a host of benefits and gives them an edge to deal with the competitiveness, which helps them announcing their products to the market and lure capital to raise the level of investment. But under the U.S.A. patent system often described as 'primitive' by many, a large number of patent applications remained pending for a long period of time and it took forever for an invention to procure the patent stamp and hit the commercial market.

4. REFORM IN THE SYSTEM

To do away with such loopholes in the system, President of the United States Barack Obama put pen to paper on a bill on September 16, 2011 aiming to bring reform to the patent system. This is the first time such a bill was passed to reform the patent system since 1952. The act is named as Leahy-Smith America Invents Act 2011 and is named after Sen. Patrick Leahy and Rep. Lamar Smith who are its lead sponsors.

The Act has bought about a conversion from a 'first-to-invent' system to a first-to-file' system. According to the USPTO (United States Patent and Trademark Office), allotting patents to the one who first files for the particular patent is supposed to bring in more lucidity in the system. It will also prevent inventors from coming out of the woodwork to challenge pending patents. The act would also benefit the patent office from the financial point of view

as it permits the patent office to fix its own fees and also decide themselves how to make use of it as according to the act all the fees acquired is at their disposal. Prior to the Act, fees for the filing of patents were directed to the Congress instead of the Patent Office and the patent office is given only a fixed amount. As a result of such financial provision, there are approximately 700,000 patent applications pending and 3 years to acquire a final it takes a long waiting period of approximately three years for the patent office to pass the green light. Moreover, the act provides for a post-grant review mechanism with an aim to resolve potential legal disputes. This permits the inventor to challenge a patent's validity till a time period of nine months from the time it is issued. The patent office then inspects and analyzes the matter. The essence of the act is to avoid costly and long patent disputes that go on forever.

5. COMPARATIVE STUDY OF THE EUROPEAN PATENT SYSTEM AND THE U.S.A. PATENT SYSTEM

Another most sought after patent system is the patent system followed in Europe. The patent law of Europe is based on a number of legislations i.e., national patent laws of respective countries, European Patent Convention of 1973 which has been given accord by 27 countries around Europe, Strasbourg Convention, 1963 and many more. The European Patent Law is also influenced a great deal by some of the International treaties and agreement such as the Agreement on Trade Related Aspects of Intellectual Property Rights ('TRIPS') and WIPO-WTO Cooperation, which comprises of the conclusion of the discussions at the Uruguay Round of Multilateral trade negotiations and was ratified on April 15th 1994 at Marrakech. Another International treaty influencing the European Patent Law is the Patent Law Treaty (PLT), which was ratified on June 1, 2000 at Geneva. Its main objective is to strengthen formal procedures of filling of patent applications and granting patents.

According to the European Patent System, the person to file the patent application first is granted the patent. This holds true even if some other person comes up with the invention first. The only factor here lies in the date of filing the Patent Application which is similar to the U.S. Patent system, which is also a 'First to Invent' system since March 2013, credit for this change again goes to the reform brought by the Leahy Smith American Invents Act 2011. In the European Patent System a patent application stands dismissed if the invention is leaked and is widely available to the public. This is under the mandate of Article 54 of EPC. An Invention is said to be available to the public when it is published in a newspaper or a magazine or a lecture has been conducted about the Invention or even represent it to someone without an NDA (Non Disclosure Agreement). Moreover, it does not make a difference if the person exposing the invention in public is the Inventor or an altogether and absolute third party who is completely unrelated to the invention. On the other hand, U.S.A. provides for a grace period for as long as a year. This has been specified in Section 102 of Title 35 of the United States Code. This provides considerable leeway to the inventor and ensures that the inventor can publish his invention without any hindrance and no fear to lose patent rights. This provision is only provided in the Patent System adopted in the U.S.A. and such a behavior by an Inventor is in violation of the patent laws of Europe as well as most countries in the world). The Leahy Smith American Invents Act brought certain limitations to this grace period as it restricted the right to publications only with the inventor himself or someone who has acquired the knowledge and information from the inventor himself. A publication in relation to the invention by a third party is said to destroy the originality of the Invention.

Another point of difference between Patent Laws of U.S.A. and Europe is that according to the Patent Laws of U.S.A, it is compulsory for the Inventor to provide the best method to put the invention into effect. In this way, the Inventor cannot escape with the patent without revealing something advantageous about the Invention to his benefit. This was specified in Section 112 of Title 35 of the United States Code. But with the Leahy Smith American Invents Act, this law has been repealed though the inventor should still reveal the best mode of practice of the invention. On the other hand, Patent laws in the Europe do not follow any such requirement; the only requirement here is to specify one of the ways to practice the Invention. This has been specified in Article 83 of EPC.

In the United States, a patent is enforceable throughout its territory and ensures that the patent holder has the authority to ward off someone from using or selling the invention, which has been given the patent. This is specified in Title 35 of the United States Code. On the other hand, the EPC (European Patent Convention) has been given accord by free will by 27 Countries, all of which being in the territory of Europe. These countries are namely Austria, Belgium, Bulgaria, Switzerland, Cyprus, the Czech Republic, Germany, Denmark, Estonia, Spain, Finland, France, Greece, Hungary, Ireland, Italy, Liechtenstein, Luxembourg, Monaco, the Netherlands, Portugal, Romania, Slovenia, Slovakia, Sweden, Turkey and the United Kingdom. All patents under the mandate of the European Patent Convention are acknowledged and rightfully assigned by the EPO (European Patent Office), which is situated in Munich, Germany. A European Patent under the EPC can be called as a 'bundle' of national patents as a European patent ensures the inventor the same rights, as a national patent would do in all those countries under the EPC, which the owner has chosen in the patent application. Hence, once a patent is granted under the mandate of the EPC, it can only be invalidated through various independent proceedings of each respective country. Another point of difference between Patent System adopted by the U.S.A and the Europe is the procedure followed to oppose after a patent has been granted. In European Countries, any person can move to the European Patent Office to oppose a patent, which, has already been granted within a time period of Nine months. This opposition must be accompanied with adequate and competent arguments and evidence. In contrast to this, the United States followed a primitive re-examination process to deal with opposition to patents in which, any person can provide the United States Patent and Trademark Office (USPTO) with adequate evidences and grounds against the invention which, has been patented and to object the validity of the granted patent. Subsequently, the owner of the patent gets involved into a conversation and deliberation with the USPTO and attempts to defend the genuineness of the patent granted to him. The person who approaches the USPTO in the first place has no role to play in the deliberations between the owner of the patent and the USPTO. But this process only found its place before the Leahy-Smith America Invents Act was passed under which an 'Inter Parties Examination' was adopted in which the challenger could rightfully had an important role to play throughout the discussions and deliberations. In the Patent System adopted by the European System, there are two necessary pre-requisite requirements that need to be fulfilled to secure a patent. These are that an Invention must be original and should contain a 'Inventive' act. This has been specified in Article 52 of the European Patent Convention. This can be compared to the United States patent system, where the requirement to secure a patent is that the invention should be original and should be a non-obvious one. This has been specified in Section 102 and 103 of Title 35 of the United States Code. The patent cooperation treaty under whose mandate the filing of patents is executed also believe that an invention must comprise of an inventive step, but also affirms that being non –

obvious does satisfy the condition of an inventive step. On the other hand, the European Patent Convention has a different and a more rigid approach, as a patent application in the Europe comprises of an inventive act. In a case where the issue or problem has been dealt with in a non – obvious way. But this gives rise to two new requirements to be dealt with that it must be a solution to a pending issue or intricacy and that particular issue must be of a technical kind and not an economic one.

6. CONCLUSION

In my opinion, the Leahy Smith American Invents Act 2011 has rightfully reformed the United States Patent Law, which was in much need for a transformation as it was accused of being ‘primitive’ and ‘feeble’. Before the enactment of the abovementioned act, long patent dispute and long waiting pending patent applications were a common phenomenon. Moreover, the Patent office was not given financial transparency and found it difficult to manage their expenditures and this resulted in a long waiting period for grant of patents. The abovementioned act has brought in some welcome changes into the fray, which are as follows:

1. The act has led to a transformation from a ‘First to Invent’ system to a ‘First to file’ system. Such a transformation was well needed as it helps reduce confusion a great deal and prevents inventors to come out of the woodwork to challenge patents.
2. The act has given financial autonomy to the patent office, which now has the power to fix their fees on their own and gives all the capital accumulated at their disposal. This can help end the long waiting period for grant of patents and can bring efficiency to the process.
3. The act has introduced a post grant review mechanism, which can help avoid potential patent disputes as it restricts an inventor to challenge a patent’s validity only until a time period of nine months. The essence of this change is to avoid costly and long drawn patent disputes.
4. Before the abovementioned act was passed the inventors had to reveal the best method to put the invention into effect. The act modified this clause and it is no longer compulsory for an inventor to reveal the best method to put the invention into effect. In my opinion this has given the inventors some advantage that they deserve and should be free to keep the best method to their advantage if they wish to.
5. The act also changed the process of opposition to a patent through the USPTO, as before the act was passed the challenger did not play an active role in the discussions and deliberations, which was likely to adversely affect the outcome of dispute. The abovementioned act permits the challenger to actively participate in the deliberations and discussions of the dispute such that the USPTO arrives at a fair and just decision.

Furthermore, in respect to a comparison between the U.S.A Patent Law and the European Patent Law, In my opinion the U.S.A Patent Law gives much more leeway to the inventor that European Patent Law does as it provides for a one year grace period before the issue of the patent to the Inventor to publish his Invention without any hindrances and fear of losing patent rights. But this right is only given to the inventor or to someone who has acquired knowledge directly from the Inventor.

REFERENCES

1. Hayat Sindi, Saudi patent system set to fuel economy, Arab News, (13th May 2013), <http://www.arabnews.com/node/451416>.
2. Robin Gross, World Intellectual Property Organization, Global Information Society Watch, 65 (2007).
3. The Patents Act, 1970.
4. United Nations, Article 27 (2), Universal Declaration of Human Rights, 6, (1948).
5. U.S. CONST. art.1, sec 8, cl. 8.
6. 35 U.S.C. sec. 101.
7. 35 U.S.C. sec. 103.
8. 35 U.S.C. Sec. 1.
9. Wendy H. Schacht, John R. Thomas, The Leahy-Smith America Invents Act : Innovation Issues, Congressional Research Service, (January 15, 2013), <http://www.fas.org/sgp/crs/misc/R42014.pdf>.
10. The Agreement on Trade-Related Aspects of Intellectual Property Rights ('TRIPS') and WIPO-WTO Cooperation, World Intellectual Property Handbook, 345, 2004 Second Edition (Reprinted 2008).
11. The Patent Law Treaty, World Intellectual Property Handbook, 301, 2004 Second Edition (Reprinted 2008).
12. Amoud Engelfriet, Difference between US and European Patents, Ius mentis, <http://www.iusmentis.com/patents/uspto-epodiff/>.