

IS THE PATENT LAW TREATY RIGHT FOR THE UNITED STATES?

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July 2010

History of the Patent Law Treaty

The Patent Law Treaty (PLT) emanated from failed attempts to promulgate a worldwide treaty to harmonize the substantive patent laws of the approximately 180 patent-granting jurisdictions in the world. These attempts were spearheaded by the World Intellectual Property Organization (WIPO) via a proposed Patent Law Harmonization Treaty.

The most contentious issue in substantive patent harmonization has always been whether those countries having a first-to-invent system would be willing to change their law in favor of a first-to-file system. A first-to-invent system takes into account conception, reduction to practice, and diligence, and entails complicated interference proceedings if there is a dispute as to who invented something first. In a first-to-file system, if there is a dispute as to who invented something first, the winner is deemed to be the applicant who first filed a patent application with the applicant's national patent office.

In 1967, when patent harmonization began to be debated in the United States, only the United States, Canada, and the Philippines had a first-to-invent system; every other country of the world had a first-to-file system. Now, the United States stands alone as the only country in the world having a first-to-invent system.

The Patent Reform Act of 2009¹, which has been introduced into the current (111th) Congress for consideration, includes a provision for changing the U.S. patent system from a first-to-invent system to a first-to-file system, but it is unclear whether this legislation will be enacted, and if so, when. The House, but not the Senate, version of the Patent Reform Act conditions the switch to first-to-file upon other countries adopting a U.S.-style one year grace period.

The movement toward international substantive patent harmonization was derailed in 1994 when U.S. Commerce Secretary Ronald Brown announced that the United States would not seek to resume talks on WIPO's Patent Law Harmonization Treaty. At that time, WIPO shifted gears and decided that it would seek a more modest Patent Law Treaty designed to harmonize just administrative and non-substantive matters. Thus, WIPO convened a Diplomatic Conference for the Adoption of the Patent Law Treaty in Geneva, Switzerland in May and June of 2000. The United States signed the PLT in June 2000 at the conclusion of the Conference, but the U.S. Administration did not transmit the Treaty to the U.S. Senate for consideration by that body until September 2006. In July 2007, the USPTO sent proposed implementing legislation to both Houses of Congress. A bill containing this legislation has never been formally introduced into Congress.² In December 2007, the U.S. Senate, by Division Vote, passed a resolution of advice and consent to ratification of the PLT. However, the PLT will not go into effect in the United States until the United States deposits its instrument of ratification with WIPO. WIPO will not accept U.S. ratification until the United States enacts implementing legislation, as WIPO apparently believes that the PLT would not be actually implemented in the U.S. absent such legislation.

Contracting Parties

In 2000, the Final Act of the PLT was signed by 104 countries and inter-governmental organizations, and the Treaty itself was signed by forty-three countries. There are currently 65 signatories to the PLT. The PLT came into force in the year 2005, as soon as the tenth country ratified or acceded to the Treaty. The PLT is currently in force in twenty-five countries, most prominently the United Kingdom, Australia, France, and Russia. Additionally, the tenets of the PLT apply to all the individual countries that have subscribed to the European Patent Convention, via the EPC 2000 reform that entered into force in the year 2007. The PLT is not yet in force in several prominent countries and regions that have signed the Treaty, including the United States, the European Patent Office, Germany, Italy, and Canada. Additional information concerning the Contracting Parties and the PLT generally may be found on the WIPO Website.³

Objectives of the Patent Law Treaty

The stated objectives of the PLT are to simplify formal (non-substantive) requirements placed upon patent applicants, and to reduce costs for patent applicants.

The principal features of the PLT are:

- extension (“restoration”) of the right of priority to up to fourteen months;
- simplification and minimization of application filing date requirements;
- imposition of maxima on formal requirements that Contracting Parties may impose;

- easing of representation requirements for formal matters;
- provision of a basis for electronic filing;
- liberalization of rules for reinstatement of rights for unintentional failures to meet deadlines; and
- provision of a uniform standard of “unintentionality” for reinstating rights.

U.S. Implementation Proposal

The major provisions of the U.S. patent statute (Title 35 of the United States Code) that would be added or amended by the USPTO’s July 2007 proposed implementing legislation can be summarized as follows:

1. An extra two months to claim priority in the event of unintentional delay.
2. Harder for a reference to be prior art under 35 U.S.C. § 102(b).
3. 35 U.S.C. § 102(d) amended in the same way as Section 102(b).
4. Claims no longer required in order to obtain a filing date.
5. Reference filings allowed.
6. Time limits for signing a Notice of Allowance changed.
7. A uniform standard of “unintentionality” for recovering from delays.

Each of these proposed changes will now be discussed in more detail.

1. An extra two months to claim priority for unintentional delay.

This proposed liberalization to U.S. law applies to all three of the priority statutes in U.S. patent law:

- priority based upon a foreign patent application -- 35 U.S.C. § 119(a);
- priority based upon a U.S. provisional patent application -- 35 U.S.C. § 119(e); and
- priority based upon a PCT application designating the United States and filed in the U.S. Receiving Office -- 35 U.S.C. § 365(b).

For example, with respect to 35 U.S.C. § 119(a), which pertains to priority based upon a foreign patent application, the proposed legislation adds the following sentence to the end of that subsection: “The Director may prescribe regulations, including the requirement for payment of a surcharge, under which the twelve-month periods set forth in this subsection may be extended by an additional two months if the delay in filing the application in this country within the twelve-month periods was unintentional.”⁴

Because of the word “may” in the above excerpt, in order for this extension of two months to become law, Title 37 of the Code of Federal Regulations would have to be amended, and not just Title 35 of the United States Code. Thus, it is unclear whether WIPO will accept the United States into the PLT if just the implementing legislation is enacted, and accompanying Rules are not enacted.

The Patent Law Treaty itself uses the term “restoration of the priority right” rather than “extension of the priority right”.⁵ This is a bit of legerdemain on the part of WIPO. Apparently, WIPO was concerned that if “extension” were used, the Paris Convention

for the Protection of Industrial Property, the first and foremost international intellectual property treaty, might have to be amended, since Article 4 of the Paris Convention specifies that the priority period is an immutable twelve months.⁶ The use of the word “extended” in the proposed 35 U.S.C. § 119(a) and (e) suggests that the USPTO considers the nomenclature “restoration” of the priority right to be euphemistic.

In any event, this section of the proposed legislation makes it easier to claim priority, and therefore benefits U.S. patent applicants.

2. Harder for a reference to be prior art under 35 U.S.C. § 102(b).

The proposed legislation extends the grace period that is provided in 35 U.S.C. § 102(b) by two months if the delay in claiming priority was unintentional. The USPTO’s stated purpose of this provision is to conform 35 U.S.C. § 102(b) to changes proposed to the priority statutes. A perhaps unintended consequence of this conformance is a strengthening of United States patents, because such a conformance would make it harder for an item to qualify as prior art. The proposed 35 U.S.C. § 102(b) provides that one of the statutory bars becomes:

“(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, before the earlier of (1) twelve months prior to the date of the application for patent in the United States, or (2) the filing date of the earliest priority application to which the application is

entitled and claims priority under sections 119(a)-(d) or (f), 172, or 365(a) or (b), or”⁷

The last clause is new, and introduces the concept of a possible fourteen month grace period that can be used to negate potential prior art. This proposed statutory change has the curious effect that whether or not something is prior art might be decided by whether the patent applicant delayed claiming priority unintentionally. This suggests that, if the proposal is adopted, the USPTO should carefully scrutinize whether any such delay really was unintentional.⁸

This subject received scant attention at the Diplomatic Conference for the Adoption of the Patent Law Treaty, because most of the world’s patent-granting jurisdictions have a system of absolute novelty, rather than a one year grace period as in the U.S.

In sum, this part of the USPTO proposal serves to strengthen U.S. patents.

3. 35 U.S.C. § 102(d) is amended the same way as 35 U.S.C. § 102(b).

Section 102(d) pertains to inventors’ certificates, which are not very common. This part of the USPTO proposal also serves to strengthen U.S. patents.

4. Claims no longer required in order to obtain a filing date.

This provision amends 35 U.S.C. § 111(a), which pertains to the filing of utility patent applications. Under existing law, a fee, oath or declaration, and at least one claim are requirements that must be satisfied in order to obtain a filing date for a utility

patent application. The fee and/or declaration may be submitted late. Under the proposed law, the at least one claim may also be submitted late, upon payment of a surcharge.

Therefore, this provision eases requirements for U.S. patent applicants.

5. Reference filings allowed.

The proposed legislation adds a new subsection (c) to 35 U.S.C. § 111 as follows:

“(c) A reference made upon the filing of an application under subsection (a) to a previously filed application shall, as prescribed by the Director, constitute the specification and any drawings of the subsequent application for purposes of a filing date”⁷

In other words, a mere reference to a previously filed application is all that would be required to get a filing date; a new specification and drawings would not be required. A reference filing could be used advantageously in the case where the “previously filed” application is one that was filed in a country other than the United States. A reference filing could also be used to good effect when an applicant files a straight continuation application in the USPTO. In that case, priority could be claimed in an Application Data Sheet, and the declaration could be from the parent patent application.

It is not clear how the proposed legislation would impact continuation-in-part (CIP) applications. Perhaps Rules would be enacted that would allow the applicant to expressly submit just the new matter. Applicants might be reluctant to do that, however,

because it would flag the new matter and force applicants to declare what the new matter is.

In short, this provision eases requirements for U.S. patent applicants.

6. Time limits to sign a Notice of Allowance changed.

Under existing statutory law, the applicant is given three months to sign a Notice of Allowance and pay the issue fee. Under the proposed law, the applicant is given “between two months and six months to sign the Notice of Allowance and pay the issue fee, as fixed by the Director of the USPTO.”⁷

Unless and until the Director acts, presumably by amending 37 C.F.R., the status quo will apparently prevail. Thus, this proposed statute per se has a neutral effect on U.S. patent applicants.

Apparently, a major reason the USPTO is proposing this change to the law is to raise revenue, because under the proposed law, many applicants would be tempted to extend the deadline by up to four months upon payment of a late fee. Under the current law, almost all applicants pay the issue fee by the three month deadline, despite the existence of a controversial mechanism to allow relief from the three month deadline provided by 37 C.F.R. § 1.137 and MPEP 711.03(c).

7. A uniform standard of “unintentionality” for recovering from delays.

The USPTO proposal includes a new 35 U.S.C. § 27, which states: “The Director may establish procedures to revive an unintentionally abandoned application

for patent, accept an unintentionally delayed payment of the fee for issuing each patent, or accept an unintentionally delayed response by a patent owner in a reexamination proceeding, upon petition by the applicant for patent or patent owner.”⁹

Unless and until the USPTO Director does in fact implement such “procedures”, 37 C.F.R. § 1.137 will continue to apply. Said existing Rule provides that most prosecution delays can be excused, whether “unavoidable” or “unintentional”, with a much larger revival fee payable by the applicant if the more lenient “unintentional” excuse is asserted.

37 C.F.R. § 1.137 was controversial when it was enacted in 2000. Many members of the patent bar questioned the legality of a Rule that purported to twist clear statutory provisions stating that a delay had to be “unavoidable” into a much looser test of “unavoidable or unintentional”. The USPTO saw the new Rule as a means to raise revenue: a petition to excuse an unintentional delay currently costs the petitioner triple the cost of a petition to excuse an unavoidable delay. The legality of the Rule was indirectly decided by the Court of Appeals for the Federal Circuit en banc in Aristocrat Technologies Australia Pty Limited et al. v. International Game Technology et al.,¹⁰ a case holding that “improper revival” is not a cognizable defense in an action involving the validity or infringement of a patent. Because of that limited holding, the court did not reach the question as to whether the Patent Act permitted revival for “unintentional” as opposed to “unavoidable” delay.

This author believes that Aristocrat was wrongly decided for at least the following reasons: First, improper revival should be a cognizable defense in an action involving the validity of a patent. If improper revival isn’t relevant to the question of validity, what

is? Second, the USPTO did not have the authority to enact a Rule permitting an “unintentional” delay in abnegation of a clear statutory mandate that only “unavoidable” delays can be excused.

In summary, unless the Director implements the new procedures called for in the proposed 35 U.S.C. § 27, one goal of the implementing legislation – having a single standard of “unintentionality” – will be denied. For this and other reasons, it is unclear whether WIPO will accept the United States into the PLT if just the implementing legislation is enacted, and accompanying Rules are not enacted.

This seventh part of the proposed legislation can be broken down conceptually into three subparts, corresponding to the following:

- A. Sections of 35 U.S.C. where an existing standard for delay is eliminated in favor of the new possible rule.
- B. Sections of 35 U.S.C. where the issue is left to the PCT.
- C. One section of 35 U.S.C. where “unintentional” is expressly inserted.

Each of these three conceptual groupings will now be briefly discussed.

7.A. Sections of 35 U.S.C. where an existing standard for delay is eliminated in favor of the new possible Rule.

There are four sections of 35 U.S.C. where the current standard would be eliminated in favor of this proposed new 35 U.S.C. § 27, as follows:

- 35 U.S.C. § 111, which pertains to the payment of the application filing fee, where the current statutory standard is “unavoidable or unintentional”.
- 35 U.S.C. § 122, which pertains to failure to provide rescission of a non-publication request, where the current statutory standard is “unintentional”.
- 35 U.S.C. § 133, which pertains to failure to respond to an Office Action within six months, where the current statutory standard is “unavoidable” (but is ameliorated by 37 C.F.R. § 1.137).
- 35 U.S.C. § 151, which pertains to payment of the issue fee, where the current statutory standard is “unavoidable” (but is ameliorated by 37 C.F.R. § 1.137 as controversially interpreted by MPEP 711.03(c)).

Modifying these four statutory sections as proposed by the USPTO would not by itself alter the status quo, because 37 C.F.R. § 1.137 would still apply.

7.B. Sections of 35 U.S.C. where the issue is left to the PCT.

There are two sections of the U.S. patent statutes where the proposed legislation eliminates the current statutory standard for excusing a delay, in favor of having the issue decided by the Patent Cooperation Treaty (PCT)¹¹ and its accompanying Regulations.¹² These two sections are as follows:

- 35 U.S.C. § 364(b), which pertains to failure to act within prescribed time limits in connection with requirements involving a PCT application that was filed in the U.S. Receiving Office. The current statutory standard for delay is “unavoidable;” and

- 35 U.S.C. § 371, which pertains to failure to comply with the requirements (fee, translation, oath or declaration) for entering the national phase in the United States out of a PCT application that designates the United States. The current statutory standard for delay is “unavoidable.”

The impact of this proposed change is mixed, because neither the PCT¹¹ nor its Regulations¹² expressly specify an “unintentional” test for delay. Article 48 of the PCT provides that “(a) Any Contracting State shall, as far as that State is concerned, excuse, for reasons admitted under its national law, any delay in meeting any time limit”; and “(b) Any Contracting State may, as far as that State is concerned, excuse, for reasons other than those referred to in subparagraph (a), any delay in meeting any time limit” (emphasis added).

Thus, for those Contracting States that have the mandatory unintentionality standard as part of their law, the PLT’s goal of implementing a uniform standard of unintentionality would be achieved, but for other Contracting States, it might not be achieved.

7.C. One section of 35 U.S.C. where “unintentional” is expressly inserted.

There is just one section of the patent statute where the USPTO’s proposed legislation expressly inserts the “unintentional” test, and that is 35 U.S.C. § 41(c), which pertains to the payment of maintenance fees. Existing law provides that the standard for excusing delay is “unintentional” if the delay occurs within the first 24 months

following the six-month grace period; then the standard for excusing delay is elevated to an “unavoidable” test.

Under the proposed law, the test for delay is “unintentional” regardless of when the fee is paid after the grace period. Thus, this provision eases requirements for U.S. patentees.

Why is this the only section of the proposed legislation that expressly introduces the unintentional standard? Probably because this is the only provision that deals with issued patents rather than pending patent applications. Since the USPTO lacks substantive jurisdiction over issued patents, they apparently felt that they could not subsequently enact the same type of implementing Rules for this provision as for the provisions pertaining to pending patent applications.

Issues Presented

Should Article 4 of the Paris Convention⁶ be amended in order to accommodate the extension of priority rights called for in the PLT and in the proposed U.S. legislation? As stated previously, the PLT itself⁵ uses the expression “restoration of the right of priority” rather than “extension of the right of priority” in an apparent attempt to avoid having to amend the Paris Convention. Indeed, amending the Paris Convention is a cumbersome and uncertain enterprise. Perhaps WIPO feels that it is unnecessary to amend the Paris Convention, given that WIPO administers both the Paris Convention and the PLT. This author disagrees with that line of reasoning. The Paris Convention

clearly calls for an immutable twelve month priority period, and if WIPO wants to change it to fourteen months, they should seek to amend the Paris Convention.

Will WIPO accept the U.S. ratification of the PLT, and therefore allow the PLT to come into force in the United States, if the implementing legislation is enacted, but accompanying Rules are not enacted? This author believes that WIPO should not accept the U.S. into the PLT until implementing Rules, and not just the proposed statutory changes, are enacted, because the tenets of the PLT would not be fully adopted with just the proposed legislation. For example, implementation of the two month extension of the priority period requires new Rules. Similarly, except for a delay in paying a maintenance fee, a uniform standard of “unintentionality” in excusing a delay requires new Rules.

Additional Conclusions

This author believes that amending U.S. law along the lines suggested by the USPTO in its proposed PLT implementing legislation would be desirable, as it would enable the United States to join the PLT, strengthen the U.S. patent system, and simplify requirements placed upon U.S. patent applicants and U.S. patentees. A strong patent system helps the economy to be strong.

As a practical matter, however, it is not likely that Congress will take up the PLT implementing legislation until after it has dealt with the proposed Patent Reform Act.¹ The Administration should nevertheless be encouraged to seek Congressional sponsors

for the USPTO's PLT implementing legislation now, regardless of whether or when Congress acts on the Patent Reform Act.

In the interests of transparency, the USPTO should post its proposed implementing legislation on its Website for public review and comment.

The United States should enact accompanying Rules, and not just statutory changes, to fully implement the precepts of the PLT in the United States.

WIPO should seek to amend the Paris Convention to provide that the twelve months priority period can be extended by two months upon a showing of unintentionality, at least for those applicants applying for a patent application with a PLT Contracting Party. If in fact the Paris Convention is amended to provide that only PLT Contracting Parties are allowed to take advantage of a fourteen month priority period, such an amendment would desirably offer a powerful incentive for additional countries and regional patent offices to join the PLT.

Finally, WIPO should also seek to amend the PCT Regulations to expressly introduce the "unintentional" standard for excusing delays in proceedings conducted under the Patent Cooperation Treaty.

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Ed Radlo founded the Silicon Valley law firm of Radlo IP Law Group, www.radloip.com, after a long legal career in government, corporations, and private law firms. His practice entails patent prosecution, licensing, and litigation support in the fields of telecommunications, software, data security, and cryptography; and export

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While Mr. Radlo developed some of his thoughts for this article while serving as the Chairman of the Patent Harmonization Subcommittee of the American Bar Association's Intellectual Property Law Section, the views expressed in this article are personal to Mr. Radlo, and do not necessarily reflect the views of the American Bar Association, or any colleague, organization, or client.

Endnotes

1. S.515, 111th Cong. (2009); S.610, 111th Cong. (2009); H.R. 1260, 111th Cong. (2009).
2. Nor, apparently, is the proposed legislation posted on the USPTO Website.
3. World Intellectual Property Organization, Patent Law Treaty, *available at* <http://www.wipo.int/treaties/en/ip/plt/> (last visited July 20, 2010).
4. Edward J. Radlo, Report of American Bar Association, Intellectual Property Law Section, Committee 102, Patent Harmonization Subcommittee (April 2009) (unpublished report, on file with author) (emphasis added).
5. Patent Law Treaty, ibid., Article 13.

6. World Intellectual Property Organization, Paris Convention for the Protection of Industrial Property, *available at* <http://www.wipo.int/treaties/en/ip/paris/> (last visited July 20, 2010).
7. April 2009 ABA report, ibid.
8. The USPTO does not currently invest much energy in verifying that a delay was “unintentional” in a petition filed pursuant to 37 CFR § 1.137.
9. April 2009 ABA report, ibid. (emphasis added).
10. 543 F. 3d 657 (Fed. Cir. 2008), cert. denied, 129 S. Ct. 2791 (U.S. 2009).
11. World Intellectual Property Organization, Patent Cooperation Treaty, *available at* <http://www.wipo.int/treaties/en/registration/pct/> (last visited July 20, 2010).
12. Regulations under the PCT, <http://www.wipo.int/pct/en/texts/rules/rtoc1.htm>, Rule 58bis.