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How Will the New Twenty-Year Patent Term Affect You? A Look at the Trips Agreement and the Adoption of a Twenty-Year Patent Term

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HOW WILL THE NEW TWENTY-YEAR PATENT TERM AFFECT YOU? A LOOK AT THE TRIPS AGREEMENT AND THE ADOPTION OF A TWENTY-YEAR PATENT TERM*

Patricia Montalvo†

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I. INTRODUCTION

[A]merica is a great inventive, creative country. Part of that depends on our patent procedure. [Does] anybody know what happens to patents in this agreement? We have a seventeen-year patent protection now, from the time it is approved. That's changed. We get twenty years as from the time we apply. What does it do? . . . Who does that favor? . . .¹

The enactments to implement the General Agreement on Tariffs and Trade [GATT] and Trade Related Aspects of Intellectual Property [TRIPs] will undoubtedly have a substantial impact on the patent system of the United States. Not only will domestic patent law change patent terms for the first time in over a century,² but this agreement establishes multilateral obligations for the protection and enforcement of trade-related aspects of intellectual property.³ This change is significantly important to a patent-producing country like the United States⁴ whose main competitive advantage in the global market is its high technology products.⁵

With the advancement of technology and the information age, the protection of intellectual property rights has come to the forefront of the U.S. international agenda. It is estimated that the total annual loss due to infringement for owners of intellectual property in the United States ranges from \$43 to \$61 billion.⁶ As one of the world's leader in the creation of intellectual property, the United States has a strong interest in creating an international system that will protect its goods

1. 140 CONG. REC. S15,077 (daily ed. Nov. 30, 1994) (statement of Sen. Brown).

2. See generally Sabra Chartrand, *Patents*, N.Y. TIMES, Jan. 16, 1995, at D2 (explaining that provisions in the GATT agreement replace an "1861 law that made patents valid for seventeen years from date of issue.").

3. *The Benefits of the Uruguay Round: Hearings Before the Senate Commerce Comm.*, 103rd Cong., 2d Sess. (1994) [hereinafter *Benefits of the Uruguay Round*] (statement of Michael Kantor, United States Trade Representative), available in LEXIS, Legis Library, Cngtst File, at *9.

4. 140 CONG. REC. S15,077, *supra* note 1.

5. See C. Michael Hathaway, *Negotiations on Trade Related Property Rights in the Uruguay Round*, 510 PRACTICING L. INST. COM. 165 (1989) (stating that inadequate and ineffective intellectual property protection has resulted in worldwide losses for U.S. companies). See also Michael L. Doane, *TRIPs and International Intellectual Property Protection in an Age of Advancing Technology*, 9 AM. U.J. INT'L L. & POL'Y 465 (1994) (explaining that "[t]he United States is a major producer and exporter of copyrighted materials as well as high technology products.").

6. H.R. Doc. No. 51, 102nd Cong., 1st Sess., at 44-45. See also Al J. Daniel, *Intellectual Property in the Uruguay Round: The Dunkel Draft and Comparison of United States Intellectual Property Rights, Remedies and Border Measures*, 25 N.Y.U. J. INT'L L. & POL. 751, 758 (1993). See also Hathaway, *supra* note 5.

and services abroad.⁷ In an effort to create a minimum level of protection for intellectual property rights that will govern the future of international trade, the United States took the lead in establishing such rights in the recent Uruguay Round of GATT. These discussions culminated with the adoption of the TRIPs agreement, bringing eight years of negotiation for this agreement to a successful conclusion.⁸

The recognition of the protection of intellectual property as a *trade* issue was the first step towards including these rights in the latest round of GATT negotiations.⁹ Because participating nations in GATT also recognized this vital link between trade and the protection of intellectual property, the issue was placed prominently on the agenda.¹⁰ While the first GATT negotiations began back in November 21, 1947, the Uruguay Round was the first to involve intellectual property issues.¹¹ Hence, the incorporation of an agreement on intellectual property rights in the Uruguay Round of GATT was demonstrative of the international commitment to protect intellectual property as well as the growing importance of intellectual property rights as a trade issue.¹²

Through the creation of the GATT-TRIPs agreement, the United States hopes to establish comprehensive standards for the protection of intellectual property and the enforcement of intellectual property rights in World Trade Organization [WTO] countries.¹³ With respect to patent law, it was not until the conclusion of the TRIPs agreement

7. See Hathaway, *supra* note 5 (arguing for adequate and effective protection of intellectual property rights around the world).

8. *GATT Vote: Bob Dole, Republican Senate Leader*, Congressional Press Release (FDCH) (Dec. 1, 1994) [hereinafter *Dole*].

9. Doane, *supra* note 5, at 495 (“[a]s trade in high technology products and other intellectual property rights-related goods has grown, intellectual property protection has become an increasingly important trade issue.”).

10. *The Implementation of the Uruguay Round Agreement on Trade-Related Aspects of Intellectual Property - the TRIPs Agreement: Hearings on S.2368 and H.R. 4894 before the Subcomm. on Patents, Copyrights and Trademarks of the Senate Judiciary Comm. and the Subcomm. on Intellectual Property and Judicial Administration of the House Judiciary Comm.*, 103rd Cong., 2d Sess. (1994) [hereinafter *Hearings*] (statement of Ira S. Shapiro, General Counsel, Office of the United States Trade Representative), available in LEXIS, Legis Library, Cngtst File at *2.

11. Karen Tripp & Linda Stokley, *Changes in U.S. Patent Law Effected By the Uruguay Round Agreements Act — the GATT Implementing Legislation*, 3 TEX. INTELL. PROP. L.J. 315, 316 n.3.

12. See Hathaway, *supra* note 5.

13. The WTO refers to the organization composed of countries which adhere to GATT. The agreement establishing the World Trade Organization [WTO] embodies the results of multi-lateral trade negotiations and are an integral part of the Final Act. Signature of the Final Act constitutes agreement to submit the WTO Agreement for approval. GATT 1994 will be composed of a snapshot of the GATT taken just before the date of entry force of the WTO, together with some of the Uruguay Round results. 33 I.L.M. 1127 (1994).

that a first step had been taken in the international realm towards strong multilateral patent protection.¹⁴ The patent provisions found in the TRIPs agreement provide for "minimum standards which closely match the initial proposal of the United States."¹⁵ In order to comply with the standards required by the TRIPs agreement, Congress passed implementing legislation to conform with these provisions.¹⁶ While for the most part the agreement conforms to our present patent law system, there are certainly some important differences.¹⁷ One of the most drastic and significant changes involves the duration of the patent term for utility and plant patents.¹⁸ Under the GATT implementing legislation, the patent term in the United States was changed from seventeen years from the issue date to twenty years from the application date.¹⁹

This comment will address the legal and practical significance of this unprecedented change to the duration of the patent term in the United States. More specifically, it will look at the evolution of the GATT-TRIPs agreement and its effect on domestic patent law, the advantages and disadvantages of the adoption of the twenty-year patent term, and current proposed legislation in reaction to this controversial change.

14. Doane, *supra* note 5, at 478.

15. *Id.*

16. Uruguay Round Agreements Act, Pub. L. No. 103-465, § 532, 108 Stat. 4809 (1994).

17. DONALD S. CHISUM, 1 PATENTS 1, (*GATT-TRIPs Patent Law Changes*, Supp 1995).

The December 1994 GATT-TRIPs legislation makes four changes in United States patent law: (1) it establishes a 20-year patent term measured from the earliest-referenced application filing date, in lieu of the existing 17-year term from issue date term; (2) it authorizes low-cost, simplified "provisional applications" that establish a "domestic priority" right for up to one year; (3) it allows inventors to prove invention dates by reference to activity in other, "WTO member" countries; and (4) it adds offers to sell and importations as acts of infringement.

Id.

18. See *Hearings, supra* note 10, at *3 (statement of Bruce A. Lehman, Assistant Secretary of Commerce and Commissioner of Patents and Trademarks).

19. Section 154 of title 35, United States Code, is amended to read as follows:

(2) Term — Subject to the payment of fees under this title, such grant shall be for a term beginning on the date on which the patent issues and ending 20 years from the date on which the application for the patent was filed in the United States or, if the application contains a specific reference to an earlier filed application or applications under section 120, 121, or 365(c) of this title, from the date on which the earlier such application was filed.

35 U.S.C.A. § 154 (West Supp. 1995), amended by Pub. L. No. 103-465.

II. BACKGROUND

A. *Previous Discussions Concerning Patent Terms*

U.S. leaders have recommended conforming the patent system to the emerging international standard of twenty years from filing in the past. Legislators have been struggling with the question of whether or not to conform to this standard since 1966 when the Presidential Commission recommended adoption of a twenty-year term beginning from the date of filing.²⁰ Discussions on patent harmonization reappeared in 1986 under the auspices of the World Intellectual Property Organization (WIPO), and these discussion ultimately resulted in adoption of the TRIPs agreement.²¹ The first step towards this revolutionary change to domestic patent law occurred in 1992 when the Advisory Committee on Patent Law Reform issued a report to the Secretary of Commerce recommending adoption of a twenty-year term beginning from the filing date of the first complete United States application.²² More recently, legislation has been pending in Congress for the last four sessions of Congress trying to provide for a twenty year term.²³

B. *Law Prior to GATT*

Prior to GATT implementing legislation, U.S. law provided that the term of a U.S. utility patent was seventeen years measured from the time the patent was issued, subject to the payment of fees as provided for in the title.²⁴ During this term the inventor was entitled to the right to exclude others from making, using, or selling the patented invention.²⁵ In return, the applicant must disclose the invention to the public.²⁶ That is, the applicant must describe the invention and the specific inventive claims.²⁷ The patent application must contain sufficient detail to allow one skilled in the art to make and use the invention.²⁸ By requiring such detailed disclosure, the patent system seeks to stimulate all others, including competitors, to use the information for further technological development. To protect an inventor's exclusive right, U.S. patent law provides that if unauthorized activities oc-

20. *Hearings, supra* note 10, at *8 (statement of Ira Shapiro).

21. *Id.*

22. *Id.*

23. *Id.*

24. 35 U.S.C. § 154 (1988).

25. 35 U.S.C.A. § 154(a)(1) (West Supp. 1995).

26. 35 U.S.C.A. §§ 111(a)(2), 112 (West Supp. 1995).

27. MICHAEL A. EPSTEIN, *MODERN INTELLECTUAL PROPERTY* 200 § 5.01, at 5-4 (3d ed. 1995).

28. *Id.*

cur, the patent holder may bring a suit for infringement under § 271 of the Patent Act.²⁹

The length of the patent term has been subsequently amended as a result of the GATT-TRIPs negotiations. More specifically, patents will now be valid twenty years from the date an application is first filed.³⁰ Both the advantages and disadvantages of the twenty-year term in relation to the seventeen-year term will be discussed further below.

C. GATT-TRIPs Agreement

1. What is GATT?³¹

"The GATT system is the principal system providing a legal framework of rules and procedures governing international trade."³² It regulates trade among more than 100 nations and seeks to provide a framework of certainty and predictability to the world market.³³ Since 1947, GATT has formed the backbone of our international trading system. Its general goals include universal and unconditional most-favored-nation status,³⁴ nondiscrimination against imports ("national treatment"),³⁵ and transparency in trade barriers.³⁶ By promoting

29. 35 U.S.C.A. § 271(a) (West 1984) ("Infringement of Patent. Except as otherwise provided in this title, whoever without authority makes, uses, or sells any patented invention, within the United States during the term of the patent thereof, infringes the patent.").

30. Chartrand, *supra* note 2. See also Agreement on the Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, Apr. 15, 1994, annex 1c, 33 I.L.M. 1125 [hereinafter *Uruguay Round*] ("[T]erm of Protection. The term of protection available shall not end before the expiration of a period of twenty years counted from the filing date.").

31. For a more detailed discussion concerning the history of the GATT system, see generally TERENCE P. STEWART, *THE GATT URUGUAY ROUND: A NEGOTIATING HISTORY* 185 (1986-1992); ROBERT E. HUDEC, *THE GATT LEGAL SYSTEM AND WORLD TRADE DIPLOMACY* (2d ed. 1990); *THE NEW GATT ROUND OF MULTILATERAL TRADE NEGOTIATIONS* No. 5 (Ernst-Ulrich Petersman & Meinhard Hilf eds., 2d ed. 1991); ROBERT E. HUDEC, *ENFORCING INTERNATIONAL TRADE LAW: THE EVOLUTION OF THE MODERN LEGAL SYSTEM* (1991); *LAW AND PRACTICE UNDER THE GATT* (Kenneth R. Simmonds & Brian H.W. Hills eds., 1991).

32. STEWART, *supra* note 31, at 1865.

33. Stephen E. Bondura & Lloyd G. Fart, *Intellectual Property Rights Abroad and at Home After GATT*, 7 S.C. LAW. 20, 21 (1995). See also Tripp & Stokley, *supra* note 11, at 316.

34. PAUL B. STEPHAN III, ET AL., *INTERNATIONAL BUSINESS AND ECONOMICS: LAW AND POLICY* 667 (1993) ("The most-favored-nation (MFN) concept embodies a broad nondiscrimination principle: countries linked by a MFN obligation will not treat each other worse (in terms of trade barriers) than they treat any other country."). Marshall A. Leaffer, *Protecting United States Intellectual Property Rights: Towards a New Bilateralism*, 76 IOWA L. REV. 273, 299 (1991) (describing the GATT system and the basic principles to which GATT adheres in the international trade of goods).

35. STEPHAN, *supra* note 34, at 670 ("National treatment is a nondiscrimination principle that forbids a country from differentiating between goods imported from any GATT party and domestic goods with respect to internal taxes and all laws, regulations and requirements affecting their internal sale, offering for sale, purchase, transportation, distribution or use."). See also Leaffer, *supra* note 34, at 299.

these principles, the members of GATT seek to create a more cooperative forum for the international trade of goods.³⁷

The *Final Text of the GATT Uruguay Round Agreements including the Agreement Establishing the World Trade Organization* was finally concluded on December 15, 1993.³⁸ This text revised the forty-five-year old GATT treaty to include an international agreement on trade-related matters of intellectual property.³⁹ The WTO agreement went into effect for the United States on January 1, 1995.⁴⁰

2. What are the Objectives of the TRIPs Agreement?

Historically, national governments, or such international organizations such as the World Intellectual Property Organization (WIPO), controlled the protection of intellectual property rights.⁴¹ By placing intellectual property rights formally on the agenda for the first time in GATT history, intellectual property rights were brought within the multilateral framework.⁴² Consequently, the conclusion of the TRIPs agreement established for the first time detailed multilateral obligations to provide and enforce intellectual property rights around the world.⁴³

As one article stated:

Recognizing the need for a multinational framework to deal with the creation, protection and enforcement of intellectual property rights, the TRIPs agreement is a far-reaching plan that attempts to strengthen and harmonize the standards of intellectual property offered throughout the world in an effort to control, and eventually eradicate, the ever-growing problems of international infringement and counterfeiting.⁴⁴

While many in the high technology industry will agree that this agreement will not solve all the problems related to worldwide protection of intellectual property, it is definitely a step in the right direction.⁴⁵

36. STEPHAN, *supra* note 34, at 672 ("The transparency concept rests on the proposition that barriers to international commerce should be predictable and discrete."). See also Leaffer, *supra* note 34, at 299.

37. See Leaffer, *supra* note 34, at 298.

38. Lisa B. Martin & Susan L. Amster, *International Intellectual Property Protections in the New GATT Accord*, 2 J. PROPRIETARY RTS. 9 (1993).

39. *Id.*

40. Jared Bobrow & Elizabeth Enayati, *Patent Practitioner Beware: GATT Changes the Rules in U.S. Patent Law*, 4 J. PROPRIETARY RTS. 13 (1995), Apr. 1995, at 13, 17.

41. STEWART, *supra* note 31, at 2245.

42. *Id.*

43. *Benefits of the Uruguay Round*, *supra* note 3.

44. Martin & Amster, *supra* note 38.

45. For a more detailed discussion concerning TRIPs objectives, see Petersman & Hilf, *supra* note 31, at 519.

One of the most important objectives under the TRIPs agreement was to create minimum standards of protection for each country to embody in its domestic laws concerning patents, copyrights, trademarks, trade secrets, and semiconductor layout designs.⁴⁶ With respect to patents, Article 33 of the TRIPs agreement states that "[t]he term of protection available shall not end before the expiration of a period of 20 years counted from the filing date."⁴⁷ Because this sentence could seriously diminish patent protection for U.S. patents with long pendency periods, small inventors and members of the biotechnology and pharmaceutical industry voiced their opposition to this provision during the congressional debates.

D. *Legislative History of the Uruguay Round Agreements Act*

In order to conform to the provisions of GATT, U.S. patent law has been subsequently amended to implement the minimum requirement of twenty years from filing agreed upon in the GATT-TRIPs agreement. The Clinton administration proposed, in House Bill 5110⁴⁸ and Senate Bill 2467,⁴⁹ comprehensive GATT implementing legislation to execute various TRIPs provisions, including the new twenty-year patent term.⁵⁰ On August 12, 1995, both bills were subject to a joint hearing before the House Judiciary Subcommittee on Intellectual Property and Judicial Administration and the Senate Judiciary Subcommittee on Patents, Copyrights and Trademarks.⁵¹ Each

The Punta del Este Declaration has defined the negotiating objective in the following terms:

In order to reduce the distortions and impediments to international trade, and taking into account the need to promote effective and adequate protection of intellectual property rights, and to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade, the negotiations shall aim to clarify GATT provisions and elaborate as appropriate new rules and disciplines.

Negotiations shall aim to develop a multilateral framework of principles, rules and disciplines dealing with international trade in counterfeit goods, taking into account work already undertaken in GATT. These negotiations shall be without prejudice to other complimentary initiatives that may be taken in the World Intellectual Property Organization and elsewhere to deal with these matters.

Id.

46. *Uruguay Round*, *supra* note 30, annex 1c, pt. II, § 5, art. 33.

47. *Id.*

48. H.R. 5110, 103rd Cong., 2d Sess. (1994).

49. S. 2467, 103rd Cong., 2d Sess. (1994).

50. *GATT Bill Brings Major Reforms to Domestic Intellectual Property Law*, Int'l Trade Rep. (BNA) No. 50, at 1966 (Dec. 21, 1994) [hereinafter *Major Reforms*].

51. *GATT TRIPs Implementation Bills Prove Controversial at Joint Hearings*, Int'l Trade Rep. (BNA) No. 33, at 1261 (Aug. 17, 1994) [hereinafter *Bills Prove Controversial*].

bill sought to approve and implement the trade agreements concluded in the Uruguay Round of multilateral trade negotiations.⁵²

The most controversial and contentious testimony at the hearings focused on the proposed twenty-year patent term.⁵³ While some praised the long-awaited change in the patent term, many criticized the administration for attempting to slide through this dramatic change to American patent law as part of GATT.⁵⁴ Others proposed to change the legislation to read "twenty years from filing or seventeen years from issue, *whichever is longer*" to ensure that the U.S. patent term would not be shortened as a result of the GATT provisions.⁵⁵ Nevertheless, this comprehensive GATT implementation legislation was passed by the House on November 29, 1994 and by the Senate on December 1, 1994.⁵⁶ On December 8, 1994, President Clinton signed it into law as Public Law 103-465.⁵⁷

E. GATT Implementing Legislation

The GATT implementing legislation provides that most of the statutory amendments concerning intellectual property take effect one year after the date on which the World Trade Organization Agreement (WTO agreement) enters into force or as early as possible thereafter. The WTO agreement entered into force for the United States on January 1, 1995.⁵⁸ Hence, most of the provisions of the GATT implementing legislation took effect on January 1, 1996. A very significant part of the legislation, the provisions relating to patent terms and provisional applications, however, took effect six months after the signing of the bill. The implementing legislation with regard to patent terms amended 35 U.S.C. § 154 to provide that the term of protection begins on the date of grant and ends twenty years from the filing date of the application.⁵⁹ This provision took effect June 8, 1995.⁶⁰

52. See H.R. 5110, *supra* note 48; see also S. 2467, *supra* note 49.

53. *Hearings*, *supra* note 10, at *3 (statement by Bruce Lehman).

54. *Id.*

55. *Id.*

56. 59 Fed. Reg. 63,951 (1994) (to be codified at 37 C.F.R. pt. 1 and 3) (proposed Dec. 12, 1994).

57. Uruguay Round Agreements Act § 532, *supra* note 16.

58. CHISUM, *supra* note 17, at 26, 30. See also *Major Reforms*, *supra* note 50, at 1966. See also Michael Kirk, Deputy Assistant Secretary of Commerce and Deputy Commissioner of Patent and Trademarks, Remarks at a Seminar on the Effects of GATT and NAFTA on the Patent Process, (Jan. 19, 1994) (transcript available from U.S. Patent and Trademark Office).

59. Uruguay Round Agreements Act § 532, *supra* note 16.

60. Uruguay Round Agreements Act § 534, 108 Stat. 4990 (1994) (providing effective dates). See also Tripp & Stokley, *supra* note 11, at 318.

Every patent issuing from an application filed after June 8, 1995, will have an expiration date that is twenty years calculated from the filing date of the first filed U.S. member of that application family.⁶¹ The twenty-year term applies to all utility patent applications, including divisional⁶² and continuation⁶³ applications, filed on or after June 8, 1995. As amended § 154 states that "if the application contains a specific reference to an earlier filed application or applications under section 120, 121 or 365(c) of this title," the twenty-year term runs "from the date on which the earliest such application was filed."⁶⁴ This will have a dramatic effect on patent practice because the term of a patent that issues from a divisional or a continuation application will run from the filing date of the parent U.S. application, not from the filing date of the divisional or continuation application. With respect to foreign priority applications, § 154 states that the filing date of the provisional application will not be included in the calculation of the twenty-year term.⁶⁵

1. Patent Term Extensions Included

To help mitigate any fears that unexpected delays would subtract time from patent protection, certain provisions were included in the legislation to provide for extensions to the patent term due to delays in issuing a patent. The term extensions under this Act are "separate from and in addition to the patent term extension" already provided

61. Craig P. Opperman, *U.S. Patent Law's New Face*, COMPUTER LAW., Mar. 1995, at 7 (explaining the effect of the change in the patent term on divisional and continuing applications).

62. A divisional application is most often required when a prior pending application discloses and claims more than one invention. A single application can claim only one independent and distinct invention. If a filed application contains claims that do not form a single inventive concept, the examiner requires the applicant to elect those claims relating to a single inventive concept. The non-elected claims relating to a single inventive concept. The non-elected claims may then be the subject of a divisional application, which must also be filed while the parent application is pending.

EPSTEIN, *supra* note 27, § 5.03[A][3][d], at 5-30 to 5-31.

63. A continuation application is filed when another application by the same inventor, filed previously, is still pending in the Patent and Trademark Office. The earlier filed application is known as a parent application. A continuation application must disclose the same subject matter as that of its parent.

Most often a continuation application is filed when its parent application has received a final rejection. The continuation application in practice contains an amendment to the parent application so as to put the parent application in a condition for allowance or in better form for appeal.

EPSTEIN, *supra* note 27, § 5.03[A][3][b] at 5-29 to 5-30.

64. 35 U.S.C.A. § 154(a)(2) (West Supp. 1995).

65. SCOTT FIELDS, *GATT Will Have a Significant Impact: Technology-Based Business Affected by New Legislation*, LEGAL INTELLIGENCER, Feb. 2, 1995 at 7.

for in 35 U.S.C. § 156.⁶⁶ Existing 35 U.S.C. § 156 allows an extension of patent term involving products or methods that had been subject to premarket regulatory delays.⁶⁷ More recently, the PTO has stated that “[i]n order to prevent a term extension under 35 U.S.C. § 156, S.2467 and H.R. 5110 amend 35 U.S.C. § 156(a)(2) to provide that the term has never been extended under 35. U.S.C. § 156(e)(1).”⁶⁸ Hence, the following discussion will focus on the additional patent extensions added by this legislation.

The GATT implementing legislation states that the twenty-year patent term may be extended for a maximum of five years in certain circumstances.⁶⁹ These circumstances include delays due to interference proceedings,⁷⁰ placement of the application under a secrecy order,⁷¹ and/or successful appeals to the Board of Patent Appeals and Interferences [hereinafter BPAI] or the federal courts.⁷² A patent term may only be extended for a *maximum* of five years for either delays due to one circumstance or a combination of all of the them.⁷³ This cap was included to prevent applicants from trying to extend their

66. CHISUM, *supra* note 17, at 13.

67. *Id.*

68. *Id.*

69. 35 U.S.C.A. § 154(b) (West Supp. 1995).

70. *See* 35 U.S.C.A. § 154(b)(1) (West Supp. 1995). *See also* 35 U.S.C. § 135(a) (1988):

Whenever an application is made for a patent which, in the opinion of the Commissioner, would interfere with any pending application, or with any unexpired patent, an interference may be declared and the Commissioner shall give notice of such declaration to the applicants, or applicant and patentee, as the case may be.

See also EPSTEIN, *supra* note 27, at 5-17 n.40:

An interference proceeding is an administrative proceeding conducted before the U.S. Patent and Trademark Office. If two issued patents claim the same subject matter, the U.S. Patent and Trademark Office has no jurisdiction to decide priority of invention and the issue must be decided in a civil action. 35 U.S.C. § 291 (1984). The Patent and Trademark Office makes a threshold determination of the patentability of the claimed subject matter to any party before declaring an interference.

71. *See* 35 U.S.C.A. § 154(b)(1) (West Supp. 1995). *See also* 35 U.S.C. § 181 (1988).

Whenever publication or disclosure by the grant of a patent on an invention in which the government has a property interest might, in the opinion of the head of the interested government agency, be detrimental to the national security, the Commissioner upon being so notified shall order that the invention be kept secret and shall withhold the grant of a patent thereof under the conditions set forth hereinafter.

Id.

72. *See* 35 U.S.C.A. § 154(b)(2) (West Supp. 1995). *See also* 35 U.S.C. § 134 (1988). (“An applicant for a patent, any of whose claims has been twice rejected, may appeal from the decision of the primary examiner to the Board of Patent Appeals and Interferences, having once paid the fee for such appeal.”).

73. *See* 35 U.S.C.A. § 154(b)(4) (West Supp. 1995) (“The total duration of all extensions of a patent under this subsection shall not exceed 5 years.”).

terms through one of these mechanisms, resulting in unlawful extension of their monopoly rights. The extension under this subsection will never exceed five years regardless of whether the delay *actually* exceeds five years.⁷⁴

As stated earlier, patent term extensions are permitted only for specified delays. With respect to delays due to interference proceedings under 35 U.S.C. § 135, the extension will begin on the date that the interference was declared and end on the date the interference terminated plus any time during which the Patent and Trademark Office [PTO] suspends an application's prosecution due to an interference.⁷⁵ Any delay due to a secrecy order under 35 U.S.C. § 181 will extend the patent term by the number of days the application was maintained under secrecy order.⁷⁶ Lastly, delays due to successful appellate reviews will equal the sum of the days beginning on the date the appeal to the BPAI was filed and ending on the date of the final decision in favor of applicant.⁷⁷

There are two important conditions concerning delays due to successful appellate review that need to be addressed. First, there are certain situations where the extension period will not be permitted. If the appeals process is concluded within three years, then there will be no need to extend the term since the applicant will have at least received a seventeen-year term.⁷⁸ Similarly, if the applicant does not act with due diligence, time will be subtracted from the extension.⁷⁹ That is, the extension of a term for a successful appeal "will equal the time of the appeal minus any time during which the applicant did not act with due diligence."⁸⁰ In this instance "the Commissioner will con-

74. Tripp & Stokley, *supra* note 11, at 316. *But see infra* part V.B. (discussing proposed legislation H.R. 1733, which allows extensions due to "unusual administrative delay" for up to ten years).

75. CHISUM, *supra* note 17, at 11. *See generally* 35 U.S.C. § 154(b).

76. CHISUM, *supra* note 17, at 11.

77. Limitations. The period of extension referred to in paragraph (2) —

(A) shall include any period beginning on the date on which an appeal is filed under Section 134 or 141 of this title, or on which an action is commenced under section 145 of this title, and ending on the date of a final decision in favor of the applicant.

35 U.S.C.A. § 154(b)(3) (West Supp. 1995).

78. *See* 35 U.S.C.A. § 154(b)(3) (West Supp. 1995) ("The period of extension referred to in paragraph (2) — . . . (B) shall be reduced by any time attributable to appellate review before expiration of 3 years from the filing date of the application for the patent.").

79. *See* 35 U.S.C.A. § 154(b)(3)(C) (West Supp. 1995) ("The period of extension referred to in paragraph (2) . . . (C) shall be reduced for the period of time during which the applicant for a patent did not act with due diligence as determined by the Commissioner.").

80. *Hearing Airmen's Views on Proposals to Implement 20-Year Under URAA*, 49 PAT. TRADE-MARK & COPYRIGHT J. (BNA) No. 1217, at 494 (Feb. 23, 1995) (hereinafter *Hearing Airmen's Views*). Bobrow & Enayati, *supra* note 40, at 15.

sider whether the applicant 'exhibited the degree of timeliness as may reasonably be expected from and which is ordinarily exercised by, a person during the pendency period of an application'."⁸¹ Some examples of "conduct revealing a lack of due diligence are requesting extensions of time, submitting responses that are not fully responsive, and filing informal applications."⁸² By reducing patent terms as a result of a lack of due diligence, applicants and counsel will be forced to proceed quickly and efficiently when dealing with official communications with the PTO.⁸³

Secondly, it is important to note the use of the word "successful" appellate review. While the PTO adheres to the notion that an applicant should not be penalized for any activity beyond the applicant's control, some limitations have been established to avoid excessive appeals.⁸⁴ As a result, the PTO has made it clear that only those applications that enjoy a successful outcome will be granted an extension of up to five years.⁸⁵ By placing this limitation on only *successful* reviews, the PTO hopes to avoid the possibility of applicants extending their terms by filing frivolous appeals.⁸⁶ However, many commentators have argued that it achieves the opposite result. For example, Craig Opperman states that "this provision could cause patent applicants to file more appeals against decisions by examiners three years after a patent application's pendency. The rationale behind such appeals would be that, if successful, they effectively stop the '20 year' clock, something that does not happen when the applicant is arguing the case before the examiner."⁸⁷

During the congressional hearings, Bruce Lehman, Assistant Secretary of Commerce and Commissioner of Patents and Trademarks remarked that allowing for patent term extensions "[r]easonably compensates for delays not within the control of the applicant, but does not permit applicants to use the patent system to delay the issuance of the patent unnecessarily."⁸⁸ Hence, while there are some statutory mecha-

81. *Hearing Airs Views*, *supra* note 80, at 494.

82. *Id.*

83. Opperman, *supra* note 61, at 10 (noting that "the common practice of filing applications without required signatures or fees could be considered as falling into the definition of acting without due diligence").

84. Bobrow & Enayati, *supra* note 40, at 15. *See also* Opperman, *supra* note 61, at 9-10.

85. 35 U.S.C.A. § 154(b)(2) (West Supp. 1995) (providing for an extension if a patent is issued pursuant to a decision reversing an adverse determination of patentability). *See also* CHISUM, *supra* note 17, at 11 (discussing when an extension will be given as a result of an appeal to the Board of Patent Appeals and Interferences or the Federal Court). *See also* Opperman, *supra* note 61, at 10.

86. Kirk, *supra* note 58.

87. Opperman, *supra* note 61, at 10.

88. *Hearings*, *supra* note 10, at *5 (statement of Bruce Lehman).

nisms to prevent inequitable shortening of patent terms, the patent life is no longer determined from the date of issuance, but rather it now depends on the duration of the pendency period.

2. Introduction of a Provisional Application

While not mandated under the TRIPs agreement, the PTO has adopted a new patent application process called a "provisional application."⁸⁹ Under the GATT implementing legislation, 35 U.S.C. § 111 and 35 U.S.C. § 119 have been amended to establish a domestic priority system.⁹⁰ It is a temporary application and will be automatically abandoned by law one year after filing. This new provisional application was created for two reasons. First, it is intended to make the adoption of the new twenty-year term easier for American inventors. Second, it is to give American inventors the same opportunity as foreign applicants to obtain an earlier effective filing date.

A provisional application will be a regular national filing that starts the Paris Convention priority year.⁹¹ This newly created internal domestic priority system is similar to the provisional patent application systems of many other countries. That is, the filing date of the U.S. provisional application will be effective for foreign patent purposes.⁹² Thus, "applicants wishing to utilize the one-year grace period offered by the international Paris Convention treaty should file their foreign patent applications within twelve months of the provisional application's filing date."⁹³

While the provisional application must still meet certain requirements, they are far less stringent than a regular patent application. The provisional application requires the filing of a specification,⁹⁴ in

89. 35 U.S.C.A. § 111(b) (West Supp. 1995). See also Chartrand, *supra* note 2.

90. Uruguay Round Agreements Act, § 532, *supra* note 16. See also 35 U.S.C.A. §§ 111(b), 119(e) (West Supp. 1995).

91. A person applying for a patent in the United States may be entitled to a right of priority based on the filing of an application for the same invention in a foreign country within the prior twelve-month period. This right in the United States implements the provisions of the Paris Convention for the Protection of Intellectual Property. A foreign filing has the same effect as a domestic filing insofar as the rights of the applicant are concerned, except that such filing will not toll the running of the one-year grace period for filing in the United States after publication, public use or on sale activity. A foreign filing does not have the same effect as a domestic filing in determining prior art and the patentability of inventions by others.

CHISUM, *supra* note 17, § 14.01

92. Opperman, *supra* note 61, at 11.

93. *Id.*

94. The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which

compliance with only the first paragraph of 35 U.S.C. § 112, and drawings⁹⁵ only where necessary for the understanding of the invention.⁹⁶ However, a provisional application must include the name of the inventors, the appropriate filing fee and a cover sheet to identify it as a provisional application.⁹⁷ An application not identified as a provisional application will be treated as a regular application.⁹⁸ Unlike a regular application, however, the provisional application does not require a claim⁹⁹ or an oath.

The provisional application has several important benefits. As noted above, because the filing of a provisional application does not trigger the start of the twenty-year patent term, it places domestic applicants on even footing with foreign applicants. Since our major trading partners have mechanisms that allow their applicants to file an application without starting the clock ticking on their regular application, it was extremely important that the United States develop a similar mechanism for American patents.

Secondly, the provisional application has minimal legal and formal requirements. Applicants can quickly and inexpensively establish an early effective filing date in a patent application which establishes a constructive reduction to practice¹⁰⁰ for any invention described in the provisional application.¹⁰¹ One important advantage to the provisional application is the low filing cost. The cost for independent inventors, nonprofit businesses and small businesses is only \$75 and for larger entities \$150.¹⁰² This low cost allows applicants who may be

it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

35 U.S.C.A. § 112 (West Supp. 1995).

95. 35 U.S.C. § 113 (1988) ("The applicant shall furnish a drawing where necessary for the understanding of the subject matter sought to be patented.")

96. 35 U.S.C.A. § 111(b)(1)(A), (B) (West Supp. 1995).

97. See 35 U.S.C.A. § 111(b) (West Supp. 1995). See also CHISUM, *supra* note 17, at 18. According to Chisum, proposed PTO Rule 51(a)(2) requires that the cover sheet identify:

(A) the application as a provisional application, (B) the name or names of the inventor or inventions. . . (C) the title of the invention, (D) the name of the registration number of the attorney or agent (if applicable), (E) the docket number used by the person filing the application to identify the application (if applicable), and (F) the correspondence address.

98. Kirk, *supra* note 58.

99. See 35 U.S.C.A. § 111(b)(2) (West Supp. 1995) ("A claim, as required by the second through fifth paragraphs of Section 112, shall not be required in a provisional application."). See also CHISUM, *supra* note 17, at 17.

100. A filed patent application adequately describing the invention is considered a constructive reduction to practice for priority purposes. CHISUM, *supra* note 17, § 10.03[1][c].

101. See Tripp & Stokley, *supra* note 11, at 320 (stating that an applicant can obtain the benefit of the early filing date of the provisional application for a regular patent application.).

102. CHISUM, *supra* note 17, at 17. "The basic filing fees for national patent applications filed after October 1985 are: (1) \$340 for original patent application (except designs or plants)."

worried about the high expenses of filing or the probability of their patent not issuing, to nevertheless file, preserving their rights in the patent.

But probably the most important and practical benefit of the provisional application is the additional one-year period. The filing of a provisional application provides up to twelve months to further develop the invention, determine marketability, acquire funding or capital, and seek licensing or manufacturing.¹⁰³ These determinations are especially important for an inventor to establish early in the process, not only for protection overseas, but for ascertaining the future of the patent. The one-year period also becomes crucial to the small inventor who would be able to pay the nominal fee, receive an early filing date and then go and establish whether it will be possible to acquire the appropriate financing for the invention. In addition, because applications are kept in confidence by the PTO, inventors are able to file their applications before publication, thus protecting against losses that would result if application is abandoned.¹⁰⁴

Although there are numerous benefits to the provisional application, some limitations do exist. For example, the provisional application cannot mature into a patent, it is not examined for substance, and it cannot claim priority of an earlier application, foreign or domestic.¹⁰⁵ In addition, the application can go abandoned prior to the one-year period for a failure to pay the filing fee¹⁰⁶ or for failure to respond to an office requirement.¹⁰⁷ It may be revived, but in no case may its pendency extend beyond one year from its filing date.¹⁰⁸ While there are some limitations to a provisional application, its purpose in providing the American inventor with a domestic priority sys-

CHISUM, *supra* note 17, § 11.02 [1], at 11-19. "There are additional fees based on number and types of claims filed with the application . . . [and] all of the above fees are reduced 50% for 'small entities.'" *Id.*

103. See Mary Hull Caballero, *GATT Opening America's Doors to the World*, Tex. Law. 6, at *9 (1995), available in LEXIS, News library, Curnws file (discussing how provisional applications would help low-budget domestic inventors). But see Opperman, *supra* note 61, at 11 (arguing that industries that experience significant delays between conception and marketing will not gain a significant advantage as a result of filing for a provisional application).

104. Bondura & Farr, *supra* note 33, at 21. See also Tripp & Stokley, *supra* note 11, at n.30.

105. See Tripp & Stokley, *supra* note 11, at 320. See also Opperman, *supra* note 61, at 11.

106. 35 U.S.C.A. § 111(b)(3)(C) (West Supp. 1995). ("Fee. Upon failure to submit the fee within such prescribed period, the application shall be regarded as abandoned, unless it is shown to the satisfaction of the Commissioner that the delay in submitting the fee was unavoidable or unintentional.")

107. 35 U.S.C.A. § 111(b)(5) (West Supp. 1995). ("Abandonment. The provisional application shall be regarded as abandoned 12 months after the filing date of such application and shall not be subject to revival thereafter.")

108. *Id.*

tem is essential for American patents to compete effectively overseas.¹⁰⁹

III. SEVENTEEN YEARS FROM GRANT VERSUS TWENTY YEARS FROM FILING

The Founding Fathers recognized the need for strong patent protection and embodied it in the Constitution.¹¹⁰ In adherence to this philosophy, U.S. lawmakers have created a patent system that gives the "creative individual incentive to exercise his art by providing him with a fixed term during which he has exclusive control over his creation."¹¹¹ This has been an influential factor in the establishment of the strong high technology industry that the United States enjoys.¹¹²

While U.S. domestic law may protect our patents at home, it is imperative that these patents are likewise protected in other countries. The protection of international intellectual property rights was placed on the agenda for the Uruguay Round of negotiations of GATT due to the persistence of American businesses, inventors, and artists, who tend to suffer considerably from inadequate intellectual property protection abroad.¹¹³ As a result, the United States was the leader in successfully concluding the first multilateral intellectual property rights agreement of its kind. In order to adhere to the obligations required under the GATT-TRIPs agreement, the United States must conform domestic patent law in several respects. One of the most controversial changes is the duration of the patent term.¹¹⁴

109. See CHISUM, *supra* note 17, at 9 (explaining that U.S. applications using the "new domestic priority system may obtain up to 21 years from the earliest priority date.").

110. U.S. CONST. art. I, § 8, cl. 8 ("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.").

111. *Hearings, supra* note 10, at *2 (statement of Kenneth F. Addison, Jr., on behalf of United Inventors Association).

112. Doane, *supra* note 5, at 465.

113. *Id.* at 466.

114. *Hearings, supra* note 10, at *3 (statement of Bruce Lehman). See also *Hearings, supra* note 10, at *4-5 (statement of Robert E. Muir) (discussing the objective of establishing a patent term).

The measure of the patent term should accomplish at least three goals. First, it should provide a reasonable incentive for persons investing in risky research and development as well as a fair exclusivity reward for those whose investments have brought patented technology to the marketplace. Second, an effective patent term should serve the public good through the appropriate disclosure of new technologies and the resulting advancement of the state of the art. Third, an advantageous patent term should prevent the unwarranted extensions of patent terms that place a drag on United States industry long after patents on contemporaneous inventions have expired.

Proponents argue that counting the term from the filing date of the original application, as proposed in the TRIPs agreement and in the GATT implementing legislation, will encourage, rather than discourage, a more efficient and fair patent system.¹¹⁵ In order to comply with the specific provisions of TRIPs, the implementing legislation concerning the seventeen-year patent term amended 35 U.S.C. § 154 to harmonize with the emerging international standard of twenty years from filing.¹¹⁶ This change has come to the dissatisfaction of some and the relief of many.

A. *Advantages of a Twenty-Year-from-Filing Patent Term*

The proponents of this new twenty-year term argue that the advantages of changing the patent system to conform with the international standard outweigh the advantages of retaining the old American standard of a seventeen-year term from grant. There are three main benefits of the twenty-year term: (1) it discourages the incidence of "submarine patents,"¹¹⁷ which exist due to intentionally extending prosecution,¹¹⁸ (2) it maintains pressure on the patent community to keep pendency down and encourages inventors to promptly obtain a patent to maximize their exclusive rights,¹¹⁹ and (3) it provides the inventor with a thirty-six month window within which to obtain a patent grant, thus extending the life of a patent in 80% of the cases.¹²⁰

The first advantage to a twenty-year term is to prevent the emergence of submarine patents.¹²¹ Beginning a patent term from its issue date, as opposed to its filing date, allows unwarranted or frivolous extensions thereby resulting in what is known in the industry as submarine patents. This practice, of deliberately prolonging the pendency

Id. While the seventeen-year term from grant adequately meets the first two objectives, it does not prevent intentional delays and extensions, the third objective.

115. See *infra* part III (A).

116. *Hearings, supra* note 10, at *4 (statement of Bruce Lehman).

117. The term "submarine patents" arises when applicants deliberately prolong the pendency of their applications to extend the date their patent will expire. James P. Chandler, *The Loss of New Technology to Foreign Competitors: U.S. Companies Must Search for Protective Solutions*, 27 GEO. WASH. J. INT'L L. & ECON. 305, 323 (1993-1994) ("[D]ue to the secrecy in which applications are held, a subsequent applicant could pursue his application wasting time and resources, as the earlier applicant, if successful, would prevail . . .").

118. See *Major Reforms, supra* note 50. See also Opperman, *supra* note 61, at 8; Caballero, *supra* note 103, at *7; Bobrow & Enayati, *supra* note 40, at 13.

119. See Opperman, *supra* note 61, at 12.

120. See *id.* at 9 (stating that according to the PTO a very high percentage of patents issue in less than three years). See *Hearings, supra* note 10, at *3 (statement of Intellectual Property Owners) (discussing the average pendency periods of patent applications).

121. See Application of John Paul Hogan, 559 F.2d 595, 604 n.13 (1977) (discussing how continuation applications are permitted under § 112 and § 120 without regard to the length of pendency period).

of the application to a more advantageous time, not only discourages innovation and investment, but it has an adverse effect on economic development.¹²² Under the previous seventeen-year term, the applicant could wait "until the market is mature before his patent term starts instead of having the term start reasonably close to the time the invention is conceived and reduced to practice."¹²³ Because the PTO does not disclose the information contained in pending patent applications, competitors are often surprised when these patents surface many years after the competitors have invested in technology that they assumed was in the public domain. By allowing these patents to go unseen and unheard, industries wait in uncertainty about the availability of technology and the legal rights in inventions.¹²⁴

One of the most frequently cited examples of an inventor who takes advantage of delay mechanisms and the use of a submarine patent is the controversial inventor Jerome H. Lemelson. "Lemelson dreams up ideas of what the world might look like twenty years from now. He files very broad patent applications [and] intentionally keeps those applications . . . pending [until the industry develops the idea]."¹²⁵ He then "modifies the application to match the industry, and lets it issue in the middle of a fully developed industry that he has contributed nothing to" before forcing these companies to pay him royalties.¹²⁶ As demonstrated, these submarine patents delay dissemination of technological information to the public and in the end hurt the American high technology industry.¹²⁷ Changing the start of the term from the date of grant to the date of filing will "curtail the incidence of United States patents issuing many years, even decades, after a given industry adopts the technology covered by the patent."¹²⁸

122. *Hearings, supra* note 10, at *5 (statement of Robert E. Muir).

123. *Id.* at *4 (statement of Bruce Lehman).

124. *See Id.* at *2 (statement of the Intellectual Property Owners). *But see infra* part V.B. (discussing proposed legislation H.R. 1733, which allows prepublication of patent applications 18 months after filing).

125. Michael Lyster, *Patent Bill Gains Big Support, but So Far No Hearing*, ORANGE COUNTY BUS. J., Apr. 17, 1995, at 1 (quoting Don Martens, a partner and patent attorney with Knobb, Martens, Olson & Bear).

126. *Id.*

127. *Hearings, supra* note 10, at *2 (statement of the Intellectual Property Owners) ("One IPO member spent tens of millions of dollars to launch a new product that turned out to be very successful. Unfortunately, within a year after launch, another party obtained a U.S. patent covering the product after a pendency period of 22 years in the Patent and Trademark Office."). *See also* Teresa Riordan, *A Submarine Patent Surfaces 40 Years After the Inventor Filed His Application*, N.Y. TIMES, Apr. 4, 1994.

128. Donald S. Chisum, *The Harmonization of International Patent Law*, 26 J. MARSHALL L. REV. 437, 441 n.11 (1993) (citing the example of the polypropylene patent interference) [hereinafter Chisum II]. *See also* Phillips Petroleum Co. v. United States Steel Corp., 673 F.Supp.

The second benefit to starting the patent term from the date of filing of the original application is to promote prompt prosecution. Under this new term, attorneys and inventors will have an incentive to expedite the process as quickly and efficiently as possible.¹²⁹ Attorneys will most likely respond quicker to correspondence with the PTO, and inventors will tend to file only those applications with substantive value. In other words, this system would encourage applicants to file applications on only important advances in their industry and discourage those that only add minor differences.¹³⁰

The final benefit derived from the change to a twenty-year patent term is the likelihood of an increase, rather than a decrease, in patent protection.¹³¹ In his congressional testimony advocating the adoption of the twenty-year patent term, Bruce Lehman stated that "most applications will receive a longer period of patent protection under a twenty-year from filing approach than under the current system — even in the technologies with the longest pendency period."¹³² The PTO reports that the average pendency time of an application is approximately nineteen months. The pendency period for biotechnology applications is approximately twenty months after the application is filed and for computer-related applications, twenty-six months.¹³³

On average, an inventor will receive a patent term of eighteen years and five months through the new system versus the previous term of seventeen years.¹³⁴ Even those industries with a longer pendency period will still enjoy a longer patent term with the new twenty-year system than under the previous seventeen-year term. The PTO has stated that only a small number of patents may have shortened terms as a result of the new patent term.¹³⁵ Although it is debatable whether the patent term will ultimately be lengthened or shortened, it is indisputable that the procedure of issuing a patent beginning from

1278 (D.Del. 1987), *aff'd*, 865 F.2d 1247 (Fed. Cir. 1989) (The company was issued a basic seventeen-year patent thirty years after it filed the application.).

129. See Opperman, *supra* note 61, at 12.

130. Hearings, *supra* note 10, at *3. Robert H. Rines & Skip Kaltenheuser, *Patent Legislation Pending*, CONN. L. TRIB., July 3, 1995, at 21 (statement from Bob Blackburn, vice-president and chief patent counsel of Chiron) [hereinafter Rines & Kaltenheuser].

131. Hearings, *supra* note 10, at *4 (statement of Bruce Lehman).

132. See *Id.* But see *Deputy Commissioner of Patents Says GATT Will Substantially Shorten Patent Protection*, BUS. WIRE, Jan. 17, 1995, at *2 [hereinafter *Shortened Patent Protection*]. ("Michael Kirk, deputy commissioner of patents, has now admitted that . . . post-GATT patent terms in many cases would be substantially shortened.")

133. Hearings, *supra* note 10, at *4. See also Rines and Kaltenheuser, *supra* note 130 (quoting Bob Blackburn, vice-president and chief patent counsel of Chiron). See also *Shortened Patent Protection*, *supra* note 132, at *2.

134. See Hearings, *supra* note 10, at *3 (statement of Intellectual Property Owners).

135. *Id.*

the filing date, at the minimum, encourages diligent prosecution and prevents wasteful and time-consuming filings.

While the changes in the American patent term may shorten the life in some patents domestically,¹³⁶ the overall benefits of newly-created patent rights around the world surpass this loss.¹³⁷ By creating a minimum term for protection at twenty years, the TRIPs agreement forces many foreign countries who have extremely short terms¹³⁸ to reform their law and extend the term to at least twenty years from filing in order to conform to the TRIPs agreement. Hence, the supporters of this change state that the advantages to the reform — eliminating “submarine patents”, increasing patent life, and extending the term of patents worldwide — clearly justifies the implementation of the new twenty-year term.

B. *Disadvantages of a Twenty-Year Term*

Another segment of the high technology industry believes that the new patent term would not only shorten the life of their patents, but it would also increase the opportunity for foreign competitors to benefit at our expense. At the forefront of this opposition are independent inventors, universities, biotechnology and pharmacological firms, small businesses and numerous patent law practitioners. These opponents claim that a strict twenty-year term starting from the date of filing is not even required under the GATT treaty.¹³⁹ They argue that a more flexible standard could have been imposed that would have guaranteed at least seventeen years of exclusive rights to inventors and still adhered to the provisions under the GATT agreement.¹⁴⁰ In addition, a twenty-year patent term beginning from the application date will not only encourage delay tactics by those who do not want the patent to issue, but will also substantially reduce the number of years of patent protection Americans enjoyed under the previous law. This latter argument controls most of the opposition to the proposed legislation to change the patent term.

Those opposing the change in the patent term argue that the inventor will have a shorter term of protection under the new twenty-year from filing term. They dispute the PTO's statistics concerning

136. See *id.* (statement of Intellectual Property Owners) (“A single interference of five hundred ninety two studied was pending for more than five years.”).

137. *Id.*

138. Leaffer, *supra* note 34, at 286 n.59 (explaining that short patent terms exist in places like India, that has a seven-year term from the filing date or five years from the patent grant and Egypt, that grants ten years for pharmaceutical products and drugs).

139. *Bills Prove Controversial*, *supra* note 51.

140. See *infra*, part V.

the average pendency period and contend that it "frequently takes [over] three years to prosecute a patent application to issue."¹⁴¹ In the past, many patents have suffered extremely long pendency periods before issuance.¹⁴² This fact suggests that these valuable inventions would have lost their exclusivity rights to a patent if they were filed under the new patent term.¹⁴³

Among the parties with the greatest concerns are universities and the biotechnology industry.¹⁴⁴ The biotechnology industry criticized the new term because they claim that it will place an unfair bias upon their industry.¹⁴⁵ First, they contend that processing of biotechnology patent applications is unusually slow and that setting a strict twenty-year term from filing will actually shorten the effective life of their patents.¹⁴⁶ Biotechnology is a unique area with extremely complex science and very little legal precedent. As a consequence, pioneer patents often run into the problem of unqualified examiners and can cause delay not attributable to the applicant. Similarly, as one biotech firm stated, "it would be extremely detrimental to the industry if because of the twenty-year statute the PTO felt compelled to rush patents without full and careful review."¹⁴⁷

Secondly, absent strong patent protection, there is little hope in attracting investors in the biotechnology arena because the most commercially attractive patents can take over fourteen years to issue.¹⁴⁸ "If the clock starts ticking at the time of application, commercial potential shortens with patent life, as does the willingness to contribute capital for a start-up" business whose main asset is its intellectual property.¹⁴⁹ Therefore, lawyers in the biotechnology industry generally agree that "unless the system is amended to toll the term during regulatory and Patent Office instigated delays, their clients will not get a long enough monopoly to justify the enormous research and development costs that nascent companies incur in getting a product to market."¹⁵⁰

Universities have expressed similar grievances. In a recent article, one author explained some of these concerns:

141. *Hearings, supra* note 10, at *2 (statement of Kenneth F. Addison, Jr.).

142. *Id.* (noting that in one case a laser patent took 29 years to issue).

143. *Id.* at *3 (statement of Kenneth F. Addison, Jr.).

144. *Major Reforms, supra* note 50.

145. *Id.*

146. *Id.*

147. *Rines & Kaltenheuser, supra* note 130, at 21.

148. *Id.*

149. *Id.*

150. Victoria Sling-Flor, *Biotech Bar Frets About the Future*, NAT'L. L.J., June 5, 1995, at A6.

[U]niversities reject charges that their current practice of extending the patent application process through amendments and continuations is a tactic to get submarine patents. Universities often must file for patents at a very early stage rather than delay publication of the invention . . . [In addition], the use of continuations and amendments give academic inventors a means of perfecting their applications as their research proceeds.¹⁵¹

Hence, universities view the change in the patent term as a threat to the life of their patents as well.

Lastly, some independent inventors oppose the new patent term for similar reasons. They, too, agree that due to long pendency periods, their patents will indeed suffer. Their main contention is that most prosecutions, "especially those involving 'pioneer or breakthrough inventions', may take as long as ten to twelve years to issue."¹⁵² That is, the greater the technological advance disclosed in the application, the longer the term of prosecution. Thus, the new patent term could mean almost no protection at all for innovators in cutting-edge technologies and other emerging fields where the lack of qualified reviewers and the absence of historical context can significantly delay issuance. In essence, this new term would penalize inventors for Patent Office delays, decrease the incentive for research and development in these technologies and ultimately create a system favoring the imitator and not the pioneer. Hence, it will be those inventions with the greatest potential for technological advances that will suffer the most as a result of this change.¹⁵³

Critics of this change in the patent term also claim that the occurrence of submarine patents is not as rampant a problem as it has been portrayed. In fact, former Patent Commissioner Donald W. Banner questioned the reliability of congressional testimony of Lehman. Lehman testified "that 627 patents issued during a 22 year period would fit his description of so-called submarine patents . . . [W]hat he didn't say is that 41% (or 257) of those patents were held by the U.S. govt. and had been kept secret by the government for security reasons — not by inventors or small-technology based companies, as proponents of the patent law changes have claimed."¹⁵⁴ Others have commented that "even assuming 300 subs in those 23 years, . . . that's one for every 7,700 or 13/1,000's of 1 percent."¹⁵⁵ Among that one percent,

151. *Major Reforms*, *supra* note 50.

152. *Hearings*, *supra* note 10, at *3 (statement of Kenneth F. Addison, Jr.).

153. Bobrow & Enayati, *supra* note 40, at 15.

154. *Banner Questions Accuracy of Lehman Congressional Testimony*, BIOTECH PATENT NEWS, May 1995, available in Westlaw, Biotechpat database.

155. Rines & Kaltenheuser, *supra* note 130.

even a smaller number were actually a result of deliberate manipulation and delay by applicants.¹⁵⁶ Accordingly, while supporters of this change argue adamantly about its effectiveness in curtailing the problem of submarine patents, opponents argue that the actual occurrence of commercially significant submarine patents is minuscule and this change will only result in shortening the life of the patent.

IV. EFFECTS OF GATT ON PATENT PRACTICE: WHAT SHOULD THE INVENTOR, BUSINESSPERSON AND/OR PATENT PRACTITIONER EXPECT?

As previously mentioned,¹⁵⁷ the PTO announced that the effective date in changing the patent term was June 8, 1995. In order to make this a successful transition, the PTO has stated that patents in force on, or that result from applications filed before, June 8, 1995, shall have a term that is the *greater* of seventeen years from filing or twenty years from issue.¹⁵⁸ Therefore, patents will "benefit from the longer of the terms provided by the new or old patent regimes respectively."¹⁵⁹ On the other hand, if the applicant files a continuation or divisional application after June 7, 1995, the term that applies is twenty years from filing.¹⁶⁰ Thus, filing a continuation or divisional application after June 7, 1995, or filing a regular application after June 7, 1995, could substantially shorten the term of a patent. Nevertheless, since an application that is filed before June 8, 1995, can benefit by using the longer of the two terms, it seemed only logical that the PTO would be flooded with applications by those inventors taking advantage of this unique opportunity.

Indeed they were. During the nine days before the June 8, 1995 effective date, the PTO reported that it received and processed over 50,000 patent applications.¹⁶¹ This number signifies an "increase of approximately 45,000 applications above what normally would have been filed during the period and represents almost one quarter of the year's projected filings in only nine days."¹⁶² This may be evidence enough to demonstrate that inventors across the country believed that

156. *Id.*

157. *See supra*, part II. E.

158. Opperman, *supra* note 61, at 9. *See also* Chartrand, *supra* note 2, at D2.

159. Opperman, *supra* note 61, at 9.

160. 35 U.S.C.A. § 154(a)(2) (West Supp. 1995) ("[I]f the application contains specific reference to an earlier filed application or applications under section 120, 121, or 365(c) of this title, from the date on which the earliest such application was filed."). *See also* Tripp & Stokley, *supra* note 11, at 317.

161. *PTO Applications*, 50 PAT. TRADEMARK & COPYRIGHT J. (BNA) No. 1236, at 253 (July 13, 1995).

162. *Id.*

the new law could potentially shorten their patent protection. Due to the extraordinary number of applications filed in such a short period of time, a huge backlog is expected at the Patent Office, and those applications filed on or after June 8, 1995 are likely to have a longer pendency period.¹⁶³ This will probably result in patents having a patent term that is far less than seventeen years from its date of issue, the patent term under the previous law.¹⁶⁴

For those applicants filing after the effective date of GATT, it is imperative that an attempt is made to expedite the prosecution of the application and to ensure the same from the PTO. In order to get the longest patent term possible under this new law, the applicant should have a valid claim when filing, avoid using amendments and continuations as delay tactics, and answer correspondence from the PTO as quickly as possible. Similarly, to ensure that the patent examiners are not subjecting applicants to unnecessary or arbitrary delays, all applicants should report inappropriate delays to the examiner's supervisor or the PTO.¹⁶⁵ Lastly, both inventors and patent practitioners should keep abreast of the current legislation concerning the patent term, because whichever legislation is ultimately adopted could significantly affect the nature of the patent as well as the management and evaluation of U.S. portfolios.¹⁶⁶

V. PROPOSED LEGISLATION

A. *Dole/Rohrabacher Patent Protection Act* — H.R. 359

While the Uruguay Round negotiations are over, the debate over the new twenty-year patent term is not. During the floor debates on the GATT implementing legislation, Representative Dana Rohrabacher (R-CA) vehemently opposed the twenty-year patent term and continues to do so. He alleges that the twenty-year patent term is not required under the GATT treaty and "will substantially reduce the number of years of patent protection" afforded Americans under the seventeen year term."¹⁶⁷

Currently Representative Rohrabacher leads a strong bipartisan coalition of more than 192 House members seeking to guarantee at

163. Robert J. Gaybrick & John G. Smith, *How to Respond to Uruguay Agreements: Suggested Strategies for Protecting Patent Rights Under U.S. Law*, LEGAL INTELLIGENCER, Mar. 20, 1995, at S-10.

164. *Id.*

165. Kirk, *supra* note 58.

166. Opperman, *supra* note 61, at 7.

167. *Intellectual Property: GATT Bill Brings Major Reforms to Domestic International Property Law*, BNA MGMT. BRIEFING (BNA) Dec. 5, 1994, available in LEXIS, Bna library, Bnamb file.

least a seventeen-year term. He proposed House Resolution 359¹⁶⁸ which will guarantee a minimum patent term of seventeen years from issue or twenty years from filing, *whichever is longer*. By using this language, H.R. 359 would combine the patent term in the GATT implementing legislation with that of the previous U.S. law so that patent holders would receive at least a term of seventeen years from when the patent is granted. Even with such an addition, H.R. 359 would still be in full compliance with the GATT-TRIPs agreement. While the bill is close to obtaining the 218 cosponsors it needs to be petitioned out of committee and taken up on the floor of the House, it does not have the support of the leaders of the House Judiciary nor the Chairman of the House Intellectual Property Subcommittee, Representative Carlos J. Moorhead. At the time of this writing, hearings were being held in front of the House Judiciary Committee and the Intellectual Property Subcommittee for both H.R. 359, the Rohrabacher bill, as well as H.R. 1733, the Moorhead bill.¹⁶⁹

At the same time, Senator Robert Dole proposed a companion bill in the Senate. Senator Dole expressed his concern over the twenty-year term beginning from the date of filing because of the possibility of shortening the length of time patents receive protection.¹⁷⁰ He stated that “[w]e must not prejudice our inventors by fundamentally altering our patent system.”¹⁷¹ In addition, he confirmed that he had obtained a commitment from the Clinton administration, via United States Trade Representative Michael Kantor, that they “would not oppose efforts in the coming year to change the patent term to the ‘longer of seventeen years from grant or twenty years from filing’.”¹⁷²

Both Senator Dole and Representative Rohrabacher contend that this drastic change to the patent system will hurt the small inventor as

168. (a) AMENDMENT. — Effective on the date of the enactment of this Act, section 154 of title 5, United States Code, as amended by the Uruguay Round Agreements Act, is amended—

(1) in paragraph (2) of subsection (A), by striking “and ending” and all that follows in that paragraph and inserting “and ending —

(A) 17 years from the date of the grant of the patent, or

(B) 20 years from the date of which the application for the patent was filed in the United States, except that if the application contains specific reference to an earlier filed application or applications under section 120, 121, or 365(C) of this title, 20 years from the date on which the earliest such patent application was filed, whichever is later.

H.R. 359, 104th Cong., 1st Sess. (1995).

169. For further discussion of H.R. 1733, *see infra*, part V.B.

170. *Dole, supra* note 8.

171. *Id.*

172. *Id.*

well as biotechnology and cutting-edge technologies by depriving them of royalties that would have been guaranteed under the old seventeen-year term. For inventors with high research and development costs this change will discourage further development of technologies if they are unable to recoup their investment. Similarly, American investors in the venture capital industry will now begin to hesitate investing in these technologies realizing that they could never effectuate a return on their investment if the particular patent they invested in is pending for ten to fifteen years. One of the biggest criticisms to the Rohrabacher bill is that it will open the door once again to the incidence of submarine patents. To address this concern, the Rohrabacher bill amends § 154(b) to provide for the "laying open" for public inspection of patent applications which derive from a previously filed application where the earliest such application was filed more than sixty months earlier.¹⁷³ The "laying open" of applications is important to business and investment interests, since it is competitively helpful to know what your competition is doing.¹⁷⁴ Similarly, by disclosing the patent application after sixty months, this will expose the patent application and discourage the use of submarine patents.

The proponents of the Rohrabacher bill further argue that it is not the term of a patent that is causing the problem of submarine patents, but it is the increased use of interference proceedings as well as administrative delays that allow submarine patents to hide. Hence, they contend that administrative reform in the PTO would be a better avenue to pursue rather than changing a century-old system of guaranteeing a patent term for seventeen years.¹⁷⁵

B. *Patent Application Publication Act of 1995 — H.R. 1733*

While Representative Rohrabacher continues to collect support for his bill, another piece of legislation concerning patents has been proposed in the House. Representative Carlos J. Moorhead (R-CA)

173. See Curtis L. Harrington, *Rohrabacher to Rescue Patent Term with H.R. 359*, MOTION, Apr. 1995. See also H.R. 359 104th Cong., 1st Sess. (1995).

[I]n the event that a continuing patent application is filed that claims the benefit of the filing date of a prior application that was filed more than sixty months earlier, notices of the original patent application and of the continuing patent application shall be published and the public shall be permitted to inspect and copy the original patent application and the continuing patent application.

Id.

174. Harrington, *supra* note 173.

175. Telephone interview with Representative Rohrabacher's office in Washington D.C. (Aug. 23, 1995).

has recently proposed House Resolution 1733.¹⁷⁶ This bill seeks to amend Title 35 of the United States Code to provide, among other things, early publication of patent applications, provisional rights for the period of time between early publication and patent grant, prior art effect for published applications,¹⁷⁷ and an extension of the twenty-year term for up to ten years in the case of an "unusual administrative delay" by the PTO. This bill is favored by some because it maintains the new principle of measuring the term from the date of filing, but it is disfavored by others because of its early publication provisions.

H.R. 1733 seeks to amend several provisions in the Patent Code. First, this bill attempts to amend 35 U.S.C. § 122 to provide for pre-publication of patent applications eighteen months after filing.¹⁷⁸ This amended section, however, would permit secrecy to be maintained for

176. H.R. Res. 1733, 104th Cong., 1st Sess., § 2 (1995). Section 122 of title 35 of the United States Code, is amended to read as follows:

§ 122. Confidential status of applications; publication of patent applications

"(a) Except as provided in subsection (b), applications for patents shall be kept in confidence by the Patent and Trademark Office and no information concerning the same given without authority of the applicant or owner unless necessary to carry out the provisions of any Act of Congress or in such special circumstances as may be determined by the Commissioner.

"(b)(1) Subject to paragraph (2), each application for patent, except applications for design patents under chapter 16 of this title, and provisional applications filed under section 111(b) of this title, shall be published, in accordance with procedures as determined by the Commissioner, as soon as possible after the expiration of a period of 18 months from the earliest filing date for which a benefit is sought under this title, except that an application that is no longer pending shall not be published and an application that is subject to a secrecy order pursuant to section 181 of this title shall not be published. An application may be published earlier than the above date at the request of the applicant. No information concerning published patent applications shall be made available to the public except as the Commissioner shall determine. Notwithstanding any other provision of law, a determination by the Commissioner to release or not to release information concerning a published patent application shall be final and nonreviewable.

"(2) Upon request, an application will not be published in accordance with paragraph (1) until 3 months after the Commissioner makes a notification to the applicant to section 132 of this title. Applications filed pursuant under section 119 or 365(a) of this title, and applications asserting the benefit of an earlier application under section 120, 121, or 365(c) of this title shall not be eligible for a request pursuant to this paragraph. Furthermore, the applicant shall certify that the invention disclosed in the application was not or will not be the subject of an application filed in a foreign country. A request under this paragraph shall only be available to an independent inventor who has been accorded status under section 41(h) of this title. The Commissioner may establish appropriate procedures and fees for a request in accordance with this paragraph."

Id.

177. CHISUM, *supra* note 17, § 5.03 [3][b]. "Section 102(e) is source of prior art under Section 103. Thus, all matter adequately described in an issued U.S. patent is freely effective as a reference as of the date when the application for the patent was filed." *Id.*

178. H.R. 1733, 104th Cong., 1st Sess. § 2 (1995).

inventions whose applications are no longer pending and for applications subject to national security orders under 35 U.S.C. § 181.¹⁷⁹ In addition, the early publication provisions provide that upon request and in certain cases, an application will not be published until three months after the first office action by the PTO, even if that occurs later than eighteen months after filing.¹⁸⁰

Another important change would be an amendment to 35 U.S.C. § 154(b). This provision would amend the current legislation and provide for an extension of the twenty-year patent term in situations where patent issuance is delayed due to "unusual administrative delay" by the PTO.¹⁸¹ Extensions would be available for a maximum of ten years instead of the current limit of five years. However, exten-

179. *Id.*

180. *Id.*

181. *Id.* § 8. Patent Term Extension Authority.

Section 154(b) of title 35, United States Code, is amended to read as follows:

"(b) TERM EXTENSION.—

"(1) BASIS FOR PATENT TERM EXTENSION.—Subject to the limitations of paragraph (2) of this subsection, if the issue of an original patent is delayed due to —

"(A) a proceeding under section 135(a) of this title,

"(B) the imposition of an order pursuant to section 181 of this title,

"(C) appellate review by the Board of Patent Appeals and Interferences or by a Federal court where the patent was issued pursuant to a decision in the review reversing an adverse determination of patentability, or

"(D) an unusual administrative delay by the Office in issuing the patent, the term of the patent shall be extended for the period of delay. . . .

"(2) LIMITATIONS.—

"(A) MAXIMUM PERIOD OF EXTENSION. — The total duration of all extensions of a patent under this subsection shall not exceed 10 years. To the extent that periods of delay attributable to grounds specified in paragraph (1) overlap, the period of any extension granted under this subsection shall not exceed the actual number of days the issuance of the patent was delayed.

"(B) MINIMUM PENDENCY BEFORE EXTENSION AVAILABLE. — No patent shall be extended under this section that has been issued before the expiration of 3 years after the filing date of the application leading to the patent or the commencement of the national stage under section 371 of this title, whichever is later, not taking into account the benefit of any earlier filed application or applications under section 120, 121, or 365(C) of this title.

"(C) REASONABLE EFFORTS. — The period of extension of the term of a patent under this subsection shall be reduced by a period equal to the time during the processing or examination of the application leading to the patent in which the applicant failed to engage in reasonable efforts to conclude processing or examination of the application. The Commissioner shall prescribe regulations establishing the circumstances that constitute a failure of an applicant to engage in reasonable efforts to conclude processing or examination or an application.

"(D) TERMINAL DISCLAIMER. — No patent whose term has been disclaimed beyond a specified date may be extended under this section beyond the expiration date specified in the disclaimer."

sions would not be granted on patents that are issued within three years after filing.¹⁸²

There are several other provisions in H.R. 1733 that would change the current patent system. Firstly, this bill would amend 35 U.S.C. § 102(e) to give prior art effect to published applications.¹⁸³ Secondly, it would also amend 35 U.S.C. § 154(b)(1) and provide patent holders "provisional rights" to obtain a reasonable royalty from anyone who knowingly engages in infringing activity during the period before the patent is granted.¹⁸⁴ Thirdly, the first paragraph of 35

182. *Id.*

183. *Id.* § 5 PRIOR ART EFFECT OF PUBLISHED APPLICATIONS.

Section 102(e) of title, United States Code, is amended to read as follows:

"(e) the invention was described in —

"(1)(A) an application for patent, published pursuant to section 122(b) of this title, by another filed in the United States before the invention thereof by the applicant for patent, or

"(B) an international application, published pursuant to section 122(b) of this title, by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent, or

"(2) a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent, or."

Id.

184. *Id.* § 4. PROVISIONAL RIGHTS.

Section 154 of title 35, United States Code, is amended by adding the following new subsection:

"(d) PROVISIONAL RIGHTS. — In addition to other rights provided by this section, a patent shall include the right to obtain a reasonable royalty from any person who, during the period from publication of the application for such patent pursuant to section 122(b) of this title or from international publication of an international application designating the United States until issue of that patent —

"(1)(A) makes, uses, offers for sale, or sells in the United States the invention as claimed in the published patent application or imports such an invention into the United States; or

"(B) if the invention as claimed in the published patent application is a process, uses, offers for sale, or sells in the United States or imports into the United States products made by that process as claimed in the published patent applications; and

"(2) had actual notice or knowledge of the published patent application. The right to obtain a reasonable royalty shall not be available under this subsection unless the invention claimed in the patent is identical to the invention as claimed in the published patent application. The right to obtain a reasonable royalty based upon the international publication of an international application designating the United States shall commence from the date that the Patent and Trademark Office receives a copy of the international publication of the international application, unless already communicated by the International Bureau, or, if the international publication of the international application is in a language other than English,

U.S.C. § 119 would be amended to provide that the right to the benefit of an earlier filing date in a foreign country may be waived if not claimed while the application is pending.¹⁸⁵ H.R. 1733, if passed, would take effect on January 1, 1996, and would apply to national applications filed on or after that date. The patent term extension, however, would take effect upon enactment of the bill and would apply to any application filed after June 7, 1995.

The most controversial aspect of H.R. 1733 is the republication of patent applications. The U.S. patent system is designed around the fact that the inventive activity would be protected from the public eye until the patent issues. Currently, once a patent is issued, the PTO discloses the patent application to the public, but in return gives the inventor exclusive rights to make, use or sell the patented invention for a designated period. This system is to encourage disclosure of ideas and to provide an incentive to file for a patent rather than keeping inventive activity a secret. Under this bill, the application would be disclosed after eighteen months whether or not the patent issues. Any trade secret in the application would be lost for those patents pending and issuing after eighteen months. In addition, critics of this bill argue that this will provide our foreign competitors with an unfair advantage. One commentator remarked:

from the date that the Patent and Trademark Office makes a translation thereof available to the public. The Commissioner may require the applicant to provide a copy of the international publication of the international application and a translation thereof.”

Id.

185. *Id.* § 3. TIME FOR CLAIMING BENEFIT OF EARLIER FILING DATE.

(a) IN A FOREIGN COUNTRY. — Section 119(b) of title 35, United States Code, is amended to read as follows:

“(b) No application for patent shall be entitled to this right of priority unless a claim thereof and a certified copy of the original foreign application, specification and drawings upon which it is based are filed in the Patent and Trademark Office at such time during the pendency of the application as required by the Commissioner. The Commissioner may consider the failure of the applicant to file a timely claim for priority as a waiver of any such claim. The certification of the original foreign application, specification and drawings shall be made by the patent office of the foreign country in which filed and show the date of the application and of the filing of the specification and other papers. The Commissioner may require a translation of the papers filed if not in the English language and such other information as he deems necessary.”.

(b) IN THE UNITED STATES. — Section 120 of title 35, United States Code, is amended by adding at the end thereof the following: “The Commissioner may determine the time period during the pendency of the application within which an amendment containing the specific reference to the earlier filed application shall be submitted. The Commissioner may consider the failure to timely submit such an amendment as a waiver of any benefit under this section.”.

Id.

Japan wants to know of the development phase of technologies before inventors are ready or patents are granted. This assists Japanese companies in leapfrogging U.S. innovations, not just for the small minority of patents filed in Japan but for all U.S. patents. Premature publication hampers the time required to assess the real fruits of discovery and to structure appropriate claims.¹⁸⁶

Thus, critics of this bill believe that pre-publication of patent applications would be disastrous to our businesses and would unnecessarily surrender trade secrets before one is certain one has protection. In effect, an applicant's hands would be tied because early publication would force inventors to choose between "abandoning their pending application and losing trade secrets through publication before they know whether they will receive a patent and what its scope will be."¹⁸⁷

Supporters of this bill, on the other hand, argue that by disclosing the application after eighteen months, applicants will be discouraged to delay their application and the occurrence of the submarine patents would diminish. In addition, early publication is viewed as having the domestic advantage of facilitating the use of technology by American inventors and permitting the identification of internal patent conflicts earlier than is now possible.¹⁸⁸ The former would improve the quality of the patent system while the latter would facilitate the patent examination process. Finally, with respect to foreign competition, supporters of the Moorhead bill argue that this eighteen-month publication provision would give U.S. applicants access to information disclosed in foreign-owned patent applications filed in the United States.¹⁸⁹

The most debatable characteristic of H.R. 1733 is that it intends to maintain the new patent term as defined by the GATT implementing legislation. Supporters of this bill believe that this long-awaited change to a twenty-year patent term was necessary to promote harmonization of intellectual property laws as well as to address the domestic problem of submarine patents. However, because of the widespread concern of a decrease in patent protection, this bill includes a ten-year extension for any "unusual administrative" delay. What would constitute "unusual administrative delay" is beyond the scope of this comment and can only be left to interpretation by the courts. While these provisions seem to appease some, others continue to argue against the Moorhead bill because: (1) it maintains the new

186. Rines & Kaltenheuser, *supra* note 130.

187. Chisum, *supra* note 128, at 440.

188. *Legislation: Bill Would Provide Early Publication of Patents*, 50 PAT. TRADEMARK & COPYRIGHT J. (BNA) No. 1231, 114 (June 1, 1995).

189. *Id.*

patent term as defined in the GATT implementing legislation, and (2) it provides for early publication of patent applications.

V. CONCLUSION

The creation and successful conclusion of the recent TRIPs agreement was a revolutionary advance towards harmonization of intellectual property laws and increasing international protection for intellectual property. However, "[t]he implementation of a TRIPs agreement will not be the end of the process of establishing an international intellectual property regime, but merely the beginning."¹⁹⁰

While legislators and prominent intellectual property leaders will continue to debate the effects of the change to the patent term from seventeen years from granting the patent to twenty years from filing the original application, practitioners should look to the practical consequences of these recent change. For example, various factors, including the average pendency rate of the issuance of the patent and the probability of an interference proceedings, should be seriously considered when deciding to file an application.

As the months pass and the dissolution of the seventeen-year term becomes a reality rather than a prediction, the high technology industry should be prepared for this unprecedented change to a virtually untouched system. The new patent term will undoubtedly require patent practitioners to alter their strategies, businesses to review their patent portfolios and inventors to examine the risks involved in applying for a patent under this new term.

190. Doane, *supra* note 5, at 484.

