

1996

TRIPS Boomerang--Obligations for Domestic Reform

Harold C. Wegner

Follow this and additional works at: <https://scholarship.law.vanderbilt.edu/vjtl>



Part of the [Intellectual Property Law Commons](#), and the [International Trade Law Commons](#)

Recommended Citation

Harold C. Wegner, TRIPS Boomerang--Obligations for Domestic Reform, 29 *Vanderbilt Law Review* 535 (2021)

Available at: <https://scholarship.law.vanderbilt.edu/vjtl/vol29/iss3/7>

This Symposium is brought to you for free and open access by Scholarship@Vanderbilt Law. It has been accepted for inclusion in Vanderbilt Journal of Transnational Law by an authorized editor of Scholarship@Vanderbilt Law. For more information, please contact mark.j.williams@vanderbilt.edu.

TRIPS Boomerang—Obligations for Domestic Reform

Harold C. Wegner*

ABSTRACT

Today, one of the biggest obstacles facing inventors is the problem of patent harmonization. Inventors, who spend their time, money, and resources to develop new technology, are faced with the problem of ensuring that their new development receives patent protection not only in their home countries, but also worldwide. This problem is complicated by the fact that the United States maintains a different patent filing process than most other developed nations. Efforts of the international community to harmonize these different approaches, however, have been only partially successful.

In this Article, Professor Wegner examines the latest attempt by the international community to harmonize patent law minimum standards. First, Professor Wegner traces the historical path of harmonization, examining previous efforts at patent harmonization by the European Union and the United Nations Committee of Experts. He then examines the reluctance of the United States to move to a "first-to-file" patent system. In addition, Professor Wegner examines the requirements of the new Trade-Related Aspects of Intellectual Property Agreement (TRIPS). In support of the TRIPS Agreement, he urges the United States to honor the treaty commitments in this area so that the world can more quickly develop a fair system to deal with the global patent problem.

* Professor of Law and Director of the Intellectual Property Law Program, George Washington University National Law Center; Director, The Dean Dinwoodey Center for Intellectual Property Studies, Washington, D.C.; of counsel, Foley & Lardner, Washington, D.C.

TABLE OF CONTENTS

I.	OVERVIEW	536
II.	HARMONIZATION RETROSPECTIVE: SETTING THE WTO TABLE	537
	A. <i>Several Centuries of Pre-Harmonization Activity</i>	537
	B. <i>European Leadership up to the 1980s</i>	539
	C. <i>The Modern Harmonization Movement</i>	540
	D. <i>Patent Worksharing Treaty</i>	542
III.	RELUCTANCE TO MOVE TO FIRST-TO-FILE.....	542
	A. <i>Two Similar Systems</i>	543
	1. The U.S. First Inventor System.....	543
	2. The International First-to-File System.....	543
	3. Trend Toward First-to-File.....	543
	B. <i>Why the United States Resisted Change</i>	544
IV.	URUGUAY NEGOTIATIONS: NORTHERN REFOCUS	546
V.	DEFEATING SECTION 104 THROUGH TRIPS.....	547
	A. <i>Perfecting a WTO Ban on Section 104</i>	547
	B. <i>An Attenuated Section 104</i>	548
	1. Failure to Amend Section 102(g)	548
	2. Special Privileges Under Section 104(a)(2)	552
	3. Discriminatory Regulations	552
	C. <i>False Promise of the Provisional System</i>	554
	D. <i>Slow Death to the First Inventor System</i>	556
VI.	HILMER I: TARGET FROM THIRTY YEARS AGO	556
	A. <i>The Hilmer I Problem</i>	556
	B. <i>TRIPS: Forcing Consideration of the Paris Convention</i>	558
VII.	CONCLUSION	558

I. OVERVIEW

The spread of patent law minimum standards to developing countries as part of the Trade-Related Aspects of Intellectual Property¹ (TRIPS) Agreement of the new World Trade Organization

1. Marrakesh Agreement Establishing the World Trade Organization, Apr. 15, 1994 [hereinafter WTO Agreement], Apr. 15, 1994, Annex 1C: Agreement on Trade-Related Aspects of Intellectual Property Rights [hereinafter TRIPS], reprinted in RESULTS OF THE URUGUAY ROUND OF MULTILATERAL TRADE NEGOTIATIONS—THE LEGAL TEXTS 2-3 (GATT Secretariat ed., 1994).

(WTO) is well documented elsewhere.² This Article, however, considers the impact of the WTO on U.S. patent law, particularly in the context of its impact on the patent harmonization process.

The road to patent harmonization may be traced back centuries to the earliest patent laws.³ While efforts to harmonize the world's patent laws came close to success through efforts within the United Nations World Intellectual Property Organization (WIPO), they ultimately failed in large part due to the determination of a small but influential group within U.S. industry.⁴ The opposition to United States participation in a harmonization treaty was in large measure due to anti-foreigner discrimination found in U.S. law that denied foreign inventors equal access to the United States "first inventor" system.⁵ Harmonization forces prevailed in the Uruguay Round, thereby compelling the United States to amend its domestic law to end such discrimination.⁶ As a second target, the "Hilmer doctrine" was an object of reform.⁷ Although those efforts were successful, it remains to be seen whether efforts will be made in the near term to compel United States reform in this area.

II. HARMONIZATION RETROSPECTIVE: SETTING THE WTO TABLE

A. *Several Centuries of Pre-Harmonization Activity*

Harmonization of patent law was preceded by several centuries of largely primitive patent protection stemming from a Germanic influence⁸ and parallel efforts in England. It began

2. E.g., Jerome H. Reichman, *Universal Minimum Standards of Intellectual Property Protection Under the TRIPS Component of the WTO Agreement*, 29 INT'L LAW. 345 (1995).

3. See *infra* Part II.A.

4. See *infra* Part III.

5. See *infra* Part IV.

6. See *infra* Part V.

7. See *infra* Part VI.

8. The earliest continental origins of the modern patent system are traced to Germanic patents to mining water technology, *Wasserkünste*. See HAROLD C. WEGNER, PATENT HARMONIZATION § 140, at 2 (1993) (citing ERICH KAUFER, THE ECONOMICS OF THE PATENT SYSTEM 2 (1989)). Kaufers traces the Venetian system to such Germanic roots.

Kaufers finds no basis to consider any link of the modern patent system to much earlier times. He says that "[i]n Egypt and other ancient cultures, no patent-like institutions have been discovered, and it is likely that none existed, since scientific and technological knowledge were closely held within priestly acts and guarded through secrecy." *Id.* § 130, at 2. Cf. ARTHUR R. MILLER & MICHAEL

with a Venetian patent for water mining technology as early as 1409.⁹ Later, a patent system for technology emerged¹⁰ that in the 1500s spread to Lyons and then to other French cities.¹¹ Finally, it became the foundation for the world's most important patent "registration" system.¹² The English system is derived from patents for skilled craftsmen who were induced to come to England from the Continent.¹³

Modern efforts to harmonize patent law on a global basis have proceeded for more than a century. Starting with the

H. DAVIS, INTELLECTUAL PROPERTY § 1.1, at 4 (2d ed. 1990) ("It is possible to trace the development of [U.S.] patent law back to ancient Greece.")

9. WEGNER, *supra* note 8, § 140, at 3.

Venice granted the German Henricus von Heslingen a privilege to exploit an ore mine and use the needed water and timber according to the common law prevailing in Germany. . . . In 1488, the Venetian Senate promulgated the *Statuto Mtneraria*. A German language copy—evidently for use by the German miners in the service of the Republic—exists in the archives of Innsbruck. Careful inspection reveals it to be in large measure a copy of the *Schladmtinger Bergbrief*—a Tyrolean mining order from the year 1408.

Id. (citation omitted).

10. *Id.* § 140, at 5.

[C]onventional wisdom is that the first patent law is said to be the Venetian Act of 1474, but the first specific patent grant is said to have taken place in Florence in 1421. . . . Early Venetian patents provided a dual right that included both the exclusionary right that later became the sole right of [U.S.] patent law, but also importantly the privilege to operate the patented invention free from interference by the guild's monopoly in the particular area in question. The Venetian patent statute gave a privilege of ten years to inventors of new arts and machines.

Id. (citations omitted).

11. *Id.* § 150, at 5.

12. The registration system means that a patent is filed and then granted or "registered." Whether the patent is to novel subject matter is considered later in litigation. This is in contrast to the U.S. "examination system," where the patent examiner determines whether an invention is novel (and meets other patentability criteria) prior to the grant. For a considerable period of time (1793-1836), the United States had emulated the French registration system.

13. *Id.* § 160, at 7.

[E]arly English grants were not designed to foster *new* discoveries, but to *import* existing trades. For example, John Kemp the Fleming was granted an English patent in 1331 to bring to England his servants, apprentices, fullers, dyers and other experts in the weaving art. In 1336 two Brabant weavers were granted patents to practice their trade in York. In 1368, three Delft clock-makers were granted exclusive privileges in England; and in 1651 Groyette and Le Leuryer were granted a patent on the manufacture of white soap.

Id.

original Paris Convention of 1883,¹⁴ much progress was achieved and foreigners today enjoy a most-favored-nation status, known as "national treatment,"¹⁵ and a right of priority, both offensive and defensive.¹⁶ The road to harmonization or even toward a favorable attitude to patents, however, has been bumpy at best. Two of the key major economic countries of the world even abolished patents for several years.¹⁷ Early on, the United States stood on the sidelines.¹⁸ Nevertheless, murmurings favoring harmonization have surfaced from time to time.¹⁹

B. European Leadership up to the 1980s

The leadership role in the move toward harmonization was seized by Europe forty years ago. The starting point was a uniform patent classification system and consideration of a

14. The United States became a member of Paris only in 1903, and by that time the treaty had been further revised in the 1900 Brussels Revision. The current agreement in force is the Paris Convention for the Protection of Industrial Property, March 20, 1883, 13 U.S.T. 1, 828 U.N.T.S. 107, as revised at the Stockholm Revision Conference, July 14, 1967, 21 U.S.T. 1538, 828 U.N.T.S. 303. Between Brussels and Stockholm, the treaty underwent changes as part of the 1911 Washington Revision, 1925 Hague Revision, 1934 London Revision and the 1958 Lisbon Revision.

Id. § 310.

15. Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, art. 2, 13 U.S.T. 1, T.I.A.S. No. 4931, *revised*, July 14, 1967, 21 U.S.T. 1583, 823 U.N.T.S. 305 [hereinafter Paris Convention].

16. The Paris Convention, art. 4, provides that if a patent application is filed in any union state within one year of the "home country" or other first union filing (and assuming simple formalities are met), the application is effectively back-dated to the first filing. *Id.* art. 4. This is important because it is the filing date that establishes the date of priority of invention for all major countries outside the United States. Thus, if a third party has a filing date even one day junior, that third party's right to a patent is denied.

17. "The Dutch *abolished* their patent system in 1869 and had no patent law until 1912. The Swiss abolished patents in 1850, with a partial reintroduction of patents in 1888; it was only in 1907 that the modern Swiss law came into force." WEGNER, *supra* note 8, § 183.

18. For example, it took a full 20 years for the United States to join the Paris Convention (in 1903).

19. WEGNER, *supra* note 8, § 310.

Although there were occasional voices for such change a generation later, notably the 1966 *President's Commission* report and even the 1970 Patent Cooperation Treaty for procedural processing of applications, the U.S. reform movement was largely dormant and in many circles highly unpopular in the fifty year period since the end of World War II.

Id.

common patent for the then-emerging forerunner of the European Union (EU), the European Economic Community.²⁰ These discussions produced an agreement on common substantive patent law principles for the "European" system of today, found in the 1963 Convention on the Unification of Certain Points of Substantive Law on Patents for Inventions.²¹ This "Strasbourg Convention" was the blueprint for the substantive European patent law that is embodied in the 1973 European Patent Convention (EPC). The EPC is the substantive law of both the European Patent Office (EPO) and each state within the EPO system, because national law must be harmonized with the EPO system as a condition for joining the EPO.²²

C. *The Modern Harmonization Movement*

The modern patent harmonization movement may be traced to 1985 and five years of Geneva meetings of a United Nations Committee of Experts, whose goal was to draft a patent harmonization treaty.²³ The great success of the Geneva exercise was the creation of a comprehensive and universal understanding of the key points for a common, substantive patent law. Many points were of obvious self-interest to the United States.

By 1989, a movement was started within interested domestic circles to unilaterally adopt some of these points. A plenary session of the Spring Stated Meeting of the American Intellectual Property Law Association in Los Angeles, California, constituted a trial balloon for issues that have now been enacted into law, notably the twenty-year patent term,²⁴ as well as others under

20. *Id.*

21. Convention on the Unification of Certain Points of Substantive Law on Patents for Inventions, Nov. 27, 1963, Europ. T.S. No. 47.

22. *Id.* The United States sought countermeasures to Strasbourg. It instigated the discussions leading to the Patent Cooperation Treaty, June 19, 1970, 28 U.S.T. 7645, 1160 U.N.T.S. 231 (entered into force for the United States on June 1, 1978).

23. For the origins of the treaty, see Harold C. Wegner, *Patent Law Simplification and the Geneva Patent Convention*, 14 AIPLA O.J. L. ASS'N Q.J. 154 (1986). For a more comprehensive discussion of the treaty, see WEGNER, *supra* note 8, which covers every section of the treaty and its origins and various conferences up through 1992. The treaty, if enacted, would *not* modify the Paris Convention, but would be a subservient treaty contemplated by Article 19, which provides that "the [Paris union] countries . . . reserve the right to make separately between themselves special agreements for the protection of industrial property, in so far as these agreements do not contravene the provisions of [the Paris] Convention." *Id.*

24. Uruguay Round Agreements Act, Pub. L. No. 103-465, 108 Stat. 4814 (codified at 35 U.S.C. § 154 (1988)) [hereinafter URAA].

active consideration (including automatic publication of patent applications at eighteen months from first filing).²⁵

Optimism for quick resolution of patent harmonization was scarce.²⁶ Optimism for a comprehensive WIPO treaty totally disappeared with the so-called "Manbeck Compromise"—a unilateral declaration by the Assistant Secretary of Commerce repudiating a United States pledge to move to a first-to-file system,²⁷ which was a critical bargaining chip that had been seemingly spent four years earlier by Mr. Manbeck's predecessor, Donald Quigg.²⁸ Actions were taken during the Manbeck administration to guarantee that it would not face short range commitment to a harmonization treaty.²⁹

25. See Harold C. Wegner, *Procedural Patent Reform Now, With or Without Substantive Harmonization*, VII SELECTED LEGAL PAPERS 67 (1989). For a more comprehensive view, see Harold C. Wegner, *Patent Harmonization*, C554 ALI-ABA 171 (1990).

Four years later, the core elements most suitable for unilateral introduction were the subject of the Patent Policy Conference, sponsored by the Dean Dinwoodey Center for Intellectual Property Studies, September 27-28, 1993, Airlee, Va., which was a patent policy symposium that brought together members of the judicial, legislative, and executive branches with academics to discuss patent policy issues relating to current reform proposals. As a result, a working paper "discussion draft" was introduced substantially *in toto* in 1994 as *The Patent Simplification Act of 1994* by Senator DeConcini and was the subject of Senate hearings. *PTO Operations Examined*, J. PROPRIETARY RTS., May 1994, at 25 (1994) (reporting on the hearings before the Senate Subcommittee on Patents, Copyright and Trademarks of Mar. 9, 1994); Jeffrey L. Thompson, Note, *The North American Patent Office? A Comparative Look at the NAFTA, the European Community, and the Community Patent Convention*, 27 GEO. WASH. J. INT'L L. & ECON. 501 (1994); *Legislation: Senate Panel Considers Patent Reforms, Patent and Trademark Office Operations*, 47 PAT. TRADEMARK & COPYRIGHT J. (BNA) 422 (1994).

26. Hence, the movement for unilateral changes that started in Los Angeles.

27. For a detailed discussion of U.S. reluctance to move to a first-to-file system, see *infra* Part III.

28. Current Assistant Secretary of Commerce Bruce Lehman has not as yet accepted first-to-file, but has indicated that it would be considered at such time as a "true harmonization" treaty or agreement could be reached. True harmonization is similar to patent worksharing, see *infra* Part II.D.

This view was publicly exposed in an announcement by Commerce Secretary Ron Brown when he announced, in January of 1994, that the United States was not prepared to move to first-to-file *at that time*. See *infra* Part II.D.

29. Despite years of discussions and studies going back more than a full generation to the 1966 President's Commission Report, including the vast amount of work that went into preparations for the numerous experts' conferences in Geneva, a cabinet level study was commissioned, guaranteeing that nothing could happen until after conclusion of this lengthy effort. It was only in 1992 that an approximately 200-page report of an Advisory Commission of the United States Secretary of Commerce was released to the public. *Patent Advisory Commission*

With inaction by the administration, Congress exercised a leadership role. In 1992, the patent leadership in both bodies of Congress jointly introduced harmonization legislation.

D. Patent Worksharing Treaty

The term "Patent Worksharing Treaty" was coined to comprehend one of the key benefits of a patent harmonization treaty: a single patent grant procedure for all major countries of the world. Each of the three major patent granting authorities, Munich, Tokyo, and Washington, D.C., could divide responsibilities with one of the other three offices while examining a single patent application and then issue a grant covering all territories.³⁰

III. RELUCTANCE TO MOVE TO FIRST-TO-FILE

The critical breakdown that destroyed United States leadership, or even its continued participation in a meaningful harmonization process, was over the manner of awarding a priority right: "first inventor" in the United States versus first-to-file virtually everywhere else.

Urges Fundamental Patent Law Reforms, 44 Pat., Trademark & Copyright J. (BNA) 490 (1992).

30. The term, Patent Worksharing Treaty, was introduced in testimony before the joint House-Senate hearings introducing the 1992 patent harmonization domestic legislation. *Joint Hearings on S. 2605 and H.R. 4978 Before the Senate Subcomm. on Patents, Copyrights and Trademarks and the House Subcomm. on Intellectual Property and Judicial Administration of the House and Senate Comm. on the Judiciary*, 102d Cong., 2d Sess. (April 30, 1992) (dealing with first-to-file legislation), reported in Pat. Trademark & Copyright J. (BNA) (May 14, 1992), and *Legislation: Patent System Harmonization Legislation is Debated In Joint Senate-House Hearing*, 44 Pat. Trademark & Copyright J. (BNA) 3 (1992). Controversy surrounded this legislation. See John R. Emshwiller, *Patent-Law Proposals Irk Small Inventors*, WALL ST. J., Apr. 30, 1992, at B1; *U.S. Inventors Say Change in Patent Law Is Bad Idea*, ASIAN WALL ST. J., May 1, 1992, at 20; Paul A. Ragusa, *Eighteen Months to Publication: Should the United States Join Europe and Japan By Promptly Publishing Patent Applications?*, 26 GEO. WASH. J. INT'L L. & ECON. 143, 158 (1992); R. Carl Moy, *The History of the Patent Harmonization Treaty: Economic Self-Interest as an Influence*, 26 J. MARSHALL L. REV. 457, n. 30 (1993). For a more comprehensive explanation of patent worksharing, see WEGNER, *supra* note 8, §§ 500-60.

A. Two Similar Systems

1. The U.S. First Inventor System

Under the classic U.S. first inventor system, the patent applicant is *prima facie* given a date of invention as of the filing of the patent application. The applicant may establish an earlier pre-filing date of invention by showing that the invention was made³¹ before the critical date of the competitor's date of invention or a publication date of a third party's invention.

2. The International First-to-File System

European countries historically have always had a first-to-file system under which the date of invention is *conclusively* the filing date.³² The great benefit of first-to-file is certainty. All parties know at an early date where they stand, before evidence is gathered by depositions or document production, as in the case of a patent interference.³³

3. Trend Toward First-to-File

There is precious little difference in the operation of the two systems when it is considered that only in the case of about fifty or so patent applications per year, out of annual filings of roughly two hundred thousand, is a person second-to-file able to establish

31. Reference to when the invention is "made" simplifies matters for purposes of this Article. If the inventor can prove that he or she has actually constructed a physical embodiment of the invention and tested it to show that it works, then the invention has been made in the sense that it has been "reduced to practice." If the inventor has made a written description of the invention without reduction to practice, the inventor may have made the invention in terms of a "conception" of the invention. However, unless the inventor has had continuous "diligence" from one day before a competitor's critical date up until the inventor's own reduction to practice or filing date, the conception is generally for naught.

The statute states that

[i]n determining priority of invention there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.

35 U.S.C. § 102(g) (1988).

32. Of course, Paris Convention priority is possible for up to one year.

33. A "patent interference" is an administrative proceeding before the U.S. Patent and Trademark Office to determine priority of an invention where an application may conflict with a pending application or unexpired patent. 35 U.S.C. § 135(a) (1988).

priority in a final adjudication in a patent interference. Otherwise, the same filing date ground rules are generally applicable³⁴ under a first inventor system as under a first-to-file system.

Historically, both Japan and Canada were first inventor countries. In 1919, Japan moved to first-to-file.³⁵ Canada, as part of the global education obtained by participation in the U.N. Committee of Experts, unilaterally enacted legislation in 1987 to move to the harmonization model that was emerging at Geneva, including institution of a first-to-file system.³⁶

B. Why the United States Resisted Change

United States citizens, particularly in regulated industries such as pharmaceuticals, have long operated under a principle of first-to-file. To do otherwise would have been ludicrous, because failure to file early is to invite forfeiture of patent rights on a nearly global basis. Thus, even if the U.S. inventor can establish that he or she made an invention first, if the U.S. inventor is second to file, then the inventor loses patent protection outside the United States.³⁷

Yet, many in this same group have, although often rather quietly, strongly opposed patent harmonization because of the first-to-file system in foreign countries. In fact, the answer is more subtle: it is the discriminatory provisions on establishing a date of invention against foreign companies that is critical in the opposition to first-to-file. Prior to the WTO, the first inventor system could not generally be used³⁸ by foreign corporations. The effective bar to foreign usage is found in the statute: "In [patent

34. This is not quite the case when one considers that a third party publication of subject matter *different* from a claimed invention that is prior art under 35 U.S.C. §§ 102(a) and (e), may be overcome by proving an earlier date of invention than the publication. The method of establishing proof of priority is through an ex parte affidavit or declaration. Affidavits Overcoming Rejections, 37 C.F.R. § 1.131 (1995).

35. According to discussions with Professor Yoichiro Yamaguchi of George Washington University, the Japanese system, with its lack of discovery or other appropriate means for determining priority of invention, opted for the simpler first-to-file system.

36. The remaining first inventor country, the Philippines, has considered legislation in recent years to also move to first-to-file.

37. The second-to-file also generally loses in the United States as well, even if the inventor can prove an earlier date of invention.

38. See Harold C. Wegner, *The One in Ten Thousand Chance for Foreign Usage of the American First Inventor System*, 76 J. PAT. & TRADEMARK OFF. SOC'Y 175 (1994). See also Harold C. Wegner, *Domestic Diligence Trap for Foreign Inventors*, 75 J. PAT. & TRADEMARK OFF. SOC'Y 849 (1993); cf. Charles L. Gholz, *Letter to the Editor*, 76 J. PAT. & TRADEMARK OFF. SOC'Y 174 (1994).

interference] proceedings . . . an applicant for a patent . . . may not establish a date of invention by reference to knowledge or use [of the invention] . . . in a foreign country.”³⁹

Since applicants will generally file their patent application a few months (or more) after the invention has been made, if the U.S. inventor is second-to-file against a foreigner by only a few months, the inventor has a good shot at winning a patent interference suit. While the foreigner will also have made the invention before the filing date, the uneven playing field created by the statutory preclusion against foreign activity makes it more likely than not that the U.S. inventor can win the patent interference, and, hence, establish exclusive patent rights in the United States.

While it is unfortunate that the U.S. inventor will not have foreign rights as part of this overall plan, in fact, U.S. inventors generally *will* gain foreign rights. This is because the United States is the single most important national market in the world, and the foreigner who will win abroad under first-to-file does not want to be shut out of this key market. Rather than fight a costly and lengthy patent interference suit to determine U.S. rights that he or she may lose, the foreigner is more likely than not to enter into a global settlement that will result in a shared market position for both sides.

As of January 1, 1996, 35 U.S.C. § 104 now permits Japanese and other foreigners to establish “home country” dates of invention for patent interferences. This creates an uneven playing field for U.S. inventors, who generally have greater difficulty understanding Japanese and other foreign language documents of competitors (as opposed to the ready understanding of English by foreigners). The fact that former Section 104 was important to U.S. industry (and not the first-to-file versus first inventor controversy) is manifested by the candid admission of a retired vice-president of a U.S. pharmaceutical leader, who was one of the strongest critics of first-to-file, and a long-time supporter of the first inventor system.⁴⁰ First, the conflict between the systems is acknowledged: “[B]locking positions [occur] on a worldwide basis because of the ‘first to invent’ patent

39. 35 U.S.C. § 104 (1988). This section was superseded by 35 U.S.C. § 104(a) (1993), which permits proof of inventive activity in Mexico or Canada. North American Free Trade Agreement Implementation Act, Pub. L. No. 103-82, 107 Stat. 2057 (1993). Effective January 1, 1994, dates of invention could be proved based upon acts of invention in Mexico or Canada as from a date as early as December 8, 1993.

40. David J. Mugford, *Licensing of Biotechnology: Introduction to the New Decade* 287 PLI/Pat 431 (1990).

system in the [United States] as opposed to the 'first to file' system in the EPO and JPO." On the one hand, it was recognized that the slow-to-file U.S. inventor loses rights at home, but thanks to the uneven advantage of 35 USC § 104 coupled with the immense size and value of the U.S. market, the potential exists to recoup foreign patent rights as part of a global settlement. Thus, the "European and Japanese researchers in the biotechnology field may have been the first to invent *in their own country* but were clearly the first to file in their country of origin claiming priority of invention in all Paris Convention countries including the [United States]."⁴¹ Adding the statutory discrimination to the equation, it is concluded that

if a U.S. inventor could show conception and reduction to practice in the [United States] prior to the foreign inventor's Paris Convention priority date, *i.e.*, the filing date in the country of origin, the U.S. applicant could obtain the U.S. patent for the protein or process of making same whereas the foreign inventor could obtain patents for the same subject matter in the rest of the world.⁴²

The manifest answer is a global settlement driven by this discrimination: "Since all of the research-based pharmaceutical companies and most of the now-emerged biotechnology companies are in global markets, and the [United States] represents approximately one-third of such market, a reasonable solution to this global market blocking situation would be to unblock by cross-licensing each other."⁴³

IV. URUGUAY NEGOTIATIONS: NORTHERN REFOCUS

When the TRIPS discussions were in their infancy, the emerging position of the "North" was to create strong minimum standards in developing countries so that patent protection could flourish to the benefit of the pharmaceutical industry, which was often precluded from any meaningful patent protection.⁴⁴ With the Manbeck Compromise signalling the death of any early chance favoring patent harmonization, an indirect approach was taken by forces for patent harmonization. These forces sought the introduction of even-playing-field standards for establishing a date of invention. To kick out the prop of statutory discrimination

41. *Id.* (emphasis added).

42. *Id.*

43. *Id.*

44. For an excellent contemporaneous discussion of the early period of negotiation of TRIPS, see Jerome H. Reichman, *Intellectual Property in International Trade: Opportunities and Risks of a GATT Connection*, 22 VAND. J. TRANSNAT'L L. 747 (1989).

from the first inventor system would in fact make a push for first-to-file *unnecessary* from the European and Japanese viewpoint. To the extent that foreign applicants could prove a date of invention based upon their home country inventive activity, they would have a decided advantage over their United States competitors.

In theory, elimination of the discrimination found in U.S. law would level the playing field. In practice, however, this is not true. By making everyone "equal" in terms of being able to prove a date of invention based upon home country activity, Japanese and other foreign inventors have a tremendous advantage.

First, the Japanese have long been able to survive the intricacies of patent interference proceedings and to understand and attack the positions of their opponents. English is the first language of their attorneys, and most Japanese executives and scientists who assist in the patent interference procedures have at least ten years of formal classroom English. They are readily able to understand the masses of complex documentation that inventors and their corroborators from the opposing U.S. organization may produce.

On the other hand, the U.S. attorney representing the U.S. opponent generally has zero knowledge of written or spoken Japanese. The U.S. corporate team supporting the lawyer is equally untrained in the Japanese language. This discrepancy is entirely uneven and presents the Japanese with a great advantage over the United States in U.S. patent proceedings.

V. DEFEATING SECTION 104 THROUGH TRIPS

A. *Perfecting a WTO Ban on Section 104*

As an outgrowth of the Manbeck Compromise and the appearance that any direct move to first-to-file was dead, leaders refocused their attention on the Uruguay negotiations in an effort to kill Section 104⁴⁵—the statutory bar to proving dates of invention based upon foreign activity. Clearly, Section 104 "discriminates on the basis of the country of invention for purposes of establishing the date of invention and the first inventor."⁴⁶ With surprisingly little opposition,⁴⁷ national treatment provisions were introduced into TRIPS.

45. See *supra* Part IV.

46. See Reichman, *supra* note 2, at 352 n. 41.

First, it is obvious that Section 104 violates even the existing "national treatment" provision of the Paris Convention.⁴⁸ This violation was made an automatic violation of TRIPS by virtue of the TRIPS Agreement itself.⁴⁹

Second, the harmonization movement went further and provided a parallel national treatment provision in the Agreement itself. TRIPS provides that "patents shall be available . . . without discrimination as to the place of invention."⁵⁰

B. *An Attenuated Section 104*

The United States, instead of outright proscribing a continuation of Section 104, implemented TRIPS by attenuating Section 104 in a minimalistic manner, arguably in compliance with the national treatment standards of both the Paris Convention (as incorporated into TRIPS) and TRIPS itself.

To attempt to maintain the old system while complying with the explicit TRIPS requirements for national treatment and the parallel Paris Convention requirements under Article 2, three clear violations have emerged, two statutory and one in a proposed regulation.

1. Failure to Amend Section 102(g)

The United States has failed to amend 35 U.S.C. § 102(g). This means that the statutory basis for finding a patent-defeating effect against the loser of an interference is unchanged and limited to the prior invention of another in the United States.

In the statute, the only way that the losing party to a patent interference is denied a claim is through the sequence of (a) an interference where priority of invention is established for the winning party; and (b) as a result of the interference, the losing party is subjected to a rejection under 35 U.S.C. § 102(g) on the basis that before the date of the losing party's invention, the invention was made "in this country" by the winning party.⁵¹ The wording "in this country" has been interpreted as denying a

47. There is nothing to indicate that the major proponents of a continued first inventor system had any knowledge of the implications of the movement.

48. Paris Convention, *supra* note 15, art. 2.

49. Article 2(1) of TRIPS states that "[i]n respect of Part II . . . of this Agreement [including patents in Sec. 5], Members shall comply with Articles 1 [through] 12, and [Article] 19, of the Paris Convention ([Stockholm Revision] 1967)." TRIPS, *supra* note 1, art. 2(1).

50. *Id.* art. 27(1). See also Reichman, *supra* note 2.

51. 35 U.S.C. § 102(g) (1988).

patent defeating effect as of a foreign invention date, such as a foreign priority date.⁵²

Thus, even if one wins an interference suit based upon proof of a date of invention in Germany, Canada, Japan, or another country outside the United States, there is no statutory basis to use this earlier date of invention to deny the losing party a patent in the United States. Therefore, while the foreign inventor may "win" the interference in the sense that the foreign inventor gains a patent outside the United States, there is little benefit to offset the expense of a patent interference suit outside the United States that would result in the losing party only obtaining rights outside of the United States. In other words, if there is no statutory basis for the losing party to be denied a patent under 35 U.S.C. § 102(g), then there is no patent-defeating right for the winning party to deny the losing party its claims.

Therefore, while proof of a date of invention is not precluded based upon foreign activity in WTO member states under a revised 35 U.S.C. § 104(a)(1), the key statutory provision for providing the substantive patent-defeating effect is 35 U.S.C. § 102(g). Thus, as a result of a patent interference where a foreign party would establish priority under 35 U.S.C. § 104 by proving acts in the foreign party's home country, these acts would have no value under 35 U.S.C. § 102(g) to deny a patent to a second inventor who was first to establish the invention in the United States. Key leaders in the United States have made it clear that the absence of a statutory basis for denying a losing party claims at the end of an interference represents a clear problem.⁵³

The direction given by the judiciary that 35 U.S.C. § 102(g) is not to be given an extraterritorial effect is manifest in the *Hilmer II* case.⁵⁴ A U.S. Patent and Trademark Office (PTO) official, during the period of preparation of the GATT implementing legislation, acknowledged that there was "[s]ome concern . . . that the failure to amend § 102(g) could lead to some strange and unjust results."⁵⁵

52. *In re Hilmer*, 424 F.2d 1108 (C.C.P.A. 1970) (*Hilmer II*) (interpretation of patent-defeating effect of prior foreign invention under 35 U.S.C. § 102(g)). For earlier proceedings on the same case, see *In re Hilmer*, 359 F.2d 859 (C.C.P.A. 1966) (*Hilmer I*).

53. ROBERT A. ARMITAGE, *THE FOREIGN-BASED INVENTOR'S UNPRECEDENTED OPPORTUNITIES UNDER THE URAA 6-92* (21st Annual Intellectual Property Law Workshop—ICLE, 1995).

54. *Hilmer II*, 424 F.2d 1108.

55. Charles E. Van Horn, *Effects of GATT and NAFTA on PTO Practice*, 77 J. PAT. & TRADEMARK OFF. SOC'Y 231, 234 (1995).

More than "strange" or "unjust," the absence of a statutory patent-defeating effect against the interference losing party means that the United States is not in full compliance with its promises under TRIPS to provide a level playing field for international applicants under its first inventor system. Some argue that the *Deckler* case⁵⁶ circumvents the problem.⁵⁷ This position, however, is difficult to defend. In contrast to the view by Van Horn that *Deckler* solves the problem, Irving and Lewis say that "[o]ne can urge . . . that *Deckler* is limited to a situation where the interference loser admits that the claims are not separately patentable from the [interference] lost count."⁵⁸

Robert Armitage sides with the skepticism expressed by Irving and Lewis. He states that the *Deckler*-based reasoning "is, at best, bizarre."⁵⁹ This view is paralleled by writings of Kevin L. Leffel and Charles L. Gholz, which are critical of *Deckler*.⁶⁰ The limitation of Section 102(g) to domestic acts is clearly stated in the *Hilmer II* case.⁶¹

While acknowledging the problem,⁶² the PTO justifies its failure to propose an amendment to Section 102(g) as part of the TRIPS domestic implementing legislation with the argument that "[a]n amendment to Section 102(g) is not necessary to preclude

56. *In re Deckler*, 977 F.2d 1449 (Fed. Cir. 1992).

57. See Van Horn, *supra* note 55, at 234-35.

58. Thomas L. Irving & Stacy D. Lewis, *Proving a Date of Invention and Infringement after GATT/TRIPS*, 22 AIPLA Q.J. 309, 322 (1994). Irving and Lewis add that "[m]ore logically, [*Deckler*] applies whenever the claims [of the interference loser] are in fact patentably indistinct [from the count of the interference] . . ." *Id.*

59. See ARMITAGE, *supra* note 53.

60. Kevin L. Leffel, *Hilmer Doctrine and Patent System Harmonization: What Does a Foreign Inventor Have at Stake?*, 26 AKRON L. REV. 355, 388 n. 401 (1992) ("Charles L. Gholz concludes that *In re Deckler*, 977 F.2d 1449 (Fed. Cir. 1992) . . . prevent[s] a party from patenting claims that are patentably indistinct from an interference count of the basis of interference estoppel and that McKellin is a 'curious historical anomaly.' ") (citing Charles L. Gholz, *A Critique of Recent Opinions in the Federal Circuit in Patent Interferences*, 75 J. PAT. & TRADEMARK OFF. SOC'Y 448, 475-76 (1993)).

61. *In re Hilmer*, 424 F.2d 1108, 1113 (C.C.P.A. 1970).

62. See Van Horn, *supra* note 55, at 234.

For example, consider a party that loses an interference to another who proves a date of invention in a NAFTA [or WTO] country. The losing party, it is argued, could obtain a U.S. patent for practically the same claims lost in interference because there is no prior art basis for rejecting the claims of the losing party that are patentably indistinct from the interference count. The prior invention by another in a NAFTA [or WTO] country would not be prior art under § 102(g) because the invention was not made in this country.

two patents from issuing to different parties on patentably indistinct inventions. The doctrine of interference estoppel has been applied in similar circumstances to avoid this clearly undesirable result."⁶³

Responding to the PTO's *Deckler*-based view, the conclusion must be reached that "[t]he brave words [that *Deckler*-based estoppel will work] notwithstanding, a foreign first inventor may not be the *first inventor in the United States*, and without this status, *no statutory reason exists* for denominating such [the losing] inventor the 'losing party.'"⁶⁴

The argument that *Deckler* will solve the failure to amend Section 102(g) is reiterated:

[W]ithout an adverse judgement properly statutorily grounded (in an amended § 102(g)), what is there to estop? *Interference estoppel* is an estoppel to deny that an adverse party to the interference established a prior invention in this country . . . with respect to certain claims. The claims subject to the estoppel are any claims that a party could have placed in issue in the interference, but neglected to contest (*e.g.*, by the filing of an appropriate "preliminary motion"). But if *no* prior invention in this country is put into evidence, what estoppel can exist? No basis for judgment must emphatically mean no basis for estoppel.⁶⁵

If there is to be a judicial resolution as to whether *Hilmer II* will be disregarded or overruled (something that is not in any event to be expected), that resolution cannot be realistically expected before the next century.⁶⁶

63. *Id.* (citing *In re Deckler*, 977 F.2d 1449 (Fed. Cir. 1992)).

64. ARMITAGE, *supra* note 53, at 6, 93.

65. *Id.* *Deckler* is thoroughly analyzed by Armitage, *id.* at 6, 93-95, who points out the unique facts of the case that do not provide basis for any general rule. He concludes with a question: "Is the *narrow* holding of *Deckler* on the very unusual facts of *Deckler* enough to support a broad rule that the mere conduct of an interference is sufficient to assure that the 'judgment' against the loser will establish a 'prior invention' judgement?" *Id.* at 6, 95.

66. There will be no interferences won based upon foreign activity until at least nearly that time, as acts of invention in a foreign country before 1996 are not counted under the transition provisions. Even if there were administrative resolution of an interference at the PTO by, say, "2000," there would then need to be an *ex parte* denial of the losing parties claims, which would then need to be followed by an appeal to the Federal Circuit—or, even worse, by litigation in the courts on a patent based upon such a losing party's application, followed by appeal to the Federal Circuit. Even excluding the two- to three-year backlog of some of the major precedential patent appeals awaiting decision at the Federal Circuit, the pathway to ultimate judicial resolution is hardly around the corner.

2. Special Privileges Under Section 104(a)(2)

Under Section 104(a)(2), United States citizens (or citizens of NAFTA or WTO member states) are given preferential treatment in establishing priority of invention in foreign countries. This is a clear violation of the "national treatment" provisions of Article 2 of the Paris Convention.⁶⁷

Special privileges for proof of a date of invention for citizens of the United States and NAFTA and WTO member states under 35 U.S.C. § 104(a)(2) based upon their own activities in any country discriminate against foreign applicants by nationality, as opposed to where an invention is made. In this sense, Section 104(a)(2) is a clear violation of Article 2 of the Paris Convention.

3. Discriminatory Regulations

While the United States, as a matter of statute, honors foreign evidence of a date of invention for activity in WTO member states, it does so grudgingly and in a potentially discriminatory fashion. Clearly, most, if not all, countries of the world have systems of discovery that are either nonexistent or at least not as sweeping as the unique U.S. system. Yet, the new U.S. law states:

To the extent that any information in . . . a WTO member country concerning knowledge, use, or other activity relevant to proving or disproving a date of invention has not been made available for use in a proceeding in the Patent and Trademark Office to the same extent as such information could be made available in the United States, the Commissioner, court, or . . . other authority shall draw appropriate inferences, or take other action permitted by statute, rule, or regulation, in favor of the party that requested the information in the proceeding.⁶⁸

It is argued that a foreign party can voluntarily turn over information in its control and thereby live within the wording of the statute. However, the regulations that have been implemented by the Commissioner go much further and *mandatorily* direct action against the foreign party even in the case where the matter sought by the adverse party is entirely outside the control of the foreign party. This is seen from the regulations that provide for issuance of sanctions,⁶⁹ including such extreme measures as "[h]olding certain facts to have been

67. Paris Convention, *supra* note 15, art. 2.

68. URAA, *supra* note 24.

69. 37 C.F.R. § 1.616(a) (1995).

established in the interference"⁷⁰ or even "[g]ranted judgment in the interference."⁷¹

While the statute permits sanctions where a party does not provide foreign evidence, the regulations go far beyond the statute and require sanctions even where the foreign party is not at fault. Thus, it is provided in the regulations that:

To the extent that an administrative patent judge or the Board has authorized a party to compel the taking of testimony or the production of documents or things from an *individual or entity* located in . . . a WTO member country concerning knowledge, use, or other activity relevant to proving or disproving a date of invention (§ 1.671(h)), but the testimony, documents or things have not been produced for use in the interference to the same extent as such information could be made available in the United States, the administrative patent judge or the Board shall draw such adverse inferences as may be appropriate under the circumstances, or take such other action permitted by statute, rule, or regulation, in favor of the party that requested the information in the interference, including imposition of appropriate sanctions.⁷²

The *regulatory* implementation is clearly discriminatory.⁷³

In the rule-making process, it was "questioned whether the failure of an individual or entity located in . . . a WTO member country to provide the information requested by a party can result in the imposition of sanctions against an opponent from that country *even though the opponent is not at fault.*"⁷⁴ One can imagine, for example, that evidence would be sought from a retired scientist or someone who has resigned and now works for a competitor. A Japanese interference litigant clearly does not have any legal mechanism to compel cooperation from a resigned employee, particularly not to the same extent as under U.S. discovery regulations. Yet, the PTO has said that "[t]he answer is yes."⁷⁵ Ignoring the implications of prejudice against foreign interference litigants, the official explanation was simply that "[o]ne purpose of [the amended text of] 35 U.S.C. 104 is to ensure that evidence for interferences is available in foreign countries in essentially the same manner that it is available in the United States. If the evidence is not available, then the appropriate inference provisions of 35 U.S.C. 104 *shall* be applied by PTO."⁷⁶

70. *Id.* § 1.616(a)(1).

71. *Id.* § 1.616(a)(6).

72. *Id.* § 1.616(c) (emphasis added).

73. One may question whether a regulation can be valid where it is not required by statute and goes so far as to put the United States into violation of the very treaty that the statute was designed to implement.

74. 60 Fed. Reg. 14488, 14493 (1995) (emphasis added).

75. *Id.* at 14493-94.

76. *Id.* at 14494 (emphasis added).

C. False Promise of the Provisional System

Some commentators argue that the United States offers all inventors, including foreign inventors, a simplified way to prove a date of invention through the new provisional application system.⁷⁷ There has even been an interpretation of the provisional system that allows one to prove a reduction to practice of an invention even if there is no formal priority basis for a later claim alleging such reduction to practice.

It has been stated that "[e]ven though a provisional application does not contain sufficient information to support a claim in a subsequent [regular] application, it may contain sufficient information to establish a constructive reduction to practice of at least one embodiment of [the] invention."⁷⁸ Van Horn continues that "[t]his information [of a single embodiment in the provisional] could be sufficient . . . to establish a date of invention in an interference proceeding or to show a date of invention prior to the effective date of a [prior art] reference under 37 C.F.R. § 1.131."⁷⁹

The difficulty with this argument is that it would require that new legal ground be broken. Currently, this viewpoint has basis only if the later application is copending and if there is a claim in the later case that finds a "written description" basis in the earlier application.⁸⁰ Otherwise, it would be necessary to overrule *In re Costello*.⁸¹

In *Costello*, the applicant sought to overcome the date of a reference by establishing the existence of an earlier (but abandoned) U.S. filing to the same invention.⁸² Since the earlier U.S. application was abandoned before the filing of the application on appeal, the condition precedent for priority as a continuation was not met.⁸³

77. This part of the Uruguay Round Agreements Act is found in 35 U.S.C. § 111(b) (1988).

78. Charles E. Van Horn, *Practicalities and Potential Pitfalls When Using Provisional Patent Applications*, 22 AIPLA Q. J. 259, 276 (1974).

79. *Id.* at 276-77. The omitted portion of the sentence states that priority would be granted either based upon the provisional application information "alone or in combination with existing prior art."

80. 35 U.S.C. § 112, ¶ 1 (1988).

81. *In re Costello*, 717 F.2d 1346 (Fed. Cir. 1983).

82. The invention was made in Canada and was not introduced into the United States at a date earlier enough to overcome the prior art reference.

83. If the present case had been filed before the abandonment of the first case, then the present case could have constituted a continuation under 35 U.S.C. § 120 (1994). Then, there would not have been the problem raised in the appeal.

As the court pointed out in *Costello*, "Because the requirements of [35 U.S.C. §] 120 had not been satisfied, the board refused to recognize the filing of the original application as a constructive reduction to practice of the invention."⁸⁴ While the filing could be considered to constitute a "conception" of the invention, this was meaningless because continuous diligence is a condition precedent to establishing priority of invention versus an intervening prior art reference.⁸⁵

The mere filing of the application does not constitute a constructive reduction to practice, which, if found, would have established priority because no diligence is required to establish priority based upon a reduction to practice. Yet, the case law dating back to the nineteenth century provides basis for denial of a finding of a constructive reduction to practice. As pointed out in *Costello*:

Appellants' principal contention is that the filing of the later abandoned original application constitutes a constructive reduction to practice of the invention. . . . It has long been settled, and we continue to approve the rule, that an abandoned application, with which no subsequent application was copending, cannot be considered a constructive reduction to practice. It is inoperative for any purpose, save as evidence of conception.⁸⁶

84. *Costello*, 717 F.2d at 1348.

85. To overcome the prior art, there must be proof of "conception of the invention prior to the effective date of the reference coupled with due diligence from said date to a subsequent reduction to practice or to the filing of the application." 37 C.F.R. § 1.131(b) (1995). Since the patent applicant was Canadian and carrying out his work (including any diligence) in Canada, 35 U.S.C. § 104 precluded any reliance upon such diligence for purposes of 37 C.F.R. § 1.131 (1995) (emphasis added).

86. *Costello*, 717 F.2d at 1350 (citing *Carty v. Kellogg*, 7 App.D.C. 542, 1896 C.D. 188 (1896)). The court in *Costello* explains that

Carty involved a fact situation almost identical to the present case. *Carty* filed an original application April 20, 1885, which was abandoned October 21, 1887. *Kellogg* filed an application July 30, 1887. Subsequently, on November 17, 1887, *Carty* filed a second application. An interference was generated and *Carty* tried to rely on the abandoned application as a constructive reduction to practice in order to establish priority. The Court of Appeals for the District of Columbia stated:

'Failing in proof of actual reduction, *Carty* is forced to rely upon constructive reduction to practice, and, in order to antedate *Kellogg*, he claims it by virtue of his abandoned application of 1885. It seems to be a reasonable and well-established principle, conformed to in the practice of the Patent Office, that an abandoned application cannot be so considered. . . . Having lapsed, it becomes inoperative for any purpose, save as evidence of the date of conception, and to that extent it has already been considered and its weight admitted.'

There is a seeming inconsistency between the general rule that filing a patent application constitutes a constructive reduction to practice of an invention disclosed in that application, while in *Costello* that very act was denied such status. This is explained by the court in *Costello*: "While the filing of the original application theoretically constituted a constructive reduction to practice at the time [of filing and during its pendency], the subsequent abandonment of that application also resulted in an abandonment of the benefit of that filing as a constructive reduction to practice."⁸⁷

D. *Slow Death to the First Inventor System*

It has been only since January 1, 1996, that foreign activity outside North America⁸⁸ may be used to establish priority of invention. It will be at least a couple of years before the first declaration of a patent interference is declared where this will be important. Therefore, no companies in the United States are presently inconvenienced or prejudiced by the difficulties they will face.

At the same time, the discrimination that continues to exist under Section 104 provides a source of friction, if not a basis for a dispute settlement request.⁸⁹ It may be anticipated that at such time as there is a bi- or multi-national agreement to be reached on patent worksharing or "true harmonization," the attenuated first inventor system may well become a bargaining chip to reach an overall agreement.

VI. *HILMER I*: TARGET FROM THIRTY YEARS AGO

A. *The Hilmer I Problem*

In international circles, the second target after first-to-file has been the elimination of the notorious *Hilmer I* decision, which unfairly denies foreign patentee's their patent-defeating right guaranteed by the Paris Convention.⁹⁰ As of the 1934 London

Id. (citations omitted).

87. *Id.*

88. North American inventive activity may be established from acts from December 8, 1993. See *supra* note 39.

89. Since the overall system is an *advantage* to foreign applicants, no pressing need to push a dispute settlement is seen.

90. See *supra* note 52. See also Harold C. Wegner & Jochen Pagenberg, *Paris Convention Priority: A Unique American Viewpoint Denying 'The Same Effect'*

Revision of the Paris Convention, which originally provided a *reserve des droits des tiers* or "reservation of third party rights" under Article 4(B), an explicit right to deny a third party patent was guaranteed as of the priority date.⁹¹ Thus, if a competitor files a patent application with a claim including an applicant's invention and the applicant is entitled to priority anterior to that of the competitor, then the competitor's claim is barred to the extent that the claim of the applicant's patent reads on that competitor's embodiment.

As part of domestic reform, it is expected that 35 U.S.C. § 102(e) will be amended to eliminate its effect for purposes of an obviousness determination under 35 U.S.C. § 103(a).⁹² When the United States does amend 35 U.S.C. § 102(e) to remove it from the category of "secret" prior art for obviousness under § 103(a), the patent-defeating date of a U.S. patent also should be changed to include a foreign priority date.⁹³

For more than twenty years, it has been well-settled in international circles that the United States has failed to fully implement the 1934 London Revision to the Paris Convention insofar as the patent-defeating right given to the patentee to defeat the claim of any party filing in the Paris Convention interval to the same invention as later patented by the patentee. This right is explicit in Article 4(B) of the Paris Convention as part of the limitation of the *reserve des droits des tiers* in the 1934 London Revision.

The ruling in *Hilmer I*⁹⁴ has no value in the determination of whether the U.S. law is or is not in violation of the Paris Convention, apart from whatever persuasive reasoning may be found in that opinion. In essence, the opinion says that there is no patent-defeating priority right in the Paris Convention and that, in any event, the U.S. law is independent of the treaty provisions. The latter point may be entirely neglected because the precise issue is whether the U.S. law is in compliance with the patent-defeating priority right of the Paris Convention. There is no solid reasoning in the opinion to deal with this issue, as the

to the *Foreign Filing*, 5 INT'L REV. INDUS. PROP. & COPYRIGHT L. 361 (1974); see also Donald G. Daus, *Paris Convention Priority*, 77 J. PAT. & TRADEMARK OFF. SOC'Y 138, 144 n. 35. (1995).

91. Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, 25 Stat. 1372, as revised June 2, 1934, 53 Stat. 1748. See also *supra* note 14.

92. Effective November 1, 1995, the test of obviousness under 35 U.S.C. § 103 (as set forth in the first paragraph thereof) is now 35 U.S.C. § 103(a). Pub. L. 104-41, 109 Stat. 351 (1995).

93. 35 U.S.C. § 119(a) (1988).

94. *In re Hilmer*, 359 F.2d 859 (1966).

primary focus is on the treaty as originally implemented in 1903 and on the patent-obtaining rights of Article 4 of the Paris Convention. Neither the patent-obtaining rights, Article 4, nor the 1903 version of the Paris Convention are at issue in the international complaints about the patent-defeating right of the entirely different provisions of Article 4B, which was only revised to its present form as part of the 1934 London Revision that created a limitation on the *droits des tiers*. The total absence of any meaningful consideration of the 1934 London Revision and the manner of modification of the *reserve des droits des tiers* speaks for itself as to the meaningless guidance given by the *Hilmer* opinion—a low point in judicial understanding of international patent practice and treaties.⁹⁵

B. TRIPS: Forcing Consideration of the Paris Convention

Arrogant defiance of Article 4(B) of the Paris Convention has been possible because there is no enforcement mechanism under that treaty. Now, with this provision of the Paris Convention being incorporated into the treaty obligations under TRIPS,⁹⁶ it is time that the United States honors its Paris Convention obligations to introduce a patent-defeating right as required by this treaty.

VII. CONCLUSION

While the major patent thrust of TRIPS has been and continues to be the creation of a strong international patent system with country-by-country protection of pharmaceuticals and other high-technology fruits of U.S. innovation, the United States must honor its treaty commitments with fairness and diligence. As a byproduct of such international cooperation, the world can move more quickly in the direction of patent worksharing and provide a reasonable mechanism for obtaining and enforcing a global patent portfolio.

95. Even worse than the accidental prejudice of *Hilmer*, which can be blamed either on sloppy domestic implementation of the 1934 London Revision or a judicial mistake from nearly thirty years ago, the *deliberate* creation of a *Hilmer*-like discrimination in the Patent Cooperation Treaty (PCT) cannot be excused. The current law denies a foreign applicant a patent-defeating date as of the foreign applicant's PCT filing date; this is an express violation of the PCT, which the United States government has formally acknowledged through its reservation under PCT Rule 64(4).

96. TRIPS, *supra* note 1, art. 2.