

# First-to-File vs. First-to-Invent



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## INTRODUCTION

The United States patent system is based on a unique “First-to-Invent” doctrine, which means that the inventor who first conceived of the invention<sup>2</sup> is considered the first inventor and is entitled to patent protection. Other countries have patent systems based on the “First-to-File” doctrine, in which the patent is granted to the inventor who is the first to file a patent application, regardless of the date of invention. The Patent Reform Act of 2007, which was passed by the House of Representatives last September and is awaiting a vote in the Senate, if passed into law, will change our system *inter alia* to First-to-File. This article analyzes the pros and cons of the two systems and what it means to American innovators and industry.

## FIRST-TO-FILE VS. FIRST-TO-INVENT PATENT REGIMES

The principal advantage of the US First-to-Invent system is that it rewards the first inventor, not the winner of the race to the Patent Office.

When two inventors file patent applications on the same invention, there may be an interference hearing before the Board of Appeals and Interferences at the US Patent Office to determine who conceived of the invention first, and whether the inventors have been diligent in reducing their inventions to practice. This is an expensive and involved albeit infrequent procedure.

The only disadvantage of the First-to-Invent system is this costly and lengthy interference proceeding. Indeed, the expense of fighting patent interference may prove prohibitive for a small inventor leading to abandonment of the patent application. It is not inconceivable that an inventor who was first to come up with an invention and first to file a patent application may not

receive a patent due to the prohibitive cost of proving the date of conception. However, such situations are rare and interference proceedings are infrequent. Out of 444,510 patent applications filed in 2006, only 129 – or 0.029% – were involved in interference proceedings. Most patent attorneys involved in patent prosecution go through their entire professional career without ever representing a client in an interference dispute.

The theoretical basis of the First-to-File system stems from the contract theory of patents. Under this theory, a patent is a contract between an inventor and society, which grants the inventor a public franchise (i.e., exclusive right of use)<sup>3</sup> in exchange for public disclosure of the invention. If a patent is a quid pro quo for public disclosure of the invention, then it is not unreasonable to reward with the right of exclusive use the first inventor to disclose the invention to the public.

A practical advantage of the First-to-File system is its utter simplicity. There are no interference disputes—whoever gets the earliest postmark stamp on the patent application gets the patent.<sup>4</sup>

Another advantage of the First-to-File system is that it eliminates so-called “secret prior art”, which are inventions for which patent applications have not yet been filed and therefore cannot be found through a prior art search. If they are filed, such patent applications could preclude other inventors from getting a patent.<sup>5</sup> This seldom happens, and the advantage is of marginal value.

## CONSTITUTION

Some opponents of the First-to-File system raise a constitutional argument. Indeed, the First-to-Invent system is deeply rooted in the US Constitution (Article I, Section 8). The Constitution grants Congress the power to secure exclusive rights, i.e. to grant patents to *inventors*, not winners of the race to the Patent Office. The inventor is, by definition, the one who invented first. An inventor can hardly be defined as the one who is first to file a patent application.<sup>6</sup> Replacing the first inventor with the first filer, as proposed in the Reform Act of 2007

may not be exactly what the Framers of the Constitution had in mind.

It is instructive that copyright, another form of intellectual property protection stemming from the same clause in the Constitution, vests with its owner as soon as the creative idea is fixed in a tangible form, not when the copyright is registered.

## QUALITY OF INVENTION DISCLOSURE

Under our patent system, an inventor has sufficient time to perform a thorough search of prior art to determine if the invention is patentable. Having sufficient time to prepare a patent application has positive effect on the quality of filed applications and the breadth of disclosure. Recent research demonstrated that patentees in “First-to-file” countries lag far behind US patentees in patent disclosure breadth. The study shows that US patents have significantly higher page count (indicating breadth of disclosure) and claim count (indicating breadth of protection) than patents originating from the countries with First-to-File regime.<sup>7</sup> A First-to-File system necessarily leads to a race to the patent office, which leads to half-baked patent applications.

## EFFECT ON SMALL AND INDEPENDENT INVENTORS

Another unique feature of the American patent system is the “Grace Period”. The twelve-month Grace Period afforded by US patent law allows an inventor to file a patent application within one year after (a) public disclosure of the invention or (b) first sale of the patented product. Under the First-to-Invent regime, there is no necessity for the inventor to rush a patent application to the Patent Office. The inventor can take his time to figure out a marketing plan and business model, and decide whether or not it is prudent to invest in preparing and prosecuting a patent application. Although a proposed change to the First-to-File regime does not eliminate the Grace Period, as a practical matter, such regime would set off a race to the Patent Office, any grace period notwithstanding. A First-to-Invent system, therefore, is very important to small businesses and independent inventors who need to take their financial resources into consideration.<sup>8</sup>

Under the First-to-File regime, large corporations with well-established invention disclosure procedures, patent commit-

tees and armies of in-house attorneys will always beat a lone inventor in the race to the Patent Office, thus placing small and independent inventors at a severe disadvantage.

## HARMONIZATION OF PATENT LAW

The proponents of the change from First-to-Invent to First-to-File argue that it is important for the US to harmonize its patent laws with the rest of the world. They fail to explain why. Harmonization may be a noble goal but needs to be approached with caution. The question is which standard will prevail – ours, which is strong, or theirs, which is weak.

The US patent system is one of the first and most developed patent systems in the world. The US continues to lead the way as the first country to recognize the patentability of software and business methods. Inventors from around the world rely on U.S. patents. Roughly half of all patents issued are to foreign-based inventors. This begs the question, is it wise to change our time-tested patent system to conform to weaker patent systems of other countries in the name of harmonization? What about other countries harmonizing their patent laws with ours by, for example, adopting our twelve-month grace period that leads to fuller invention disclosures and more mature patent applications?

The United States is undoubtedly the most inventive country in the world. It is the world leader in many fields, including science, hi-tech and biotechnology. In the US, we create original and innovative products, which are copied and sold back to us as counterfeit goods by foreign infringers. Should we really rush to lower our patent standards down to the levels of those countries that routinely infringe our patents? Shouldn't the Congress be asking who is going to benefit from such weakening of U.S. patent laws? The answer is clear – it is not to the benefit of American inventors or American manufacturers; the change will mainly benefit foreign businesses trying to compete with American businesses in the American market.

## CONCLUSION

In the final analysis, a First-to-Invent vs. First-to-File debate cannot be considered outside of the context of the patent reform

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proposal in its entirety. In a fair and balanced patent reform, goals of patent law harmonization would be balanced with the interests and concerns of universities, small businesses and independent inventors. In such a scenario one may be inclined to consider relative pros and cons of both systems. The proposed Patent Reform Act of 2007, however, is so consistently and unmistakably biased in favor of large corporations and against the interests of small entity inventors that the purported motivation for the proposed change to the First-to-File system can only be viewed with deep suspicion.

Our founding fathers had the foresight to afford first inventors, not first filers, the exclusive rights to their inventions. This Constitutional right is the basis of our Patent System – one of the oldest and one of the best patent systems in the world, a system that served our country well for over two centuries. Before we tinker with the system, perhaps we should defer to the framers of the Constitution who, after all, were the first to invent our First-to-Invent patent system. 

## ENDNOTES

1. Alexander Poltorak is the CEO of General Patent Corporation. He can be reached at [apoltorak@gpci.com](mailto:apoltorak@gpci.com).
2. Upon conception of the invention, the inventor must diligently reduce it to practice by filing a patent application (constructive reduction to practice) or building a working prototype (actual reduction to practice) without abandoning, suppressing or concealing the invention.
3. The patent franchise is actually broader than exclusive right to use. It is a right to exclude others from making, using, selling, offering for sale and importing the patented invention.
4. Under the proposed new legislation, there will be a procedure to determine the first inventor to file.
5. That is, if the date of conception by the first inventor is earlier than the date of conception by the second inventor.
6. Thus, the artful crafting of the language in the Patent Reform Act of 2007 to read “First Inventor to File.”
7. E. Archontopoulos et al, When small is beautiful: Measuring the evolution and consequences of the voluminosity of patent applications at the EPO, *Information Economics And Policy*, **19**(2), pp. 103-132, (June 2007).
8. The language of the House version of the Bill (H.R. 1908) creates a trigger that is not pulled until Europe and Japan give U.S. inventors a one-year grace period. However, the flaw is the trigger does not include China, which is significant given their piracy.