

First-to-file: The race to the patent office is on

More than two years ago, on September 16, 2011, President Obama signed the America Invents Act (“AIA”) into law. The AIA makes dozens of changes to the United States patent system. The changes range from small things like increasing patent office filing fees, to larger things like restricting the right to sue those who falsely mark a product with a patent number. On March 16, 2013, the AIA’s most significant change went into effect — that change moved the United States from a *First to Invent* country to a *First to File* country.

First to what?

First to Invent means that if two individuals, A and B, file patent applications on the same invention, the patent may be awarded to the individual that can prove that he invented first. He is the First to Invent. On the other hand, in a First to File country, the patent may be awarded to the individual that simply filed the first patent application, with no regard for who actually invented first. He who is First to File, wins the patent. Until now, the United States had been a First to Invent country for over 200 years. As other countries around the world implemented and modified their patent laws, they abandoned First to Invent because it was complex and inefficient.

First to File is the way of the world

When the Philippines switched from First to Invent to First to File in 1998, the United States officially became the last First to Invent country in the world. As one might imagine, with the increasingly global nature of conducting business, clinging to such a system had made the United States an awkward and complicated piece of the international

patent puzzle. Thus, the AIA strives for global harmony:

It is the sense of the Congress that converting the United States patent system from ‘first to invent’ to a system of ‘first inventor to file’ will . . . promote harmonization of the United States patent system with the patent systems commonly used in nearly all other countries throughout the world . . .

Leahy-Smith America Invents Act, § 3(p).

Despite the benefits of international harmony, maybe, just maybe there is a hint of unfairness about a system that awards a patent to the individual that invented second, third, or fourth, as opposed to the individual who truly invented first. It almost seems un-American. Despite these undertones of First to File,

though, there are plenty of reasons why it is a good idea.

Although it may appear to be easy to determine who truly invented first, as required in a First to Invent country, in practice it has proved difficult, expensive and time consuming. Determining First to Invent often required litigation or litigation-like proceedings, where documentary evidence and witness testimony were closely scrutinized. Ultimately, some trier of fact such as a judge or a jury had to evaluate the evidence and reach a determination as to which individual invented first and, therefore, deserved the patent. Determining who is First to File, however, is as easy as looking at the date stamps on the competing patent applications. Also, because a First to Invent determination often

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requires judges and juries across the country to weigh evidence, it is an inherently unpredictable process.

What's the catch with First to File?

First to File makes it easier to predict who will be entitled to a patent. But First to File also makes it more difficult to determine when and whether or not to file for a patent.

When the United States was a First to Invent country, it was often the case that manufacturers would develop new methods or machines and proceed in secrecy through the normal course of business to perfect those new methods or machines. By the time the kinks were worked out, the manufacturer would generally have an idea of the commercial viability of the new method or machine and the decision whether to pursue patent protection was easy. If the invention worked and it had commercial viability — protect! In the meantime, if a competitor developed the same idea and sought patent protection first, the manufacturer could always “swear behind” the competing patent by pointing to any dated documents, lab notebooks, test results, correspondence, and the like, that prove earlier invention. Thus, although the manufacturer may have filed for patent protection at a later date, it at least had the opportunity

to prove that it was the First to Invent, and therefore, deserved the patent over its competitor.

In a First to File country, the competitor that files first is awarded the controlling patent.

Now that the United States is a First to File country should I file patent applications for all my ideas?

There are undoubtedly many strategies that manufacturers are implementing to protect their corporate assets in the post-AIA world. Here, however, are some basic things that can be easily done to maximize your potential in the United States, the world's most recent First to File country.

- First, establish corporate policies taking First to File into account. At a minimum, this could include establishing a formal evaluation program for new ideas. Such evaluations may be conducted by one or more members of the management team, marketing team, and/or legal team and should occur on a frequent and regular basis. The faster the evaluation team learns of new developments, the sooner they can assess the financial and competitive viability of those developments, which means, for commercially viable ideas, less time is wasted from conception of the idea to when a patent application is filed. Another key aspect to this evaluation process is education. The engineers, marketing professionals, and any other members of your organization that may be developing new ideas must be educated on the fact that in order to protect those developments, they should be evaluated early.
- Second, file provisional applications on everything that your organization develops. Provisional applications never become patents themselves, but they can be cheaper to prepare and file than regular patent applications. The advantage is that a provisional application gives the inventor up to a year to test, refine, further develop, and, yes, determine the commercial viability of his invention. Within that year, further provisional applications can be filed to incorporate key refinements over the original concept. By the one year

anniversary of the first-filed provisional, the organization should have a better perspective on whether making the investment in a regular patent application is worthwhile. If a regular patent application is filed by that one year anniversary, the subject matter in the regular application will be entitled to the filing date(s) of the provisional application(s) disclosing the corresponding subject matter.

- Third, if your organization is already a prolific patent filer, one might consider broadening your patent disclosures by including as many related concepts as possible in the application, even though some may appear to fail your organization's particular litmus test for patenting. With this approach, if you subsequently develop a new use or commercial application for those ideas, the disclosure is there and it has the early filing date on which you can rely.

The above considerations are only a few that can help manufacturers alleviate at least some of the anxieties that are inevitably present in the First to File, post-AIA world. Every organization is unique in its structure, objectives and policies, and therefore, each is encouraged to review those structures, objectives and policies to ensure alignment with the new United States patent law realities. ■

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