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**Comments of the
American Intellectual Property Law Association
in Response to the
Invitation for Public Comments to
“Towards a Global Harmonization, High Transparency/Predictability, Promoting
Innovation – Sophisticating the Pro-Patent Policy Responsive to Changes”
Prepared by the
Japan Patent Office Policy Committee on Innovation and Intellectual Property**

The American Intellectual Property Law Association (AIPLA) is pleased to present the following comments in response to the invitation for public comments issued by the Japan Patent Office (JPO) on January 23, 2008 with respect to the document titled “Attachment 1 -- Towards a Global Harmonization, High Transparency/Predictability, Promoting Innovation – Sophisticating the Pro-Patent Policy Responsive to Changes” (“Attachment 1”).

AIPLA is a voluntary national bar association of over 17,000 members engaged in private and corporate practice, government services, and the academic community. AIPLA represents a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, and unfair competition law, as well as other fields of law affecting intellectual property. AIPLA’s membership is intimately involved with legal and business issues underlying the development, commercialization and exploitation of intellectual property inside and outside the United States.

Introduction

AIPLA congratulates the JPO on establishing the Policy Committee on Innovation and Intellectual Property (PCIIP) to “identify the most promising measures for enhancing innovation and submit a package of policy recommendations to the JPO.” AIPLA welcomes this opportunity to provide our comments and hope that they will be helpful to PCIIP as it conducts its work in connection with this important and ambitious undertaking.

Comments

- i) “Is the situation analysis, identification of issues, and approaches to resolving those issues in Attachment 1 appropriate and complete?”**

The analysis set forth in Attachment 1 is wide-ranging and informative, and the issues identified include those of high importance to AIPLA, including greater international harmonization of patent laws, enhanced quality of patent rights, improved efficiencies in the examination process and attainment globally of uniformity, transparency, and predictability in all patent systems. Our comments to this question are organized according to the three pillars defined

in Attachment 1, namely (1) “realization of a sustainable global patent system;” (2) “establishment of a highly transparent and predictable system for improving patent ‘protection;’” and (3) “development of a wide-ranging innovation infrastructure to facilitate the ‘creation’ and ‘utilization’ of patent rights.”

Sustainable Global Patent System

AIPLA is a longstanding supporter of greater international harmonization of patent laws. Its position is grounded on the benefits that harmonization will bring to inventors. Thus, it fully endorses and supports the JPO’s effort to develop a sustainable global patent system through close cooperation among patent offices, reducing redundancies, and eliminating inconsistencies among the world’s patent systems.

To guide the world’s patent systems to greater consistency and harmony, AIPLA recommends that PCIIP follow the so-called “best practices” analysis. It is AIPLA’s view that a “best practices” patent system would achieve, among other objectives:

- Predictability in assessments of what inventions will be validly patentable;
- Simplicity in the legal principles and concepts that underlie the system;
- Reliability of patent office determinations once made;
- Stability in legal doctrines defining patent validity and enforceability;
- Economy in the patent procurement and enforcement processes;
- Promptness in final determinations of patentability and validity;
- Fairness to all categories of inventors, whether individual inventors or inventors affiliated with small or large entities;
- Balance between providing strong protection for patentable innovations and preserving unfettered freedom to use unpatentable and unpatented subject matter.

As applied to the U.S. patent system, AIPLA advocates a number of changes to the U.S. patent laws including adoption of a first-inventor-to-file system, removal of subjective criteria for patent protection, such as the “best mode” requirement, simplifying the definition of prior art while recognizing the diverse channels through which prior art is available and the practicalities of the environment in which public disclosures by inventors can occur, establishing effective, efficient and balanced mechanisms for post grant challenges to the scope and validity of patents, and reasonable standards for open and forthright communications between applicants and the Office.

AIPLA applauds the JPO’s leadership in implementing and promoting programs such as “Patent Prosecution Highway (PPH)” to streamline the patent examination process and optimize the use of limited resources. AIPLA recommends that PCIIP examine other means to manage workload-related problems faced by patent offices worldwide by closely working with the United States Patent and Trademark Office (USPTO), European Patent Office (EPO), and other patent offices. AIPLA encourages, where appropriate, use of working groups and pilot programs that solicit views and engage participation of users and other stakeholders.

Comprehensive harmonization of patent laws requires looking not only at patent procurement issues, but also at patent enforcement issues. Currently, the enforcement situation varies considerably from country to country. Enforcement variables include claim construction,

cost of litigation, time to decision, available damages, availability of injunctive relief, and so on. Some of these variables are rooted deeply in differences related to the cultures and legal systems of various jurisdictions. Nonetheless, AIPLA believes that a significant measure of harmonization and uniformity, resulting in enhanced efficiencies and predictability across borders, can be attained where well focused issues related to enforcement in a global patent system are considered.

Finally, statements in Attachment 1 seem to imply that, since many patents in developing countries are filed by companies and individuals from developed countries, there could be a negative implication for developing countries. In this regard, AIPLA encourages PCIIP to consider studies that demonstrate that the availability of adequate patent protection in a country brings a number of economic benefits including increased foreign investment capital and technology licensing. *See, e.g.,* Jeogn-Yeon Lee & Edwin Mansfield, Intellectual Property Protection and U.S. Foreign Direct Investment, 78 Rev. Econ. & Stat. 181 (1996). Moreover, the recent experience of countries such as India and China, while arguably no longer “developing,” could nevertheless be referenced as examples of successful development of a domestic IP culture based on investment by developed countries.

Transparent and Predictable System for Improving Patent Protection

AIPLA believes that increasing transparency and predictability in the patent system is beneficial to the public. Attachment 1 lists a number of issues that affect transparency and predictability of the system. Additional issues that may affect transparency and predictability include the effectiveness of a patent office, the availability of an effective post-grant open review process, and, in the case of the United States, removal of subjective elements from its patent laws.

It is widely recognized that an effectively functioning patent office is key to maintaining a transparent and predictable patent system. With this in mind, AIPLA has supported providing sufficient resources and capabilities to the USPTO to enable examiners to consistently and vigorously apply criteria for patentability. To maintain transparency and predictability at a global level, it is important to consider policy measures and to allocate resources and adopt new technologies in order to establish a global network of effectively functioning patent offices.

AIPLA believes that a globally uniform post grant challenge system would provide added predictability and efficiencies. To this end, AIPLA also encourages PCIIP to reexamine the use of a post-grant opposition in Japan. AIPLA believes that decisions of patent examiners to issue patents should be subject to an open review process in which the public can participate. This includes institution of effective post-grant opposition systems in the U.S. and elsewhere that have significant commonality. AIPLA supports post-grant opposition mechanisms that are carefully constructed, adequately resourced, and appropriately constrained. They should achieve a balance between the interests of the patent owner in a final determination of patent property rights and the interests of the public in the prompt elimination of erroneously granted patents. As establishing a common baseline for an effective post-grant opposition system would further help increase transparency and predictability, it may be useful for PCIIP to take a leadership role and address this issue in more detail.

Attachment 1 makes several references to the U.S. system, including “legal uncertainty of patents.” AIPLA has advocated a number of changes to enhance the quality of patents and to

remove subjective elements from the U.S. patent laws. AIPLA has articulated its support for a number of quality-focused initiatives in the current USPTO Strategic Plan 2007-2012, which would address some bases for such “uncertainty.” In addition, AIPLA has supported recently proposed patent reforms that would include elimination, limitation or modification of current provisions of the patent law as they relate to willful infringement, inequitable conduct, and the requirement to disclose inventor’s contemplated best mode. To the extent that PCIIP believes that there are other features in the U.S. and other systems that can hinder transparency and harmonization, AIPLA encourages PCIIP to identify them so that appropriate measures can be taken for their resolution.

An aim of the project is “sophisticating the pro-patent policy responsive to change,” and Attachment 1 makes several references to “pro-patent policy” and reexamination of such policy taking place in Japan, the U.S. and elsewhere. However, as patent systems and related policies vary from country to country, it would be helpful for PCIIP to clarify what is meant by “pro-patent policy.” Such clarification would facilitate a better understanding of the similarities and differences in policies of various countries and the identification of “flexible readjustments” needed to maintain a robust patent system.

Innovation Infrastructure

In recognizing the importance of open innovation, Attachment 1 notes the increased importance of making use of a patent pool. Robust patent protection promotes open innovation models by helping to create markets for patent rights, and thus facilitating the exchange of technologies. Patent pools are certainly one way of doing this, but they are not the only way or even a superior way in all cases. Other means include partnering, cross-licensing, dedicating IP to open source projects. In practice, private companies negotiate and choose a mechanism that best meets their business needs. AIPLA encourages PCIIP to conduct a further study to identify various mechanisms currently in place to enable open innovation.

With regard to patent trolls, we note that there is no consensus on the definition of the term “patent trolls” and their impact on the U.S. patent system or economy (if any). Similarly, impacts of “new businesses” in the area of IP investment and management have not yet been studied carefully, at least in the U.S.

AIPLA supports PCIIP’s effort to continue improving availability and access to prior art documents. A high-quality machine translation capability for multiple languages will be particularly helpful in accessing prior art documents. AIPLA acknowledges the significant contributions that the JPO and Japanese industry have made toward developing this capability.

ii) “In order to deal with the issues identified in Attachment 1 by means of public policy, do you have any suggestions or recommendations?”

AIPLA believes that the patent system should remain open-ended, unitary and flexible so that, wherever “progress in the useful arts” might lead mankind, a vigorous and effective patent system can follow. A unitary standard of patentability fosters consistency, transparency, and predictability. In this regard, AIPLA cautions against introducing technology-based exceptions or interjecting economic or public policy exceptions into the patent system. As a longstanding supporter of international harmonization of patent laws, AIPLA wholeheartedly supports the

JPO's effort to develop a sustainable "global" patent system through close cooperation among patent offices, reducing redundancies, and eliminating inconsistencies among the world's patent system, and encourages PCIIP to make concrete and specific recommendations to the JPO.

- iii) In addition to the materials in the selected bibliography in Attachment 2, are there any other materials that you would recommend to be taken into consideration by PCIIP members?"**

AIPLA has been actively involved in a wide-spectrum of intellectual property issues, and has submitted its views on many of the issues identified in Attachment 1 through amicus briefs to U.S. courts, comments to U.S. and international government agencies including the USPTO, and testimony before the U.S. Congress. A copy of these documents can be found at: http://www.aipla.org/Template.cfm?section=IP_Issues_and_Advocacy.

Some of more pertinent documents include AIPLA's responses to the documents cited in "Attachment 2 -- Selected Bibliography."

AIPLA Response to the October 2003 Federal Trade Commission Report: "To Prompt Innovation: The Proper Balance of Competition and Patent Law and Policy"
http://www.aipla.org/Content/ContentGroups/Issues_and_Advocacy/Comments2/Patent_and_Trademark_Office/2004/ResponseToFTC.pdf

AIPLA Response to the National Academies Report entitled "A Patent System for the 21st Century"
http://www.aipla.org/Content/ContentGroups/Issues_and_Advocacy/Comments2/Patent_and_Trademark_Office/2004/NAS092304.pdf