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Panel Discussion

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PANEL DISCUSSION

MR. MISROCK*: Now I'd like to throw the session open for questions from the audience.

AUDIENCE MEMBER**: I have two questions, one for Mr. Montalto and one for Hal Wegner. Mr. Montalto, I wonder, is no thought being given in the trademark Directive considerations to the protection of unregistered product designs—product configurations that would be out there and may claim secondary meaning, or inherent distinct difference, or whatever? I see no traces of it. I thought I heard some mention that you had better register everything or you're going to be in trouble. I want to know if you are just going to leave that out there in the cold?

And for Mr. Wegner, I think you strongly support the first-to-file system. I just want to know, do you also support the publication of all applications including failed applications; and, if you do support it, would you still support it if Professor Fryer's view were correct, that the initial application has to have some genuine content to it?

MR. MONTALTO: If I understood your question, you were talking about two different points. One involved what is about to be signed regarding protection under Community law in respect to the trademark law; and the second one involved unregistered products or signs which in many cases aren't being protected.

First of all, about the signs, as you know, we are providing for that lack in the Regulation. That would be in the talks that will be made by my colleagues, that the Community really is doing what it can to give protection also for these items and subjects.

For your second question about non-registered trademarks, Community law in the Directive leaves to the Member States the possibility that these rights can be recognized under the law. We give also important value to a well-known mark, that is a mark that

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is recognized and is very famous. If it is not registered, it can be used and the Member State can also be in a position to ask the user-owner also for validation of a later trademark that is registered if their trademark has been used and is very well-known around the states or the Community.

PROFESSOR WEGNER: I think that Professor Reichman raised a very good point, as also did Professor Fryer.

Let's start with the provisional application. It is absolutely true that an attorney should be involved with the first filing, and it is absolutely true that the first filing has to have a disclosure of the proper scope of protection. Professor Beier, Dr. Rainer Moufang, both of Max Planck, and I have each written on this problem in the Max Planck journal *I.I.C.* in great detail, ad infinitum, ad nauseam, about this problem. It is a serious problem and must be addressed.

The real reason why Americans file slowly, why our application procedure with attorneys is so expensive, is not because of this question. The inventor gives you working examples disclosure and the best prior work in the field, and the attorney can fairly eyeball, and make a good calculated guess about the scope of protection. He can have multiple scope definitions and throw away the scopes he doesn't like later on and he has protection as of that date.

The real problem is the in terrorem effect of patent fraud. If you look at the last double issue of the *AIPLA Quarterly Journal*,[1] we revisited this problem again in 1992. It's my feeling that when a U.S. attorney gets a patent application, it's not the problem of defining the invention; it's all the ancillary bells and whistles, and the fact that if the patent is ever granted and goes into litigation, there is an eighty-to-ninety percent chance that that attorney will be charged with fraud.

This in terrorem effect must be eliminated. So it is part of the proposal we have, and I have outlined a legislative proposal for this, to get rid of patent fraud. That's what we need to do, and then we have a disclosure document.

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1. Harold C. Wegner, *Patent Simplification Sans Patent Fraud*, 20 AIPLA Q.J. 211, 214-16 (1992).

Now, even without that, why do I want a disclosure document? Well, I think it's important that investors be told about the problems of scope, that they need to choose a turning wherever possible. But I want the inventor to have the option of this disclosure document. Professor Irving Kayton has done studies which show that Japanese routinely file their patent applications five to ten months earlier than Americans do.

So imagine that you have all the biotechnologists of importance going to a conference in Cologne or Kyoto or California, anywhere in the world, and they see a new development and they rush home to their laboratories and say, "Where can I go from here?" If each of the inventors goes back to his laboratory at home—one in Kyoto, one in California, one in Cologne—and they each, about the same time, come up with the same innovation, unless the American is five or ten months earlier, he loses the race to the patent office. Isn't that an atrocity?

I want to encourage early filings. I want first-to-file to force early filings. And let's make no mistake about it, we kid ourselves when we say that the individual inventor is going to win a patent interference. Thirty times a year the individual inventor, or any inventor, who is second to file wins a patent interference—thirty times a year out of filings of 160,000 patent applications. Not only does he have a very, very poor chance of getting a patent in the United States, he absolutely will not get a patent in the rest of the world because the rest of the world today is under first-to-file.

Well, why don't we get the rest of the world to change to our system? That's ludicrous, but I've heard people make that proposal. We should now re-think things. Canada had our system until 1987, when they changed their law, effective 1989, and unilaterally went to this.[2]

Now, with regard to Professor Reichman's question about publication, yes, I want publication at eighteen months of every patent application. I want the inventors to diligently pursue their technology. What I don't want are "submarine patents," where inventors

2. The Patent Act, R.S.C. 1970, ch. P-4; The Patent Rules, C.R.C. 1978, ch. 1250.

have a little idea, don't do a thing with it, but leave it there until somebody else develops the technology, and then patents it. Today's example is Jerry Lemelson, who, through whatever means, lets patent applications sit for twenty years, files only in the United States, and then after twenty years, after the technology is developed, sues everybody. Why don't we learn these lessons?

The classic example was George Selden. George Selden, in 1879, before Henry Ford, before Daimler Benz, before the gas cars, wrote a patent application and claimed gas cars—1879. For sixteen years he let that sit. Along the way, as Henry Ford came along, as Daimler Benz came along, as everybody else came along, he modified his application to mirror their advances. It was pending from 1879 to 1895; 1895, he got his patent. He held up the industry. He had a patent tax on most of the industry. It was not until 1911 that the Second Circuit found a quirk to find noninfringement, and then the patent was about to expire. We don't need George Seldens; we don't need Lemelsons.

If an inventor is working in his garage, I want him to get foreign protection. As a matter of public policy, here you've had Reagan, Bush, Clinton, back to Kantor, back to Emery Simon, saying, "We need foreign intellectual property rights." Let's encourage the American inventor to file abroad and get those rights in Japan and Europe, and file within twelve months. There will then be automatic publication at eighteen months. I want every pressure put on the inventor to file abroad.

Now, they say, "It is cheap to file in the United States, expensive abroad." Well, I want the inventor to get financing to license.

AUDIENCE MEMBER: Can you explain how that interrelates with what I've heard about the grace period being retained? Is it going to be retained? Will that lead to harmonization? And, if it isn't retained, does that help Americans file abroad?

PROFESSOR WEGNER: The grace period is apples and oranges to the publication. There is no necessary correlation between a grace period and first inventor, first-to-file. Germany had a grace period, and they lost it as part of the European Patent Convention. In fact, the harmonization discussions started not because of Dr.

Bogsch, not because of people in the United States, but because Heinz Bardehle and his colleagues in Germany were using that as a guise to reinstate a grace period in Germany.

There is no relation between the two. I personally think a grace period in foreign countries would be very beneficial, without any down-side risks. In the big companies, a grace period is not important for inventions that are done in-house, because a big company has security and they tell their inventors, "Don't you dare publish."

The problem occurs when somebody at Berkeley or somebody at MIT who is patent-naïve and thinks of himself as a scientist—he doesn't even know that he's made an invention; he's made a discovery which he has published in the journal of this and that, and all of a sudden, the very next week, a scientist from a Merck or a Pfizer comes and says, "You've made a wonderful invention. We want to commercialize your invention and we want to take over your patent." "Patent? I don't have a patent." So, for that situation, a grace period is very, very important; otherwise, we can't commercialize these inventions and we can't get foreign rights.

MR. MISROCK: First of all, with respect to your suggestion that we eliminate fraud and misconduct in the U.S. Patent Office, I am unequivocally opposed to that as a trial lawyer. I have been in eight cases where we had found and proved by fairly convincing evidence misconduct in the Patent Office. In many cases there is no smoking gun; you drag it out of them. I do not want to see games played in the Patent Office that used to be played in the 1940s and 1950s. So I think that Damocles' Sword serves a healthy function hanging over the head of patent solicitors.

Let me ask two questions to both Hal and Mr. Montalto. First, the substantive one: years ago—not so long ago—I was in a case in the International Trade Commission ("ITC") called *In re Certain Doxorubicin Products*.[3] This particular chemotherapeutic agent is called Adriamycin by its trade name. It was a U.S. patent owned by Farmitalia Carlo Erba which was based upon an Italian priority

3. 20 U.S.P.Q.2d (BNA) 1602 (I.T.C. 1990).

case for a method of making this particular pharmaceutical. In those days in Italy, you could not get a patent on a process for making a pharmaceutical; it was banned under the Italian law. Now, we noticed that the Italian application was filed, the U.S. counterpart was then filed, and then the Italian was immediately abandoned because as a matter of law it didn't meet the requirements.

We had good defenses in that case—we had a *Ruscetta Jenny* defense[4] and we had sections 102 and 103 defenses. But, it struck me that—I did not want to use the ITC as a forum to do this, and I certainly don't want to ever use the Patent Office as a forum to do it—there was not compliance with section 119. How can you possibly have the requirements met of duly filed application for U.S. counterpart, under section 119 of the Patent Act, if as a matter of law you cannot get a patent within that particular country?

Now, this becomes important particularly in pharmaceutical use cases. These are very important in the United States. Even though the use claim may be infringed by the patient or infringed by the doctor, no one is going to sue a patient or a doctor; but you certainly can sue the supplier of the drug because the patient package insert can give rise to a section 271(b) inducement of infringement cause of action.

So the question to both of you is: What does "duly filed" mean when as a matter of law, whether it's a European patent or otherwise, you cannot get patent coverage within that jurisdiction?

MR. MONTALTO: The law in Italy has been changed.

MR. MISROCK: Yes, you did change the law in Italy. But I was talking about—

MR. MONTALTO: Before it was not possible to obtain a patent. What you said for medicinal products, for pharmaceutical products, in Italy it was not possible to obtain a patent. But now the legislation is changed and now it is completely equal as to the other products. So this case, as you related it, cannot happen in Italy.

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4. *See In re* Ruscetta, 255 F.2d 687 (C.C.P.A. 1958).

MR. MISROCK: Well, let's suppose you are precluded in European patents from getting coverage on method of treatment, as you are today. There are potential ways around it and they have compositions, even though the compound is old, directed to that particular disease. But let's suppose for the sake of argument that you cannot get coverage on method of treatment. One of the most important cases now being litigated is a method for the treatment of HIV-I for AIDS patients which comprises administering Agent T; it's a method claim in the United States, originally filed in Britain. How can that be duly filed under the foreign law when as a matter of law you cannot get coverage in that case in England or, in many cases, under the European patent? Why should it be recognized as a foreign priority document in the United States merely because you use manipulative steps: first, filing a foreign case first to get the date when, as a matter of law, you cannot get the patent, and, second, coming over here, abandoning the European, and continuing to prosecute the American? I do not know whether there is an answer to my question, but I'll ask it anyway.

AUDIENCE MEMBER*: Could I not just make a brief comment on that issue? My studies of the last provision of the Paris Convention back in Lisbon in 1958 was that it addressed the issue of abandonment of the originally filed application because of circumstances such as those you are postulating. It was written in the Convention at that point that even if the original filing application was abandoned, you could still form that basis under the Convention.

MR. MISROCK: But I've gone further than just abandonment. I'm going to the point where there is no legal basis for getting patent coverage in that country.

PROFESSOR WEGNER: The answer is Article 4H of the Paris Convention. You can have many different inventions disclosed in an individual patent application—some patentable, some unpatentable; some patentable under one law, some unpatentable under another law. But, as long as the invention is disclosed, as

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long as the application documents in the original country disclose the invention, that is the basis for priority to a claim to that invention in the Convention country. That is explicitly clear under Article 4H of the Paris Convention.

As to a regular national filing, the home country determines whether it gives a serial number and filing date to the case. If it does that, it's a regular national filing judged under the home country's law, not under the Convention country law.