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On Global Patent Cooperation

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I commend Fordham Law School for this excellent program and for the distinguished group of participants who are here. This international conference recognizes that industrial and intellectual property issues do not stop with national borders. I want to explore with this influential audience just how far it may be possible to reach across these borders.

The program today deals with comparisons of the laws of patent grant and patent enforcement. With the mature national patent systems that have been achieved among the nations here represented, it is time to move beyond the issues of patentability in the national patent offices. A reasonably harmonized system of national patents is not much use unless there also is a reasonably consistent and economically available system of judicial interpretation and enforcement.

The interpretation of national and regional patents and the availability of infringement remedies in the world market are of vital importance to international business. Increased international enforcement actions appear inevitable—at least among the major industrial nations here represented. The practical knowledge of what is enforceable in other countries sometimes is gleaned with surprise. The surprise of American patentees seeking to enforce their patents overseas is, however, far outweighed by the shock of foreign patentees who confront our legal system for the first time. So as we work toward conforming the international patent granting practices, I encourage you to think creatively about new approaches to international litigation: both in the interpretation of patent rights and in enforcement practices.

* Circuit Judge, United States Court of Appeals for the Federal Circuit. A version of this Address was delivered on April 3, 1997, at the Fifth Annual Conference on International Intellectual Property Law and Policy at Fordham University School of Law. Footnotes were supplied by the *Fordham Intellectual Property, Media & Entertainment Law Journal*.

The patent laws of the industrialized nations have much in common—as they should, if there is truth in the fundamental economics of the system of patents. Yet when disputes arise, they often take us into the gray areas where there is inadequate precedent or where small differences in the facts can affect the result. We see this particularly today in the many aspects of computers and software, and in biotechnology, with its social and ethical as well as legal complexities. It is usually at the nuanced edges that differences in national law and social policy can affect the judicial viewpoint. As a result, there can be different enforcement opportunities and different outcomes in different countries. In such a case all our efforts at harmonization of the laws of patentability are overshadowed by the realities of decision-making power.

The similarities in the economic philosophy underlying all patent systems have produced quite similar bodies of national law. This community of interests has enabled the various international treaties that have smoothed many of the edges, to mutual benefit. But it's the differences that must be comprehended by international business, as the program today recognizes. So it is important for the patent user community not only to know the law, but to understand the policy principles that can affect the judicial outcome. As you well know, it is not just what judges decide that affects commercial relationships, but what you think they might decide if given the chance.

The fruitful collaboration that the various patent offices have achieved in recent years opens the door for the first time to the possibility of uniformity in judicial decisions, whether through judicial collaboration or, more effectively—and this is my theme for today—through an international court convened for that purpose. I sometimes wonder if we have been lulled into thinking that there will result uniformly viewed and enforced patents in all countries if only we make a few minor changes in a few national laws, as reflected in today's harmonization debates.

Industry and governments recognize the technology dependence of the world economy. They understand the critical national interests in trade policy, and they understand that the products of intellectual property have become dominant factors in trade. They also understand that the interdependence among trading nations is

a powerful factor in world peace and the well-being of peoples.

We see these complex interests balanced in the GATT[1] and the TRIPs[2] and the NAFTA[3] treaties, in the new proposals of WIPO,[4] in the judicial outreaches that are being made by WIPO and among nations, and in the international leadership of so many of you here today. We see it in the changes that the new East European republics have made in their commercial laws and judicial systems during their rapid conversion to capitalism.[5] In addition, the judges who decide patent cases have been meeting together for some years—two years ago in the United States and last year in Stockholm.

Your program for these two days is probing some very important issues. I encourage you to go boldly and creatively, as you consider the comparative law not just of patenting, but of enforcement. As you discuss the implications of the Netherlands initiative and the other steps taken within the European Union, please also look to a wider future. There is no body of commercial law more international in impact, more heavily and constantly negotiated through international treaties and accommodated in international trade, or more blessed with a cohesive and talented international community of practitioners—as is here in this room—having its very own United Nations agency, and being in the forefront of trade relations at the highest levels of government.

But unless we have reasonable unanimity of national views of how patents are interpreted and enforced, the efforts toward harmonization of how patents are examined and granted can yield

1. General Agreement on Tariffs and Trade, Oct. 30, 1947, T.I.A.S. No. 1700, 55 U.N.T.S. 187.

2. Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 33 I.L.M. 1197 (1994).

3. North American Free Trade Agreement, Dec. 17, 1992, Can.-Mex.-U.S., 32 I.L.M. 289 (entered into force Jan. 1, 1994).

4. Convention Establishing the World Intellectual Property Organization, July 14, 1967, 21 U.S.T. 1770, 828 U.N.T.S. 3.

5. *See* Silke von Lewinski, *Copyright in Central and Eastern Europe: An Intellectual Property Metamorphosis*, 8 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 39 (1997) (paper presented on April 3, 1997, at the Fifth Annual Conference on International Intellectual Property Law and Policy at Fordham University School of Law) (surveying developments in Eastern and Central European intellectual property law).

only an impractical delusion. We need to understand much more about the comparative law and judicial policies, and the relationships between the patent offices and the courts. We need to comprehend all of the factors and traditions: political, cultural, technological, and economic.

Despite all of these factors and their complexities, on review of specific cases that have been litigated in countries in addition to the United States, it seems to me that the differences in result and in analysis are no greater than the differences among the judges of the Federal Circuit. As the differences among our judges are being smoothed out—it is not always painless—it should be possible to smooth out most of the differences among nations.

From the viewpoint of technology policy or economic policy the differences are rarely dramatic. At present there are a few major policy differences centered on the products of genetic manipulation and the patentability of naturally occurring products; such differences would test the wisdom of my proposed world court. However, the major areas of patent litigation raise primarily economic, not social, issues.

National sovereignty is a powerful factor when suggesting an international tribunal. However, I propose a tribunal where nations do not yield their sovereignty; only citizens wishing to deal in the world marketplace with the benefit of multiple national patents would yield to a tribunal of judges from various nations. An incentive to do so might be provided by reduced filing or maintenance fees, for example, or by other incentives that might be chosen before disputes arise. The judges, in turn, would be selected at random from a cadre of decisionmakers experienced in intellectual property law and technology-based litigation. I recognize the difficulties in designing a satisfactory tribunal, but I suggest that the economic benefits would be sufficient to overcome the organizational obstacles.

The most serious obstacle is that there would have to be confidence that it is the law that is being enforced—and wisely and justly enforced—and not any particular national interest. Here, the communality of commercial law among commercial nations will come to the fore. Whether a nation's legal institutions are founded in the common law or the civil law tradition, an industrial econ-

omy is premised on effective laws of property and commerce. Although we are concerned here only with the laws of intellectual property, those laws are based on broad and generally uniform principles throughout the community of industrial nations.

The rules of commerce embody rules of law that are quite uniform among nations. I stress the rule of law. The term "rule of law" often is used in its broad sense of embodying the principles of representative government, implemented by legal systems and judicial institutions. The legal and judicial institutions that relate to patent-based innovation and other aspects of intellectual property are not different from those that serve the other purposes of a nation. The principles of the rule of law are essential to a competitive industrial economy. I see no insurmountable obstacles to the long-term goal of a universally applicable patent law, founded on basic economic principles, that transcends national barriers. With continuing coordination of patent examination and enforcement practices we may be able to achieve such a patent law, for nations are close to this goal in the copyright and trademark fields.

Those laws are not stagnant, and the ambitious steps toward world harmony are mirrored in advances in the concepts of dispute resolution. For example, some East European nations have taken the opportunity of conversion to capitalism to adopt innovative approaches, not only to the commercial aspects of economic growth, but also to the institutional and legal framework of an industrial economy. Thus we see, for example, a thriving commercial court in Russia. The idea of the commercial court is a matter of current controversy in the United States, where specialized commercial courts have recently been created in a few states—suggesting dissatisfaction with the powerful tradition of generalist courts in this nation. It was in this tradition that the Federal Circuit was set up as a generalist court, having many areas of jurisdiction in addition to patent cases.

It is interesting to think about whether consistent, just, and correct decisions of patent disputes are best obtained from generalist or specialized courts. I am not sure that we have yet answered that question. Several nations are considering whether to form courts to handle intellectual property disputes, and judges of many countries have discussed it with us. This is an ongoing question: one

whose answer could be coordinated with the concept of a special tribunal of international judges to handle intellectual property disputes.

The economic impact of legal systems and their judicial implementation is profound, although we seldom focus on it. Economics underlay the formation of the Federal Circuit: the perception that an inadequate legal system was doing economic harm to technology-based industry. The primary purpose of the formation of the Federal Circuit was to gain nationwide consistency by eliminating the divergence in the laws and judicial approaches of the regional circuit courts. By definition, a single court would have less divergence of views than would the twelve existing circuit courts. That is the least that would be achieved by a supranational court for patent cases.

Intellectual property law boasts a history of international cooperation that is unique in its development. When the call arose many years ago for international coordination and simplification in the cost and complexity of creating an international patent estate, it was perhaps premature to hope that coordinated patent filing would eventually lead to coordinated patent enforcement. The Patent Cooperation Treaty,[6] the first attempt at reducing the cost of the patent application process, did not deal with patent enforcement or even with patent harmonization. But it was part of the long-term vision of the originators of that concept, and I suggest that it is time to consider whether the possibility can bear fruit.

The nation-by-nation litigation that we now see, and that appears to be increasing, is reminiscent of the circuit-by-circuit litigation that existed before the Federal Circuit was formed. I draw on our experience, in suggesting that greater international certainty may be achieved in investment and trade decisions, in the interest of all nations, were there an effective and affordable mode of international dispute resolution.

Legal systems constitute a form of national policy, and an international legal system, even in the narrow realm of intellectual property law, would implicate fundamental national policies. To

6. Patent Cooperation Treaty, Washington, D.C., June 19, 1970, 28 U.S.T. 7645, 1160 U.N.T.S. 231 (entered into force Jan. 24, 1978).

be effective in supporting commercial activity, laws require a high degree of certainty in their application. When industrial activity depends on world markets, the degree of certainty available from the laws governing these markets is an omnipresent concern. There must be confidence in what the law means, that it will be administered expeditiously and justly, and eventually that it will be administered the same way in different forums. Inadequacies in any of these aspects have economic consequences. As more and more industry of all nations moves into the international marketplace, the economic consequences of international patent disputes will become more pervasive.

The purpose of judicial institutions is the efficient and effective application of law. Ideally, a commercial law would be sufficiently comprehensive that its application raises no uncertainty. We have not reached that stage of confidence in the patent law. There are too many nuances and permutations, as new technologies and new issues arise. However, the areas in which these uncertainties arise are—it seems to me—matters not of national policy, but of technologic understanding. Is it reasonable to require that such issues be relitigated in multiple nations, under multiple legal and judicial philosophies? There are cogent arguments on both sides of that question; my purpose today is to raise the question.

The law and its administration must keep pace with the needs of technology and industry. We find ourselves in times of dynamic technologic change; let us stay alert to fresh possibilities. I leave these issues in your hands.

I envy you who are immersed in this action: with so many interesting prospects. There will be much work for legal and economic and political scholars.