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**Preliminary Comments of the  
American Intellectual Property Law Association  
in Response to the  
Invitation for Public Comments to  
Draft Policy Recommendations/Report  
Formulated 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 preliminary comments in response to the invitation for public comments issued by the Japan Patent Office (JPO) on June 16, 2008 with respect to draft policy recommendations/report formulated by the Policy Committee on Innovation and Intellectual Property (PCIIP). AIPLA will submit final comments prior to the July 11, 2008 deadline for comments in English.

AIPLA is a voluntary national bar association of over 16,000 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. Our membership is intimately involved with legal and business issues underlying the development, protection, commercialization and exploitation of intellectual property inside and outside the United States.

### **Introduction**

AIPLA congratulates JPO and PCIIP for conducting an extensive study on the relationship between innovation and IP policies outlined in the draft report titled “New Intellectual Property Policy for Pro-Innovation: Intellectual Property System as Global Infrastructure” and for formulating detailed and thoughtful Draft Policy Recommendations. We welcome this opportunity to provide preliminary comments and hope that they will be useful in the third PCIIP meeting scheduled for June 30, 2008.

### **Comments**

The thirteen Draft Policy Recommendations cover a wide-range of issues including many that are of great importance to AIPLA. Our preliminary comments are organized according to the three basic goals set forth in the draft policy recommendations, namely (1) “Realization of a Sustainable Global Patent System;” (2) “Reducing the Amount of Uncertainty in the Patent System;” and, (3) “Development of an Infrastructure for the Promotion of Innovation.”

#### **1. Realization of a Sustainable Global Patent System**

AIPLA has long supported greater international harmonization of patent laws. Our position is grounded on the benefits that harmonization will bring to inventors. For this reason, we support PCIIP’s recommendations to develop a sustainable global patent system by: (1) taking

concrete steps to construct a mechanism for more substantive international patent collaboration; (2) continuing to improve search quality and efficiency through information sharing among patent offices and by considering means to solicit information from the private sector; (3) promoting international patent harmonization; and (4) promoting the use of efficient and effective patent systems around the world. We fully agree with PCIIP on the importance of considering applicants' needs and their shared interests in having an efficient, transparent, and predictable patent system.

One of the most significant obstacles in achieving a "virtual global patent office" is language. Further steps are needed to improve machine translation. AIPLA appreciates the significant contributions that the JPO and Japanese industry have made toward developing a high-quality machine translation and urges the JPO to continue its investment in this area.

Another significant obstacle is the lack of harmonized patent laws. In this regard, AIPLA applauds the proposal that Japan continue to take a proactive role to harmonize patent laws in Japan, U.S., and Europe, including amending Japanese patent law on a timely basis to achieve harmonization. In advancing the harmonization goal, AIPLA supports the global adoption of a common priority system based on a first-inventor-to-file principle and a unitary standard of patentability and recommends that PCIIP take concrete steps to remove differences stemming from technology-based exceptions as well as exceptions based on economic and public policies.

AIPLA appreciates the JPO's continued leadership in developing programs to streamline the patent examination process and to optimize the use of limited resources. We look forward to receiving more information on a "super accelerated examination system," and would appreciate an opportunity to provide comments on any such proposed system.

As noted in the AIPLA comments submitted in February, comprehensive harmonization of patent laws requires looking not only at patent procurement issues, but also at patent enforcement issues. 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 and we encourage PCIIP to consider identifying such issues.

## **2. Reducing the Amount of Uncertainty in the Patent System**

PCIIP recommends using examination guidelines as a core instrument to enhance patent quality and to establish a highly transparent and predictable patent examination mechanism. AIPLA believes that a globally uniform post-grant challenge system would enhance patent quality and provide added predictability and efficiencies. Accordingly, AIPLA encourages PCIIP to include a post-grant challenge system in any recommendation for a global patent system to provide transparency and predictability.

The Draft Policy Recommendations document refers to a paper by Bessen and Meurer entitled *Patent Failure* for the proposition that, other than in the chemical and pharmaceutical industries, litigation costs exceeded the benefit from patents. AIPLA notes that there are a number

of studies by respected scholars that reach a different conclusion. We will provide citations to some of these studies in our final comments.

AIPLA recommends that PCIIP exercise caution in considering the measures to deal with non-practicing entities (NPEs), sometimes referred to by the pejorative term “patent trolls.” As noted by PCIIP, there is no unanimously accepted definition of the term “patent troll.” While the Draft Policy Recommendations document notes that the litigation between NTP and RIM is often cited as a “troll case,” the reality is more complex. Certainly not every NPE seeking to enforce its patent rights, for example, universities, should be condemned as a troll. No one would consider the assertion of a patent by a university against an infringer to be an improper exercise of its patent rights. The Draft Policy Recommendations document and Draft Report refer to Intellectual Ventures (IV) as an example of an IP-producing business and open innovation model, but some have criticized IV’s business model. *See, e.g.,* <http://www.ft.com/cms/s/2/b65ca3e6-d47a-11da-a357-0000779e2340.html>; [http://money.cnn.com/magazines/fortune/fortune\\_archive/2006/07/10/8380798/index.htm](http://money.cnn.com/magazines/fortune/fortune_archive/2006/07/10/8380798/index.htm). Accordingly, we urge caution in making recommendations in this area.

PCIIP raises the prospect of preparing guidelines on the “abuse of right” for patent enforcement. AIPLA has long advocated the removal of subjective elements from the U.S. patent law in order to increase transparency and predictability of the U.S. patent system. For example, we have advocated elimination, limitation or modification of current provisions of the U.S. patent law as they relate to willful infringement, inequitable conduct, and the requirement to disclose an inventor’s contemplated best mode in recent patent reform discussions. AIPLA urges PCIIP to carefully consider the negative impacts that subjective elements in the U.S. patent law have had in the U.S. patent system when considering introduction of “abuse of right” for patents.

### **3. Development of an Infrastructure for the Promotion of Innovation**

AIPLA agrees that a patent system plays an integral part in the development of an infrastructure for promoting innovation and supports establishing “a worldwide seamless search for patent information and technology information.” In this regard, we reiterate the importance of overcoming language barriers and JPO’s work in enhancing machine translation technology.

We also urge that any software and equipment that is developed for use in patent offices not be proprietary so that such tools will be available without restriction, will not require the payment of royalties for their use, and can be freely improved and integrated by users.

### **Conclusion**

A vigorous and effective patent system that remains open-ended, unitary, and flexible serves as a foundation for building an infrastructure for promoting innovation. International harmonization of the world’s patent laws is necessary to promote innovation in the global economy. As a longstanding supporter of international harmonization of patent laws, AIPLA understands the difficult challenges in establishing a sustainable “global” patent system. We applaud the JPO’s leadership in promoting a global patent system as evidenced in PCIIP’s Draft Policy Recommendations and Draft Report.